

[on the back of the Bonds]

TERMS AND CONDITIONS OF THE BONDS

The issue of U.S.\$150,000,000 8.80 per cent. Subordinated Bonds due 2023 (the "Bonds") was duly authorised by the Issuer on 12 January 1993. A fiscal agency agreement dated 15 January 1993 (the "Fiscal Agency Agreement") has been entered into in relation to the Bonds between the Issuer, Banque Internationale à Luxembourg S.A. as fiscal agent and (the "Calculation Agent"). The Issuer has reserved the right to appoint additional agents as paying agents from time to time. The fiscal agent and the paying agents for the time being are referred to below respectively as the "Fiscal Agent" and the "Paying Agents" (which expression shall include the Fiscal Agent). Copies of the Fiscal Agency Agreement are available for inspection during normal business hours at the specified offices of the Paying Agents for the time being. The holders of the Bonds (the "Bondholders") and the holders of the interest coupons (the "Coupons", which expression shall, where the context so permits, include talons for further interest coupons (the "Talons")) appertaining thereto (whether or not attached to the Bonds) (the "Couponholders") are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

1. Form, Denomination and Transfer

The Bonds are serially numbered and in bearer form, with Coupons and Talons attached upon issue, in the denomination of U.S.\$1,000,000. The Coupons in respect of Interest Payment Dates (as defined below) falling prior to 15 July 2001 are referred to in these Conditions as the "A Coupons" and the Coupons in respect of Interest

Payment Dates falling on or after 15 July 2001 are referred to in these Conditions as the "B Coupons".

On issue, A Coupons and a Talon for B Coupons are attached to each Bond. The Talon may be exchanged for B Coupons (other than any B Coupon which shall have become void) on or after 15 January 2001 by surrendering such Talon at the specified office of any Paying Agent.

Title to the Bonds, the Coupons and the Talons passes by delivery.

Except as required by law, the Issuer and the Paying Agents shall be entitled to treat the bearer of any Bond, Coupon or Talon as the absolute owner thereof for all purposes (whether or not any such Bond, Coupon or Talon shall be overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and shall not be required or entitled to obtain any proof thereof or as to the identity of the bearer.

## 2. Status and Subordination

- (a) The Bonds and the Coupons are unconditional (subject as provided in this Condition) and unsecured obligations of the Issuer ranking *pari passu* without any preference among themselves.
- (b) The rights of the Bondholders (but not the rights of the Couponholders) are subordinated to the claims of all unsubordinated creditors including depositors of the Issuer (but only in the circumstances referred to in paragraph (c) below) but shall rank at least *pari passu* with all other subordinated obligations of the Issuer. The rights of the Couponholders shall rank at least *pari passu* with all other unsubordinated and unsecured obligations of the Issuer (subject to mandatory provisions of law).

- (c) If the Issuer shall be subject to dissolution proceedings ("Liquidation") or "Konkurs", then no payments in respect of the Bonds shall be made to the Bondholders until all prior ranking claims against the Issuer have been fully satisfied, but subject thereto Bondholders shall be entitled to claim payment in full in respect of the Bonds *pari passu* and rateably with all other subordinated obligations of the Issuer which have the same rank as the Bonds. For the purpose of these Conditions and subject always to this Condition 2(c), in any of the circumstances described in the previous sentence the amount in respect of which the holder of each Bond shall have a claim shall (i) if, prior to the commencement of any proceedings for Liquidation or "Konkurs", the option referred to in Condition 3(d) has not been exercised or has been exercised but payment by the Issuer of the amount provided in Condition 3(d) has not been made (whether or not then due and payable), be the principal amount of such Bond or (ii) if, prior to the commencement of any proceedings for Liquidation or "Konkurs", the option referred to in Condition 3(d) has been exercised and payment of the amount provided in Condition 3(d) has been made by the Issuer (whether on the due date or thereafter), be the Repayment Amount (as defined in Condition 4(f)).
- (d) No Bondholder shall be entitled to exercise or claim, before any court or otherwise, any right of set-off or counterclaim in respect of any amounts due under the Bonds.
- (e) No subsequent agreement shall have the effect of limiting the provisions set out above with regard to the subordination of the Bonds, and the due date for redemption of the Bonds (as provided in Condition 4(a)) may not be amended to any earlier date.
- (f) If the Bonds are repaid prior to 15 January 2023 (otherwise than pursuant to Condition 4(b) or by way of payment in the

