

**Dresdner Bank Aktiengesellschaft  
Frankfurt am Main**

**Base Prospectus**

from 27 May 2008

for

**[Number] [Name] [Participation] [Open-End] [•] Certificates [with Maximum Amount] [with Performance Comparison] [[Equity] [Index] linked Notes] [(the "Certificates")]**

relating to

[[the] [•]shares of [*insert Company*] [with the ISIN [•]]] [the] [*insert index*] [*insert currency exchange rate*] [*insert commodity*] [*insert interest rate*] [*insert fund share*] [*insert bond*] [*insert future contract*] [*insert basket*]

[The Certificates are an increase of the issue of the [Number] [Name] [Participation] [Open-End [•] Certificates [with Maximum Amount] [with Performance Comparison] of Dresdner Bank Aktiengesellschaft issued initially on [*insert Date*] (the "**Issued Certificates**") by further [*number*] Certificates and will have the same specifications. They will be consolidated with the Issued Certificates to become a single series of Certificates with the same ISIN.]

This Base Prospectus (the "**Base Prospectus**") has been prepared pursuant to § 6 German Securities Prospectus Act (*Wertpapierprospektgesetz*).

Spaces for actual issue data or actual specifications of the relevant Certificates to be issued under this Base Prospectus marked with square brackets in this Base Prospectus are only available in connection with the concrete issue of Certificates and will be included accordingly in final terms to this Base Prospectus (the "**Final Terms**").

With respect to each issue of Certificates under this Base Prospectus, the relevant Final Terms will be published in a separate document, which (in addition to the final terms of the issue) will repeat certain information set out in this Base Prospectus.

Full information on the Issuer and the relevant issue is only available when this Base Prospectus is read together with the relevant Final Terms.

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## 1. SUMMARY

The following summary must be read as an introduction to this Base Prospectus. This summary is qualified in its entirety by, and is subject to, information contained elsewhere in this Base Prospectus including the documents incorporated by reference and any supplement.

This summary provides an overview of the risk factors with regard to the Issuer, the risk factors with regard to the certificates described in this Base Prospectus and the relevant Final Terms (the "**Certificates**") and the characteristics relating to the Issuer and the Certificates which are material in the opinion of the Issuer. This summary does not purport to be complete. This summary must be read as an introduction to this Base Prospectus. Therefore, any decision to invest in the Certificates should not only be based on this summary but on a consideration of this Base Prospectus and the documents incorporated by reference as well as the applicable Final Terms and any supplement to this Base Prospectus, if applicable.

This Base Prospectus and any relevant Final Terms are not intended to replace advice sought from a bank or other financial advisor prior to the decision to invest in the Certificates. The realisation of one or more of the risk factors described herein may lead to a partial or, depending on the risk factor, even to a total loss of the capital invested.

Where a claim relating to the information contained in this Base Prospectus is brought before a court, the plaintiff may, under the national legislation of the state of the relevant member state of the European Economic Area where the claim is brought, be required to bear the costs of translating the Base Prospectus and the relevant Final Terms before the legal proceedings are initiated.

If solely related to details of the summary or any translation, Dresdner Bank Aktiengesellschaft Jürgen-Ponto-Platz 1, 60301 Frankfurt am Main (hereinafter the "**Issuer**") shall not be liable for the content of this summary, unless it is misleading, inaccurate or inconsistent when read together with the other parts of the entire Base Prospectus and the relevant Final Terms.

### Offer

The Certificates described in this Base Prospectus and in the respective Final Terms are related to an Underlying (the "**Underlying**") as specified in the respective Final Terms.

The Certificates may be offered with and without a Subscription Period and with or without an issue surcharge (*Agio*); there may also be a minimum and/or a maximum subscription amount, all as set out in the relevant Final Terms. Should a Subscription Period be provided in the relevant Final Terms, the Issuer shall reserve the right to extend such Subscription Period or end it early. Any extension or abbreviation of the Subscription Period shall be announced without undue delay, as provided in the relevant Final Terms. During a Subscription Period, the Certificates will be offered at their initial issue price plus, as the case may be, an issue surcharge (*Agio*). Upon expiration of the Subscription Period, the selling price shall be determined on an ongoing basis and is available upon request from of the Issuer. Should the Certificates be offered without a Subscription Period,

the initial issue price will only be valid for the point in time at which the public offering commences. Thereafter, the selling price shall be determined on an ongoing basis and is available upon request from the Issuer.

In the event of an increase in the number of certificates issued, the initial issue price per Certificate shall be determined for the new Certificates to be issued, based on current market conditions, on the morning of the day on which the public offering commences, and is then available upon request from the Issuer (plus any issue surcharge (*Agio*) incurred). Thereafter the selling price shall be determined on an ongoing basis and is also available upon request from the Issuer.

Delivery of the Certificates purchased shall be made, in accordance with applicable local market practice, through the Clearing System specified in the relevant Final Terms.

The offering volume and the issue date may be found in the relevant Final Terms of the Certificates.

#### 1.1 Risk Factors concerning Dresdner Bank and the Dresdner Bank Group

Dresdner Bank's and Dresdner Bank Group's financial position and results of operations may be materially adversely affected by certain material risk factors, including, but not limited to, the risks below (to the extent that the following risk factors refer to the Dresdner Bank Group, such risk factors also apply to Dresdner Bank):

- Interest rate volatility may adversely affect Dresdner Bank Group's results of operations;
- Market risks could impair the value of the Group's portfolio and adversely impact its financial position and results of operations;
- The Group's financial condition may be affected by adverse developments in the financial markets;
- The Group has significant counterparty risk exposure;
- Changes in existing, or new, government laws and regulations, or enforcement initiatives in respect thereof, in the countries in which the Dresdner Bank Group operates may materially impact the Group and could adversely affect its business;
- The Group's business may be negatively affected by adverse publicity, regulatory actions or litigation with respect to the Dresdner Bank Group, other well-known companies and the financial services industry generally;
- Changes in value relative to the Euro of non-Euro zone currencies in which the Group generates revenues and incurs expenses could adversely affect its reported earnings and cash flow;

- Ongoing turbulence and volatility in the world's financial markets may continue to adversely affect the Group;
- Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and leading to material losses for the Group;
- Even where losses are for the Dresdner Bank Group's clients' accounts, clients may fail to repay them, leading to material losses for the Group, and harming its reputation;
- The Group's investment banking revenues may decline in adverse market or economic conditions;
- The Dresdner Bank Group may generate lower revenues from brokerage and other commission- and fee-based businesses; and
- Intense competition, especially in the Group's home market of Germany, where it has the largest single concentration of its businesses, could materially hurt the Group's revenues and profitability.

## 1.2 Risk Factors relating to the Certificates

- An investment in the Certificates is particularly risky since they provide no entitlement to repayment of the invested capital. In the event of negative performance of the Underlying or the Issuer's insolvency, there is a risk of partial or total loss of the capital invested.
- The issue price of the Certificates may be higher than their market value. In addition, the issue price may contain commissions and/or fees or a margin that are to be paid to sales agents or third parties or that may be retained by the Issuer. A sales agent may collect further commissions or fees for the distribution of the Certificates which are fully or partly withheld by the sales agent or transferred to further sales agents; such commissions or fees may also adversely affect the profit possibility of the investor. Due to commissions or fees payable to sales agents conflicts of interests may arise for the investor.
- Whether and in what amount payments will be made on the Certificates primarily depends on the performance of the Underlying over the lifetime of the Certificates.
- In the event that the Underlying performs poorly for investors, there is a risk of partial or total loss of the capital invested by the Certificateholders (including any transaction costs incurred).
- Insofar as the Certificates do not provide for regular interest payments or supplemental amounts payable over their lifetime, the Certificateholders will not receive any interim payments. Therefore, losses of value of the Certificates cannot be compensated by regular income from the Certificates.

- In case of variable interest, the interest rate applicable to the relevant interest period will be calculated based on the performance of a reference interest rate or of another Underlying. Therefore, subject to the performance of such reference interest rate and/or Underlying, investors may receive no interest payment at all or only a minimum interest payment.
- Open-End Certificates are Certificates that, in contrast to Certificates with a fixed term (so-called Closed-End Certificates), have no maturity date and accordingly no set term. They must either be exercised by the Certificateholder or terminated by the Issuer in order for the Certificate Right to be claimed. Upon exercise by the Certificateholder and/or early termination by the Issuer, the Certificateholder shall no longer participate in possible further performance of the Underlying. A Risk Management Fee calculated by the Issuer may be applicable to Open-End Certificates, which shall be deducted when calculating the Redemption Amount.
- The performance of a Certificate with a 'Reverse Structure' is inversely correlated to the performance of the Underlying. Consequently, a total loss of the capital invested may result from a corresponding rise in the price of the Underlying. Furthermore, in principal there is a maximum limit on returns, since the negative performance of the Underlying can never amount to more than 100%.
- Depending on the features applicable to the relevant Certificates, a participation rate that is greater or less than 100% may cause Certificateholders to take a disproportionately high or low share of the changes in the value of the Underlying.
- Insofar as a Maximum Amount applies, Certificateholders shall participate in the performance of the Underlying only up to such Maximum Amount.
- The Settlement Amount may depend on whether a specific threshold has been reached and/or fallen below or exceeded at a specific point in time or in a specific time period. Only if the threshold has not been reached and/or fallen below or exceeded at the specific point in time or in the specific time period, shall Certificateholders at a minimum receive a specific Bonus Level as the Redemption Amount. Otherwise, they shall participate in the performance of the Underlying and may lose a portion or even all of the capital they have invested.
- The Settlement Amount may depend on whether a specific value is higher, at a specific point in time or in a specific time period, than the Strike Price determined. In such an event, Certificateholders shall participate in the performance of the Underlying increased by an Outperformance Factor. Otherwise they shall participate in the "pure" performance of the Underlying, and may lose a portion or even all of the capital they have invested.
- The Settlement Amount may depend on whether a particular redemption threshold has been reached and/or fallen below or exceeded at a specific point in time or in a specific period of time. If the redemption threshold has not been reached, *i.e.*, reached or fallen below or exceeded, the Certificates shall be redeemed early, on a date following this

determination. Certificateholders can no longer participate in a positive performance of the Underlying but must find another investment opportunity.