Liquidation or "Konkurs" upon the claims of all unsubordinated creditors of the Issuer having been satisfied in full) then the amount as paid or repaid on such repayment shall be returned to the Issuer irrespective of any agreement to the contrary unless the Issuer shall have substituted an equal amount of capital (Haftendes Eigenkapital) ranking at least equivalent to the Bonds. Such amount shall be treated as if it had never become due for payment by the Issuer and, once returned, as if it had never been paid by the Issuer. For the avoidance of doubt, this Condition 2(f) shall not apply to any payment (including any prepayment upon exercise of the option referred to in Condition 3(d)) made on or in respect of the Coupons or any of them and no such payment or prepayment shall be considered as payment or repayment of the Bonds for the purpose of the first sentence of this Condition 2(f).

- (g) No arrangement shall be made with a view to securing the claims of Bondholders under the Bonds and no security or collateral granted prior or subsequent to this issue in connection with any other obligation of the Issuer shall be made available to secure the claims of Bondholders.
- (h) The Issuer undertakes that, while any Bond is outstanding, it will not create or permit to be outstanding any subordinated debt obligation of the Issuer which is not expressed by its terms to, or which does not, rank *pari passu* with or junior to the Bonds.
- (i) For the purpose of these Conditions, if the Issuer shall be subject to Liquidation or "Konkurs", Couponholders shall be entitled to claim payment (to the extent their claims are not affected by mandatory provisions of law) *pari passu* and rateably with all other unsecured and unsubordinated obligations of the Issuer of (i) in respect of matured but unpaid Coupons, the amount specified as payable on the face of such Coupons, and (ii) in respect of unmatured Coupons (other

than Coupons which have become void), interest accrued to the commencement of any proceedings for Liquidation or "Konkurs" provided that if, prior to the commencement of any such proceedings the option referred to in Condition 3(d) has been exercised in respect of the B Coupons appertaining to a Bond, the holder of any unmatured A Coupon appertaining to that Bond shall be entitled to claim payment (to the extent such claim is not affected by mandatory provisions of law) in respect of such A Coupon *pari passu* and rateably with all other unsecured and unsubordinated obligations of the Issuer of the applicable A Coupon Amount (as defined in Condition 4(g)) in respect of such unmatured A Coupon to the extent only (in the case of "Konkurs") as may be permitted by German law.

### 3. Interest

#### (a) Interest Payment Dates

The Bonds bear interest from 15 January, 1993 at a rate of 8.80 per cent. per annum payable (subject to Condition 3(d)) in equal instalments semi-annually in arrear on 15 January and 15 July (each an "Interest Payment Date") in each year, commencing 15 July 1993, calculated by reference to their principal amount.

#### (b) Interest Payments

Where the option referred to in Condition 3(d) shall have been exercised in respect of the B Coupons appertaining to a Bond and payment of the amount provided in Condition 3(d) has been made by the Issuer (whether on the due date or thereafter), such Bond will cease to bear interest from 15 January 2001 and each other Bond will cease to bear interest from the due date for repayment unless, in any such case, upon due presentation, payment of principal is improperly withheld, or refused. In such event, such principal amount shall bear or, as the case may be,

continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (ii) the day seven days after the Fiscal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

(c) Calculation of Interest

When interest is required to be calculated for less than a semi-annual period, it will be calculated on the basis of a 360 day year consisting of 12 months of 30 days each.