- The Settlement Amount may depend on the value by which the performance of a component of the Underlying exceeds the performance of another component of the Underlying. Certificateholders shall participate in such performance comparison through a Performance Factor. Otherwise, they shall participate in the “pure” performance of one of the components of the Underlying, and hence may lose a portion or even all of the capital they have invested.
- The Settlement Amount may depend on whether one or more Lock-In Threshold(s) have been reached or exceeded at a specific point in time or in a specific time period. If one or more Lock-In Threshold(s) have been reached or exceeded at a specific point in time or in a specific time period, the Settlement Amount shall at a minimum be calculated using the highest Lock-In Threshold reached. If no Lock-In Threshold has ever been reached, Certificateholders shall participate in the “pure” performance of the Underlying and may lose a portion or even all of the capital they have invested.
- The relevant Final Terms may provide that the applicable threshold is not yet fixed during the Subscription Period, but is only described by a range. In such case, as of the time of subscription Certificateholders will not know how high the threshold actually will be. The final threshold shall be announced, in accordance with the Terms and Conditions of the Certificates immediately after its determination. It is possible that the threshold will be set at such end of the given range that is unfavorable to investors and hence that the threshold (which itself is decisive as to whether the Redemption Amount is determined by reference to the Settlement Price of the Underlying only) may be reached sooner.
- If the relevant Final Terms provide for a Bonus Level, it may be the case that the value of the Bonus Level is not yet certain during the Subscription Period but is only described by a range. In such case, as of the time of subscription Certificateholders will not know how high the Bonus Level will be. The final Bonus Level shall be announced, in accordance with the Terms and Conditions of the Certificates immediately after its determination. It is possible that the Bonus Level will be set at such end of the given range that is unfavorable to investors and that the Redemption Amount to which Certificateholders may be entitled in accordance with the Terms and Conditions of the Certificates will be correspondingly small.
- The Redemption Amount may be limited to a Maximum Amount in accordance with the relevant Final Terms. In addition, the Final Terms may provide that the value of the Maximum Amount during the Subscription Period is not yet fixed but is only described by a range. Thus, as of the time of subscription Certificateholders will not know how high the Maximum Amount will be. The final Maximum Amount will be announced, in accordance with the Terms and Conditions of the Certificates immediately after its determination. It is possible that the Maximum Amount will be set at the end of the given range that is unfavorable to investors and that the Maximum Amount to which they may be entitled in accordance with the Terms and Conditions of the Certificates will be correspondingly small.



- The relevant Final Terms may provide that upon the occurrence of certain events the Issuer is entitled to redeem the Certificates at maturity by physical delivery of the Physical Underlying. In such a case Certificateholders are exposed to the specific issuer- and security risk with respect to the security to be delivered. The securities delivered may only bear a very low monetary value or even no monetary value at all. In such a case the Certificateholders are exposed to the risk of losing all of their capital invested when purchasing the Certificates (including the transaction costs). Furthermore, additional costs may incur when selling the delivered securities.
- Furthermore, the Underlying, the Redemption Amount or additional amounts specified in the Final Terms may be stated in different currencies and the relevant Final Terms may provide for corresponding currency conversion provisions. Potential purchasers of Certificates in this case should note that this type of investment may be associated with the risk of currency exchange rate fluctuations. Currency exchange rates are determined by reference to supply and demand on international money markets that are exposed to economic factors, to speculation and to government and central bank actions (including foreign exchange legal controls and restrictions). Currency exchange rate fluctuations may increase the risk of loss in that the value of the Certificates or the value of the Redemption Amount that might be claimed may be correspondingly reduced thereby.
- Upon the occurrence of certain events specified in the relevant Final Terms the Issuer may have the right to early terminate the Certificates. Upon such early termination, the term of the Certificates will be reduced and the Issuer shall pay to each Certificateholder an amount equal to the market value of such Certificate as determined by the Issuer in its reasonable discretion (in accordance with § 315 German Civil Code). In determining the market value, account shall be taken of any appropriate costs and expenses for the unwinding of underlying and/or associated hedging and financing agreements hedging the Issuer's obligations under these Certificates.
- The Certificates are unsecured obligations of the Issuer and are neither covered by the investment protection scheme nor by the Investment Security and Investor Compensation Act (*Einlagensicherungs- und Anlegerentschädigungsgesetz*).
- In the event of the insolvency of Dresdner Bank AG as Issuer, holders of the Certificates may lose all or part of the capital they have invested.
- The value of the Certificates during their term may be influenced by investors' general assessment of Dresdner Bank AG's creditworthiness.
- There can be no guarantee that Certificateholders will be able to re-sell their Certificates in any secondary market or that the Certificates are admitted to trading at a stock exchange or included in the *Freiverkehr* of a stock exchange.
- The performance of the Certificates over their term may vary from the performance of the Underlying.