(d) Prepayment of Interest

(i) Subject as provided in paragraph (ii), the holders of the B Coupons appertaining to a Bond will have the option to require the Issuer to prepay all but not some only of such B Coupons on 15 January 1994 at an aggregate amount of U.S.\$524,300. Such option may be exercised by the holders of the B Coupons by depositing the Talon appertaining to the Bond at the specified office of any Paying Agent outside the United States of America (except as permitted by Condition 5(b)) not more than 90 nor less than 60 days prior to 15 January 1994. If such option is exercised, payment will become due and payable and will be made by the Issuer on 15 January 1994 by transfer to a U.S. dollar account maintained by the payee with a bank in New York City as specified by the relevant holder of the B Coupons to the relevant Paying Agent upon deposit of the Talon as aforesaid. The exercise of such option shall be irrevocable, and Talons deposited may not be withdrawn, unless payment in respect thereof is improperly withheld

or refused, in which event the relevant holder shall on request be entitled to revoke such exercise and to have the relevant Talon returned.

- (ii) Such option as is referred to in paragraph (i) shall lapse if it has not been exercised or if it has been exercised but payment by the Issuer of the amount provided in Condition 3(d) has not been made (whether or not then due and payable) prior to (A) the commencement of any proceedings for Liquidation or "Konkurs" or (B) the giving of any notice pursuant to Condition 4(b).
- (iii) Payment by the Issuer of the amount required pursuant to paragraph (i) shall constitute a full and complete discharge by the Issuer in respect of all payments of interest on the relevant Bonds in respect of all Interest Payment Dates falling on or after 15 July 2001.

#### 4. Repayment

##### (a) Final Repayment

Unless previously repaid as provided in Condition 4(b) the Bonds will be repaid at their principal amount on 15 January 2023. The Bonds may not be repaid prior to 15 January 2023, save as permitted pursuant to Condition 4(b) and save for any payment in the Liquidation or "Konkurs", subject to and as provided in Condition 2.

##### (b) Repayment for Tax Reasons

The Bonds may be repaid at the option of the Issuer in whole, but not in part, at any time, on giving not less than 24 months' notice (or such shorter period as may be permitted by applicable bank supervisory law but in any event not less than 30 days' notice) to the Bondholders (which notice shall be

irrevocable), at (i) in respect of a Bond where the option referred to in Condition 3(d) in respect of the B Coupons appertaining to such Bond has not been exercised or has been exercised but payment by the Issuer of the amount provided in Condition 3(d) has not been made (whether or not then due and payable) prior to such notice being given, the principal amount of such Bond, together with accrued interest thereon to the due date of repayment or (ii) in respect of a Bond where the option referred to in Condition 3(d) in respect of the B Coupons appertaining to such Bond has been exercised and payment of the amount provided in Condition 3(d) has been made by the Issuer (whether on the due date or thereafter) prior to such notice being given, the applicable Repayment Amount (as defined in Condition 4(f)), in each case if the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Germany 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 14 January 1993 provided that no such notice of repayment 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 Bonds then due.

(c) A Coupons

If notice of repayment is given and repayment is made prior to 15 January 2001 under Condition 4(b) in respect of a Bond where the option referred to in Condition 3(d) in respect of the B Coupons appertaining to such Bond has been exercised, the holders of any unmatured A Coupons appertaining to such Bond shall be paid in respect of such A Coupons the applicable A Coupon Amount (as defined in Condition 4(g)) determined by



the Calculation Agent on the business day preceding the date specified in the notice of repayment given under Condition 4(b). In this Condition 4(c) "business day" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in New York City.

(d) Notice of repayment

All Bonds in respect of which any notice of repayment is given under Condition 4(b) shall be repaid on the date specified in such notice in accordance with this Condition. Any A Coupon Amount payable under Condition 4(c) shall be paid to the relevant A Couponholders on the same date.

(e) Cancellation

All Bonds repaid and any unmatured Coupons or unexchanged Talons attached to or surrendered with them, any B Coupons prepaid, any Talons delivered on exercise of the option referred to in Condition 3(d) and Coupons paid will be cancelled and may not be re-issued or resold.

(f) Repayment Amount

For the purposes of these Conditions the "Repayment Amount" in respect of a Bond on (i) an Interest Payment Date falling after 15 January 1994 is the amount shown against that Interest Payment Date below and (ii) a date (the "Specified Date") falling between Interest Payment Dates (commencing on or after 15 January 1994) is the amount equal to the principal amount of that Bond discounted at the rate of 8.80 per cent. per annum from 15 January 2023 to the Specified Date on the basis of equal semi-annual instalments compounded on each Interest Payment Date and on the basis of the number of days from (and including) the Interest Payment Date immediately

following such Specified Date to (but excluding) such Specified Date and a 360 day year consisting of 12 months of 30 days each.

<u>Interest Payment Date</u>	<u>U.S.\$</u>
15 July 1994	85,916
15 January 1995	89,696
15 July 1995	93,642
15 January 1996	97,763
15 July 1996	102,064
15 January 1997	106,555
15 July 1997	111,243
15 January 1998	116,138
15 July 1998	121,248
15 January 1999	126,583
15 July 1999	132,153
15 January 2000	137,968
15 July 2000	144,038
15 January 2001	150,376
15 July 2001	156,992
15 January 2002	163,900
15 July 2002	171,112
15 January 2003	178,641
15 July 2003	186,501
15 January 2004	194,707
15 July 2004	203,274
15 January 2005	212,218
15 July 2005	221,556
15 January 2006	231,304
15 July 2006	241,481
15 January 2007	252,106
15 July 2007	263,199
15 January 2008	274,780
15 July 2008	286,870

15 January 2009	299,493
15 July 2009	312,670
15 January 2010	326,428
15 July 2010	340,791
15 January 2011	355,785
15 July 2011	371,440
15 January 2012	387,783
15 July 2012	404,846
15 January 2013	422,659
15 July 2013	441,256
15 January 2014	460,671
15 July 2014	480,941
15 January 2015	502,102
15 July 2015	524,195
15 January 2016	547,259
15 July 2016	571,339
15 January 2017	596,477
15 July 2017	622,722
15 January 2018	650,122
15 July 2018	678,728
15 January 2019	708,592
15 July 2019	739,770
15 January 2020	772,320
15 July 2020	806,302
15 January 2021	841,779
15 July 2021	878,817
15 January 2022	917,485
15 July 2022	957,854
15 January 2023	1,000,000

(g) A Coupon Amount

For the purpose of these Conditions, the "A Coupon Amount" in respect of an unmatured A Coupon on any date (the "Relevant

Date") will be the discounted present value thereof discounted (on the basis that such A Coupon will be paid in full on the Interest Payment Date to which it relates) at the applicable Fixed Rate from the Interest Payment Date to which it relates to the Relevant Date on the basis of equal semi-annual instalments compounded on each Interest Payment Date between the Interest Payment Date to which it relates and the Relevant Date and on the basis of the number of days from (and including) the Interest Payment Date immediately following the Relevant Date to (but excluding) such Relevant Date and a 360 day year consisting of 12 months of 30 days each. For the purposes of these Conditions, "Fixed Rate" means (i) the arithmetic mean of the quotations (without regard to the quotations having the highest and lowest values) obtained by the Calculation Agent from four leading banks or financial institutions (the "Reference Dealers") selected by the Calculation Agent as the discount rates (which shall be based on zero interest swap rates) that they would apply in determining the discounted present value of such A Coupon; or (ii) if exactly three such quotations are provided, the quotation remaining after disregarding the quotations having the highest and lowest values; or (iii) if fewer than three such quotations are provided the rate fixed after consultation between the Calculation Agent and the Issuer; or (iv) if no rate is able to be fixed as a result of consultation between the Calculation Agent and the Issuer in the circumstances referred to in (iii), 8.80% per annum.