- In accordance with the Terms and Conditions of the Certificates, the Issuer shall determine whether a market disruption has occurred or is continuing. This determination may impair the value of the Certificates and/or delay the calculation and payment of the Redemption Amount and, where applicable, of additional amounts payable. The risk of such postponement shall be borne by the Certificateholder. In addition, in certain cases specified in the Terms and Conditions of the Certificates, the Issuer shall determine the Settlement Price and, as appropriate, another price for the Underlying affected by the market disruption, taking account, in its discretion in accordance with § 315 of the German Civil Code, of the market conditions prevailing on that date. The value determined by the Issuer shall be the basis for the calculation of the Redemption Amount and, as appropriate, of other amounts payable.
- The Issuer shall have the right to make adjustments. Furthermore, if certain requirements set out in the relevant Final Terms are met, the Issuer, at its reasonable discretion in accordance with § 315 of the German Civil Code, shall have the right to replace the Underlying with another asset that shall serve as the Underlying in the future or, where appropriate, replace the Authoritative Exchange with another exchange. In addition, in the event of a replacement, the Issuer may make adjustments to the Terms and Conditions of the Certificates to the extent such adjustments are required in the opinion of the Issuer. Such adjustments and/or replacements may also have a negative impact on the performance of the Certificates.
- The Issuer's hedge transactions and other transactions of the Issuer, its subsidiaries or affiliated companies may influence the price of the Underlying at any time, particularly towards the end of the Certificates' term, which may have a negative impact on the value of the Certificates.
- Conflicts of interest may arise from transactions entered into by the Issuer or its subsidiaries and affiliated companies that may adversely affect the value of the Certificates.
- If an investor uses a loan to finance the acquisition of the Certificates, in the event that his expectations fail to be met, not only must he absorb the loss that has occurred but he must also pay interest on and repay the loan. His risk of loss is significantly increased thereby.
- The price performance of the Underlying is dependent on numerous factors and is hence subject to fluctuations, including cyclical changes, changes in interest rates, political events or other general market risks, which may influence the price and lead to high losses for Certificateholders.
- If the Underlying involves shares, it should be noted that the price performance of shares is dependent on the Company's specific financial, liquidity and earnings situation.
- If the Underlying involves a price index, the distribution of dividends, unlike with a performance index, generally leads to a decrease of the index level. Thus, investors will generally not in any way participate in dividends or other distributions on the shares contained in the relevant index.

- If the Underlying involves an index, it should be noted that the index sponsor may at any time change the composition of the relevant index. The Issuer itself has no ability to influence composition of the index.
- If the Underlying involves a Reference Portfolio, it should be noted that it only involves a virtual Portfolio which is administrated by a specific person and whose value may decrease to zero depending on the success of such administration; further it should be noted, that the Certificateholders will neither not have rights in the Reference Portfolio Components nor the rights of physical delivery of Reference Portfolio Components.
- Additional risks relating to the Underlying and/or to the specific structure of the Certificates may be set out in the relevant Final Terms.

### 1.3 Summary with regard to the Issuer and the Dresdner Bank Group

Dresdner Bank Aktiengesellschaft (the “Issuer”, the “Bank” or “Dresdner Bank”) together with its subsidiaries (the “Dresdner Bank Group” or the “Group”) provides private, corporate and institutional clients within Germany and abroad with a broad range of banking products and financial services, including loans and deposits, securities and custody services, payment transactions and the trading and capital market business. Based on total assets as of December 31, 2007, it is one of the leading commercial banks in Germany. Dresdner Bank is a subsidiary of Allianz SE (“Allianz”), which, together with its subsidiaries (the “Allianz Group”), is an international and integrated financial services provider, offering insurance, banking and asset management products and services, with the Dresdner Bank Group representing the centre of the banking competence of the Allianz Group. As part of the Allianz Group, Dresdner Bank also engages in bancassurance activities and distributes life, health and non-life insurance products. Dresdner Bank’s shares are held indirectly by Allianz.

Dresdner Bank operates and distributes its services and products primarily through 1,074 branch offices, of which 1,019 are located in Germany and 55 abroad. The Group conducts its operations through the two divisions Private & Corporate Clients and Investment Banking. These divisions are supplemented by the Business Services and Corporate Functions segments. This structure reflects the decision taken in 2006 to combine the Bank’s middle-market business with the activities of its former Private & Business Clients division and to manage these combined activities in the renamed Private & Corporate Clients division. Moreover, the Bank’s business with large publicly-traded companies and groups with capital market potential, which was previously managed by the former Corporate Banking division, was bundled with the activities of the Bank’s former Dresdner Kleinwort division into the new Investment Banking division. The new organisational structure became effective from the beginning of fiscal year 2007. The reporting structure has been adjusted accordingly.