(h) Calculation Agent

The Issuer shall procure that, until 15 January 2001, there shall at all times be a Calculation Agent. If the Calculation Agent fails to perform its duties under this Condition, the Issuer shall appoint another Calculation Agent. At any time, the Calculation Agent may resign, provided that the resignation of the Calculation Agent shall not take effect without a successor Calculation Agent having been appointed.

For the purposes of this Condition, the Calculation Agent shall act as an independent expert and not as an agent of the Issuer.

All calculations, determinations, quotations and decisions given, expressed, made or obtained for the purpose of Condition 4(g) shall, in the absence of manifest error, wilful default or bad faith, be binding on the Issuer and the holders of the A Coupons.

The Calculation Agent shall make available to the holders of the A Coupons at the specified office of each of the Paying Agents, no later than the Relevant Date, its calculation of each of the A Coupon Amounts.

5. Payments

(a) Method of Payment

Subject to Condition 3(d), all payments in respect of the Bonds and Coupons will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Bonds or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent (subject to Condition 5(b)) by U.S. dollar cheque drawn on, or by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City.

(b) Location of Paying Agents

Payments of principal and interest in respect of Bonds and Coupons may only be made at the specified offices of Paying Agents outside the United States of America, except that they may be made at the specified office of a Paying Agent in New York City if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States of America

with the reasonable expectation that such Paying Agents would be able to make payment at such offices of the full amount of principal and interest on the Bonds and Coupons in U.S. dollars when due, (ii) payment of the full amount of such principal or interest at all specified offices of the Paying Agents outside the United States of America is illegal or effectively precluded by exchange controls or other similar restrictions, and (iii) the relevant payment is permitted by applicable U.S. law.

(c) Payments subject to fiscal laws

All payments are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 6. No commissions or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.

(d) Unmatured Coupons and unexchanged Talons

Upon the due date for repayment of any Bond, unexpired Coupons and any unexchanged Talon relating to such Bond (whether or not attached) shall become void and no payment shall be made in respect of such Coupons and no Coupons shall be delivered in respect of such Talon. Where any Bond is presented for repayment without all unexpired Coupons and any unexchanged Talon relating to it (other than B Coupons and the Talon where the option referred to in Condition 3(d) has been exercised in respect of the B Coupons appertaining to such Bond), repayment shall be made only against the provision of such indemnity as the Issuer may require.

Where on the due date for repayment of any Bond an A Coupon Amount falls to be paid in respect of any A Coupon, such Coupon shall for the purposes of Condition 4(e) and this Condition 5(d) be treated as a matured Coupon.

(e) Payments on business days

A Bond or Coupon may only be presented for payment on a day which is a business day in the place of presentation (and, in the case of payment by transfer to a U.S. dollar account, in New York City). However, it may not be presented for payment anywhere before the first business day in New York City which falls on or after the due date. No further interest or other payment will be made as a consequence of the day on which the relevant Bond or Coupon may be presented for payment under this paragraph falling after the due date. In this Condition "business day" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in the relevant city.

(f) Paying Agents

The initial Paying Agents and their initial specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will maintain (i) a Fiscal Agent and (ii) a Paying Agent having a specified office in a major European city. In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in the circumstances described in Condition 5(b) above (if there is no such Paying Agent at the time) and shall after such circumstances arise maintain such a Paying Agent. Notice of any change in the Paying Agents or their specified offices will promptly be given to the Bondholders.

6. Taxation

All payments in respect of the Bonds and Coupons (including any payment to be made on exercise of the option referred to in Condition 3(d)) will be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or charges

(including interest and penalties) of whatever nature imposed or levied by or on behalf of the Federal Republic of Germany or any political sub-division or authority of or in the Federal Republic of Germany having power to tax or levy duties unless the Issuer is required by law to deduct or withhold such taxes, duties, assessments or charges (including interest and penalties). In such event, the Issuer will pay such additional amounts as will result in the receipt by the holders of Bonds and Coupons of the amounts which would have been received in respect thereof in the absence of such taxes, duties, assessments or charges (including interest and penalties) except that no such additional amounts shall be payable in respect of any Bond or Coupon presented for payment:

- (a) by, or by a third party on behalf of, a holder who is liable to such taxes, duties, assessments or charges in respect of such Bond or Coupon by reason of his having some connection with the Federal Republic of Germany other than the mere holding of the Bond or Coupon; or
- (b) if the taxes and duties would not have been payable had the relevant Bonds and Coupons been held in safe custody at a bank and such payments of principal and interest to the holder had been effected by such bank; or
- (c) if the deduction or withholding has to be made by a Paying Agent from a payment if the payment could have been made by another existing Paying Agent without any deduction or withholding; or
- (d) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such 30 day period.

For this purpose, the "Relevant Date" in respect of any Bond or Coupon means the date on which payment thereof becomes due (including, in the



case of any A Coupon, the A Coupon Amount in respect thereof) but if the full amount of the moneys payable on that due date has not been received in New York City by the Fiscal Agent on or prior to such due date, it means the date on which the full amount of such moneys has been so received and notice to that effect shall have been duly given to the Bondholders and the Couponholders in accordance with Condition 13.

References in these Conditions to payments of principal shall, where the option referred to in Condition 3(d)) in respect of the B Coupons appertaining to a Bond shall have been exercised and payment of the amount provided in Condition 3(d) has been made by the Issuer pursuant thereto (whether on the due date or thereafter), be construed as a reference to the relevant Repayment Amount payable in respect of that Bond and references to any amounts in respect of the Bonds or the Coupons shall be deemed also to refer to any additional amounts payable under this Condition in respect thereof.

#### **7. Prescription**

Bonds and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment within ten years and five years, respectively, after the Relevant Date (as defined under Condition 6) in respect thereof.

#### **8. Replacement of Bonds, Coupons and Talons**

If any Bond, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent subject to all applicable laws and requirements (including the requirements of any stock exchange on which the Bonds may at any time be listed), upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Bonds, Coupons or Talons must be surrendered before replacements will be issued.

9. Meetings of Bondholders and Modification

(a) Meetings of Bondholders

The Fiscal Agency Agreement contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions (except Condition 2 and Condition 4). The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, or interest on the Bonds, (iii) to change the currency of payment of the Bonds or the Coupons, or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will 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 principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

(b) Modification of Fiscal 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 Fiscal Agency Agreement, if to

do so could not reasonably be expected to be prejudicial to the interests of the Bondholders.

10. Branch Designation

- (a) The Issuer may, at any time and without the consent of the Bondholders or Couponholders, designate by notice to Bondholders any branch or office (the "designated branch") of the Issuer outside the Federal Republic of Germany as the branch or office primarily responsible for the due and punctual payment in respect of the Bonds then outstanding and the performance of all of the Issuer's other obligations under all the Bonds then outstanding provided that (i) no payment in respect of the Bonds or Coupons is overdue, (ii) the designated branch is located in a jurisdiction from which all payments in respect of the Bonds and Coupons may, at the time of substitution, be made without deduction or withholding for or on account of any taxes or duties of whatever nature imposed by or on behalf of that jurisdiction or any political subdivision or authority of or in any such jurisdiction having power to tax or levy duties and (iii) the designated branch shall have obtained all necessary authorisations in connection with the obligations to be assumed by it in respect of the Bonds and Coupons and such obligations shall be legal, valid and enforceable obligations of the designated branch.
- (b) The designated branch shall unconditionally indemnify upon demand Bondholders and Couponholders against all and any expenses and charges (including governmental charges of any kind) of whatsoever nature incurred by any such Bondholder or Couponholder in connection with or as a result of such designation but without prejudice to the provisions of Condition 4(b).
- (c) In the event of any such designation Conditions 4(b) and 6 shall apply as though references to the Federal Republic of

Germany included in addition references to the tax jurisdiction of the designated branch. References in this Condition to a "designated branch" are to the Issuer acting primarily through that branch or office but on the basis that the obligations in question (including pursuant to Condition 10(b)) are nonetheless obligations of the Issuer as a whole.