- *Private & Corporate Clients* includes the customer offerings of Personal Banking, Private & Business Banking, Corporate Banking, and Private Wealth Management. Personal Banking offers private clients personalised financial solutions comprising products for asset accumulation, financing, retirement provision and insurance. Private Banking’s offering

comprises individual asset management for high net worth private clients, including retirement provision and financing concepts, as well as financial and asset planning. Business Banking offers its business clients integrated advice on their personal and business finances. For clients with substantial, complex assets, Private Wealth Management offers support and end-to-end advisory services provided by research teams and a global network of experts. Corporate Banking operates in the area of traditional commercial business with corporate clients. Its range of services includes lending and deposits, foreign commercial business, securities and payments, including related e-business activities. Private & Corporate Clients operates in both Germany and the major European financial centres.

- *Investment Banking* combines the capital markets business activities of the former Dresdner Kleinwort division and the business with large publicly-traded companies and groups with capital market potential previously handled by the former Corporate Banking division. Under its Dresdner Kleinwort brand name, Investment Banking offers a wide range of investment banking services in its two areas of Global Banking and Capital Markets. Global Banking advises corporate clients, financial investors and public-sector clients. Its services offering includes strategic consulting, mergers & acquisitions, equity finance, credit finance, structured and securitised finance, trade finance and cash management. Capital Markets offers its expertise in placements, trading and research primarily to institutional clients, including pension funds, asset managers and alternative asset managers
- *Business Services* consists of Information Technology, Operations, Administration, Human Resources and Legal business support service units. Apart from restructuring charges, the costs incurred by these service units are allocated to the divisions using product- and volume-related algorithms.
- *Corporate Functions* consists of the costs of those functional areas that have a Group management role (Finance/Compliance, Risk Management/Risk Control and the units reporting directly to the CEO, such as Group Coordination, Internal Audit and Corporate Communication). These costs, apart from restructuring charges, are allocated in full to the divisions during internal cost allocation. In addition, the segment includes the profit from capital management and Treasury operations as well as the Bank's financial investment portfolio. The segment also comprises consolidation adjustments and specific reconciliation items to the overall Group earnings measures. Among other things, these include gains and losses from the application of the accounting standard IAS 39 to the banking book and expenses for certain projects affecting the Bank as a whole.

In March 2008, Dresdner Bank resolved to operate its business with private and corporate clients in a separate legal entity in order to provide the bank with the flexibility to facilitate future strategic options.

The effects of the financial market crisis significantly impacted Dresdner Bank's business development in 2007 and in the beginning of 2008. In particular the crisis affected selected Investment Banking division business activities involving structured products. These activities

comprise asset-backed securities of the trading book, credit enhancements, conduits, leveraged buy-out commitments and structured investment vehicles, as well as positions on which the Bank has obtained coverage from monoline insurers.

#### 1.4 Material Characteristics relating to the Certificates

The following description of Certificates that may be issued under the Base Prospectus makes no claim to completeness, but is only a general summary. The specific characteristics and risks of the Certificates of a particular Issue may be found in the Base Prospectus as well as in the Final Terms. Terms defined in the Terms and Conditions of the Certificates have the same meaning in the summary unless otherwise specified.

##### Redemption Amount based on Performance of the Underlying

The Certificates described in this Base Prospectus relate to an Underlying indicated in the relevant Final Terms.

The Certificates represent a right to payment of a Redemption Amount and any additional amounts payable or to delivery of the Physical Underlying. Whether and to what extent this Redemption Amount and any other amounts payable shall be paid or the Physical Underlying delivered depends decisively on how the Underlying performs.

Insofar as the Terms and Conditions of the Certificates do not provide for the payment of interest, Certificateholders shall not receive any interim payments. Certificate Conditions may provide for fixed and/or variable interest payments. For variable interest, the amount of the interest rate applicable to the relevant interest period shall be calculated based on the performance of a reference interest rate or another Underlying.

For certificates with variable interest, a minimum interest rate greater than zero may apply. Furthermore, the Variable Interest Rate to be determined for each interest period may have a fixed upper limit (maximum interest rate) or be subject to a condition.

If under the Final Terms a Ratio applies, the Settlement Amount (ignoring any additional features of the Certificates) shall correspond to the Settlement Price to be determined in accordance with the Final Terms, multiplied by the Ratio. In this connection, the Ratio states how many units of the Underlying a Certificate relates to.

If under the Final Terms a Nominal Amount applies, the Settlement Amount (ignoring any additional features of the Certificates) shall correspond to the product of the Nominal Amount and the Underlying's performance determined in accordance with the Final Terms.

Certificates may be issued with a fixed term (so-called Closed End Certificates) and without a fixed term (so-called Open End Certificates). Open End Certificates must in every case be exercised by all Certificateholders in accordance with the exercise procedure set out in the Final Terms in order for the Certificate Right to be asserted. Furthermore, for Open End Certificates, the Issuer shall

have the right to cancel and redeem the Certificates early by giving notice as more specifically indicated in the Final Terms.

Upon exercise by the Certificateholders and/or redemption by the Issuer, a Risk Management Fee may be calculated by the Issuer. The Issuer may also be entitled to adjust the amount of the Risk Management Fee over the term of the Certificates.

The Certificate Conditions may provide for a Reverse Structure. Such a Certificate loses value (ignoring other features in the Certificates and other dispositive factors for the pricing of Certificates) when the price of the Underlying rises, or gains value when the price of the Underlying falls.

The Conditions of the Certificates may provide for special features:

- For Certificates with a Participation Rate, the Settlement Price shall be increased or reduced by applying a specific factor, which may, for example, be expressed as a percentage (the Participation Rate).
- For Certificates with a Maximum Amount, the value of the Settlement Price is limited to a Maximum Amount.
- For Certificates with a Barrier Level and Bonus Level, the value of the Settlement Price depends on whether a particular Barrier Level was reached and /or fallen below or exceeded at a point in time or in a time period defined in the Certificate Conditions. If the corresponding Barrier Level was not reached and /or fallen below at the point in time or in the time period defined in the Certificate Conditions, Certificateholders shall at a minimum receive a specific Bonus Level as the Settlement Amount. Otherwise, Certificateholders shall participate in the performance of the Underlying:
- For Certificates with an Outperformance Factor, the value of the Settlement Price shall depend on whether a value defined in the Certificate Conditions, such as, for example, the Settlement Price, is higher than the Strike Price defined in the Certificate Conditions at a specific point in time or in a specific period indicated in the Certificate Conditions. In such a case, Certificateholders shall participate in the performance of the Underlying, increased by an Outperformance Factor defined in the Certificate Conditions. Otherwise, Certificateholders shall participate in the “pure” performance of the Underlying.
- For Certificates with contingent early redemption, the value of the Settlement Price and the time of redemption of the Certificates shall depend on whether a particular redemption threshold was reached and/or fallen below or exceeded at a particular point in time or in a specific time period defined in the Certificate Conditions. If the redemption threshold was not reached, *i.e.* reached and/or fallen below or exceeded, at the point in time or in the time period defined in the Certificate Conditions, the Certificates shall be redeemed early, on a date after this determination. In the event of such early redemption, the Settlement Amount shall be determined in accordance with the stipulations of the Certificate Conditions.

- For Certificates with a performance comparison, the value of the Settlement Price shall depend on the difference between the performance of a component of the Underlying and the performance of another component of the Underlying. Certificateholders shall participate in this performance comparison by means of a Performance Factor. Otherwise, Certificateholders shall participate in the “pure” performance of a component of the Underlying.
- For Certificates with a Lock-In Threshold, the value of the Settlement Price shall depend on whether one or more Lock-In Thresholds has/have been reached, i.e. reached or exceeded, at a point in time or in a time period defined in the Certificate Conditions. If one or more Lock-In Thresholds has/have been reached or exceeded at a point in time or in a time period defined in the Certificate Conditions, the Settlement Amount shall at a minimum equal the product of the highest Lock-In Threshold reached and the Settlement Price multiplied by the Ratio or the Nominal Amount. If a Lock-In Threshold is never reached, Certificateholders shall participate in the “pure” performance of the Underlying.

#### Adjustments

At its discretion (§ 315 German Civil Code), the Issuer shall under certain circumstances have the right (without prejudice to other adjustment provisions in the Certificate Conditions) to make adjustments taking into account the Certificateholders’ interests; in particular, it may adjust or re-define the dispositive parameters for determining the Redemption Amount and any other amounts payable if it considers this necessary to preserve the economic value of the Certificates, and may determine the time at which the adjustment goes into effect. The relevant Final Terms may provide rules for adjustment of the Certificate Conditions.

The Issuer shall give notice of adjustments in accordance with the Certificate Conditions.

#### Substitution of the Underlying

In accordance with the Certificate Conditions, the Issuer shall, under certain circumstances, have the right to replace the Underlying (or, in the event of a Basket as the Underlying, a Basket Component) and to select another value that in the future shall serve as Underlying (or a Basket Component) or, as appropriate, to select another exchange or another market as the new Authoritative Exchange on which the Underlying (or Basket Component) is listed. In the event of a substitution, the Issuer shall also make the required adjustments as needed. More than one substitution is possible.

The successor value, the time it is first employed, and (where applicable) the Substitute Stock Exchange, along with each adjusted value as applicable, shall be announced in accordance with the Certificate Conditions.

#### Special Termination by the Issuer

Upon the occurrence of certain conditions (as further specified in the Certificate Conditions), the Issuer may proceed to a special termination of the Certificates. In this event, the Issuer shall, at its discretion (§ 315 German Civil Code), pay the Certificateholders the termination amount in accordance with the Certificate Conditions.