11. Substitution of Principal Debtor

(a) The Issuer may, without the consent of the Bondholders or Couponholders, substitute any of its wholly owned subsidiaries incorporated in the Netherlands or the Netherlands Antilles as the principal debtor in respect of the Bonds and Coupons (the "Substituted Debtor"), provided that:-

(i) a deed poll and such other documents (if any) shall be executed by the Substituted Debtor and the Issuer as may be necessary to give full effect to the substitution (the "Documents") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Bondholder and Couponholder to be bound by these Conditions and the provisions of the Fiscal Agency Agreement as fully as if the Substituted Debtor had been named in the Bonds, the Coupons and the Fiscal Agency Agreement as the principal debtor in respect of the Bonds and the Coupons in place of the Issuer (or of any previous substitute under this Condition) and pursuant to which the Issuer shall unconditionally and irrevocably guarantee (as primary obligor and not merely a surety) the payment of all sums payable by the Substituted Debtor as such principal debtor (such guarantee of the Issuer herein referred to as the "Guarantee") and the claims of the Bondholders (but not the claims of the Couponholders) in respect of the Guarantee shall be subordinated to the same extent (but no further) as the claims of the Bondholders under

the Bonds prior to the substitution and pursuant to which the Substituted Debtor and the Issuer shall unconditionally indemnify upon demand Bondholders and Couponholders against all and any expenses, costs and charges (including governmental charges of any kind) of whatsoever nature incurred by each such Bondholder or Couponholder in connection with or as a result of such substitution but without prejudice to the provisions of Condition 4(b);

- (ii) if the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than the Federal Republic of Germany, the Documents shall contain a covenant and/or such other provisions as may be necessary to ensure that each Bondholder and Couponholder has the benefit of a covenant in terms corresponding to the provisions of Condition 6 above, with, where applicable, in addition to the references to the Federal Republic of Germany (in respect of payments by the Issuer under the Guarantee), references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes (in respect of payments by the Substituted Debtor in respect of the Bonds and the Coupons) and Condition 4(b) shall apply as though references to the Federal Republic of Germany also included references to such territory (in relation to payments by the Issuer and the Substituted Debtor respectively);
- (iii) the Documents shall contain a warranty and representation (A) that the Substituted Debtor and the Issuer have obtained all necessary governmental and regulatory approvals and consents for such substitution and for the giving by the Issuer of the Guarantee in respect of the obligations of the Substituted Debtor, that the Substituted Debtor has obtained all (if any) necessary

governmental and regulatory approvals and consents for the performance by the Substituted Debtor of its obligations under the Documents and that all such approvals and consents are in full force and effect and (B) that the obligations assumed by the Substituted Debtor and the Guarantee given by the Issuer are legal, valid and binding;

- (iv) the Documents may at the option of the Issuer provide that the Bonds (but not the Coupons) are subordinated obligations of the Substituted Debtor in accordance with the laws of the jurisdiction of incorporation of the Substituted Debtor and/or as may be required by the competent banking supervisory authorities in the Federal Republic of Germany but subject always to the provisions of Condition 11(a)(i). The Documents will provide that the Coupons are unsubordinated obligations of the Substituted Debtor; and
  - (v) a legal opinion shall have been delivered to the Fiscal Agent (from whom copies will be available) (i) from the Legal Department of the Issuer, as to matters of German law and (ii) from lawyers of recognised standing as to matters of English law and (iii) if the Substituted Debtor is incorporated in a territory other than the Federal Republic of Germany, from lawyers of recognised standing in the country of incorporation of the Substituted Debtor, as to matters of the law of that territory, confirming the matters specified in Condition 11(a)(iii).
- (b) Upon the execution of the Documents as referred to in Condition 11(a) the Substituted Debtor shall be deemed to be named in the Bonds and the Coupons as the principal debtor in place of the Issuer and the Bonds and the Coupons shall thereupon be deemed to be amended to give effect to the

substitution. The execution of the Documents shall, in the case of the substitution of a Substituted Debtor as principal debtor, operate to release the Issuer from all of its obligations as principal debtor in respect of the Bonds and the Coupons.