Form of the Certificates and Transferability

The Certificates issued by the Issuer are represented by a Global Bearer Certificate. The claim of Certificateholders to demand definitive Certificates is excluded. The Certificates are transferable in accordance with the rules of the Clearing Agent.

Applicable Law, Place of Execution, Place of Jurisdiction

The Certificates are governed by German law. Place of Execution is Frankfurt am Main. Place of Jurisdiction for all claims or other proceedings in respect of the Certificates is, as permitted by law, Frankfurt am Main.



## 2. RISK FACTORS

### 2.1 Risks relating to Dresdner Bank / the Dresdner Bank Group

*You should carefully review the following material risk factors together with the other information contained in this Base Prospectus before making an investment decision. Dresdner Bank's/the Dresdner Bank Group's financial position and results of operations may be materially adversely affected by each of these risks. Investors may lose the value of their investment in whole or in part as a result of each of these risks. Additional risks not currently known to the Group may also adversely affect its business and one's investment in the Certificates. The sequence in which the following risks are listed is not indicative of their likelihood to occur or of the magnitude of their economic consequences. To the extent that the following risk factors refer to the Dresdner Bank Group, such risk factors also apply to Dresdner Bank:*

#### **Interest rate volatility may adversely affect Dresdner Bank Group's results of operations.**

Changes in prevailing interest rates (including changes in the difference between the levels of prevailing short- and long-term rates) can affect Dresdner Bank Group's results.

The Group's management of interest rate risks affects the results of its operations. The composition of the Group's assets and liabilities, and any mismatches resulting from that composition, cause the Group's net income to vary with changes in interest rates. The Group is particularly impacted by changes in interest rates as they relate to different maturities of contracts and the different currencies in which it holds interest rate positions. A mismatch with respect to maturity of interest-earning assets and interest-bearing liabilities in any given period can have a material adverse effect on the financial position or results of operations of the Group's business.

#### **Market risks could impair the value of the Group's portfolio and adversely impact its financial position and results of operations.**

Fluctuations in equity markets affect the market value and liquidity of the Group's equity portfolio.

The Dresdner Bank Group also has real estate holdings in its investment portfolio, the value of which is likewise exposed to changes in real estate market prices and volatility.

The following assets and liabilities of the Group are recorded at fair value: trading assets and liabilities, financial assets and liabilities designated at fair value through income, and securities available-for-sale. Changes in the value of securities held for trading purposes and financial assets designated at fair value through income are recorded through the consolidated income statement. Changes in the market value of securities available-for-sale are recorded directly in the consolidated shareholders' equity. Unrealised changes in the fair value of assets which are reported in equity are recognised in profit or loss at the time of disposal of the available-for-sale instrument. Available-for-sale equity and fixed income securities are reviewed regularly for

impairment, with write-downs to fair value charged to income if there is objective evidence that the cost may not be recovered.

**The Group's financial condition may be affected by adverse developments in the financial markets.**

The ability of the Group to meet its financing needs depends on the availability of funds in the international capital markets. The financing of the Group's activity includes funding through the issuance of commercial paper and medium term notes. A sustained break-down of such markets could have a materially adverse impact on the cost of funding as well as on the refinancing structure of the Group. If the Group were to be unable to secure its funding needs in the capital markets, it could be forced to liquidate assets to meet maturing liabilities or deposit withdrawals and might be forced to sell them at discounts that could adversely affect its operating results, profitability, and financial position. Furthermore, the illiquidity or sustained volatility of certain market segments may affect the mark-to-market valuation of certain assets and may lead to valuation losses and an increased risk of counterparty defaults.

Moreover, a downgrade in Dresdner Bank's ratings would adversely affect its cost of borrowing. Such a downgrade could also result in Dresdner Bank having to post collateral or make additional payments under the terms of certain contracts, or in the premature termination of contracts with rating-triggered clauses. Any such events may further increase Dresdner Bank's liquidity needs and could negatively impact its operating results, profitability and financial position.

**The Group has significant counterparty risk exposure.**

The Dresdner Bank Group is subject to a variety of counterparty risks. Third parties that owe the Group money, securities or other assets may not pay or perform under their obligations. These parties include the issuers whose securities the Group holds, borrowers under loans made, customers, trading counterparties, counterparties under reverse repurchase agreements and swaps, credit default and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to the Group due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

**Changes in existing, or new, government laws and regulations, or enforcement initiatives in respect thereof, in the countries in which the Dresdner Bank Group operates may materially impact the Group and could adversely affect its business.**

The Group's business is subject to detailed, comprehensive laws and regulations as well as supervision in all the countries in which it does business. Changes in existing laws and regulations may affect the way in which the Group conducts its business and the products the Group may offer. Changes in regulations relating to financial services, securities products and transactions

may materially adversely affect its businesses by restructuring the Group's activities, imposing increased costs or otherwise.