- (c) The Documents shall be deposited with and held by the Fiscal Agent for so long as any Bonds remain outstanding and for so long as any claim made against the Substituted Debtor or the Issuer by any Bondholder or Couponholder in relation to the Bonds, the Coupons or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and the Issuer shall acknowledge in the Documents the right of every Bondholder and Couponholder to the production of the Documents for the enforcement of any of the Bonds, the Coupons or the Documents.
- (d) Not later than 30 days after the execution of the Documents the Substituted Debtor shall give notice thereof to the Bondholders and Couponholders in accordance with Condition 13.
- (e) At any time after a substitution pursuant to Condition 11(a), the Substituted Debtor may, without the consent of the Bondholders or Couponholders, substitute any other wholly owned subsidiary of the Issuer incorporated in the Netherlands or the Netherlands Antilles as the principal debtor in respect of the Bonds and the Coupons or to undertake its obligations in respect of the Bonds and the Coupons provided that all the provisions specified in Condition 11(a), (b), (c) and (d) above shall apply, mutatis mutandis, including, without prejudice to the generality of the foregoing, the giving of the Guarantee by the Issuer.
- (f) At any time after a substitution pursuant to Condition 11(a), any Substituted Debtor may, without the consent of the Bondholders or Couponholders, resubstitute the Issuer as the

principal debtor in respect of the Bonds and the Coupons or to undertake its obligations in respect of the Bonds and the Coupons, provided that:-

- (i) all the provisions specified in Condition 11(a), (b), (c) and (d) above shall apply, *mutatis mutandis*, to the substitution of the Issuer for the Substituted Debtor, save that all references to the Guarantee shall be deemed to have been deleted; and
- (ii) upon resubstitution of the Issuer as principal debtor, such documents as shall be deemed necessary to release the Issuer from any Guarantee of a Substituted Debtor shall be executed, save that any claims under such Guarantee prior to release shall enure for the benefit of Bondholders and Couponholders.

12. Further Issues

The Issuer may from time to time without the consent of the Bondholders or Couponholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any other bonds issued pursuant to this Condition and forming a single series with the Bonds.

13. Notices

Notices to Bondholders and Couponholders will be valid if published in a leading newspaper having general circulation in London (which is expected to be the Financial Times) or, if such publication shall not be practicable, in an English language newspaper of 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 first date on which publication is made. Alternatively, if the address of each Bondholder and Couponholder at the time such notice is given is ascertainable by the Issuer or the Fiscal Agent, such notices will be valid if sent by registered first class mail to the Bondholders and Couponholders at such addresses and shall be deemed to have been given three working days after having been posted (by airmail if to another country), postage prepaid and addressed to the Bondholders and Couponholders at such addresses.

14. Governing Law

(a) Governing Law

The Fiscal Agency Agreement, the Bonds, the Coupons and the Talons are governed by and shall be construed in accordance with English law.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds, the Coupons or the Talons and accordingly any legal action or proceedings arising out of or in connection with the Bonds, the Coupons or the Talons ("Proceedings") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Bondholders and Couponholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

The Issuer agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to Commerzbank Aktiengesellschaft, London branch, at 10/11 Austin Friars, London EC2N 2HE or at any other address at which process may from time to time be served on it in accordance with Part XXIII of the Companies Act 1985 (as modified or re-enacted from time to time). If the Issuer ceases to have a place of business established in England the Issuer shall promptly appoint another person in England to accept service of process on its behalf in England and notify the name and address of such person to the Bondholders. Nothing contained herein shall affect the right to serve process in any other manner permitted by law.

**Fiscal and Principal Paying Agent**

Banque Internationale à Luxembourg S.A.  
2, boulevard Royal  
L-2953 Luxembourg