Regulatory agencies have broad administrative power over many aspects of the financial services business, which may include liquidity, capital adequacy and permitted investments as well as other issues such as money laundering, "know your customer rules", privacy, record keeping, and marketing and selling practices. Banking and other financial services laws, regulations and policies currently governing Dresdner Bank and its subsidiaries may change at any time in ways which have an adverse effect on its business, and the Group cannot predict the timing or form of any future regulatory or enforcement initiatives in respect thereof. Also, bank regulators and other supervisory authorities in the European Union, the United States and elsewhere continue to scrutinize payment processing and other transactions under regulations governing such matters as money-laundering, prohibited transactions with countries subject to sanctions, and bribery or other anti-corruption measures. If the Group fails to address, or appears to fail to address, appropriately any of these changes or initiatives, its reputation could be harmed and it could be subject to additional legal risk, including to enforcement actions, fines and penalties. Despite the Group's best efforts to comply with applicable regulations, there are a number of risks in areas where applicable regulations may be unclear or where regulators revise their previous guidance or courts overturn previous rulings. Regulators and other authorities have the power to bring administrative or judicial proceedings against the Group, which could result, among other things, in significant adverse publicity and reputational harm, suspension or revocation of the Group's licenses, cease-and-desist orders, fines, civil penalties, criminal penalties or other disciplinary actions which could materially harm its results of operations and financial condition.

**The Group's business may be negatively affected by adverse publicity, regulatory actions or litigation with respect to the Dresdner Bank Group, other well-known companies and the financial services industry generally.**

Adverse publicity and damage to the Group's reputation arising from failure or perceived failure to comply with legal and regulatory requirements, financial reporting irregularities involving other large and well-known companies, increasing regulatory and law enforcement scrutiny of "know your customer," anti-money laundering and anti-terrorist-financing procedures and their effectiveness, regulatory investigations of the banking industry and litigation that arises from the failure or perceived failure by the Group companies to comply with legal and regulatory requirements, could result in adverse publicity and reputational harm, lead to increased regulatory supervision, affect its ability to attract and retain customers, maintain access to the capital markets, result in lawsuits, enforcement actions, fines and penalties or have other adverse effects on the Group in ways that are not predictable.

**Changes in value relative to the Euro of non-Euro zone currencies in which the Group generates revenues and incurs expenses could adversely affect its reported earnings and cash flow.**

The Dresdner Bank Group prepares its consolidated financial statements in Euro. However, a significant portion of the revenues and expenses from its subsidiaries outside the Euro zone, including in the United Kingdom, United States, Switzerland and Japan, originates in currencies other than the Euro.

As a result, although Dresdner Bank's non-Euro zone subsidiaries generally record their revenues and expenses in the same currency, changes in the exchange rates used to translate foreign currencies into Euro may adversely affect the Bank's results of operations.

While the Group's non-Euro assets and liabilities, revenues and related expenses are generally denominated in the same currencies, it does not generally engage in hedging transactions with respect to dividends or cash flows in respect of its non-Euro subsidiaries.

**Ongoing turbulence and volatility in the world's financial markets may continue to adversely affect the Group.**

As an international financial services company, the business activities of the Group are highly dependent on capital and credit market conditions. Starting in the second half of 2007, the crisis in the mortgage market in the United States, triggered by a serious deterioration of credit quality, led to a revaluation of credit risks. These conditions have resulted in greater volatility, less liquidity, widening of credit spreads and overall tightening of financial markets throughout the world. In addition, the prices for many types of asset-backed securities (ABS) and other structured products have deteriorated. The Group has been materially impacted as a result of the Group's investment banking operations' exposures to U.S. mortgage-related structured investment products, including subprime, midprime and prime residential mortgage-backed securities (RMBS), collateralized debt obligations (CDOs), monoline insurer guarantees, structured investment vehicles (SIVs) and other investments. As a result, in late 2007 and in the first quarter of 2008, the Group recorded significant negative revaluations on the investment portfolio. The Group expects the effects of this crisis to carry over into the current year. This will entail risks for business and earnings development in 2008.

The valuation of ABS and other affected instruments is a complex process, involving the consideration of market transactions, pricing models, management judgment and other factors, and is also impacted by external factors such as underlying mortgage default rates, interest rates, rating agency actions and property valuations. While the Group continues to monitor its exposures in this area, in light of the ongoing market environment and the resulting uncertainties concerning valuations, it is difficult to predict how long these volatile conditions will exist and how the Group's markets, business and operations will be affected. Continuation or worsening of the turbulence in the world's financial markets could have a material adverse effect on the Group's financial position and results of operations in future periods.

**Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and leading to material losses for the Group.**

In some of the Group's businesses, protracted market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the Group cannot close out deteriorating positions in a timely way. This may especially be the case for assets for which the market is generally of limited liquidity. Assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may have values that the Group calculates using models other than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to unanticipated losses.

**Even where losses are for the Dresdner Bank Group's clients' accounts, clients may fail to repay them, leading to material losses for the Group, and harming its reputation.**

While Group clients would be responsible for losses the Group incurs in taking positions for client accounts, the Bank may be exposed to additional credit risk as a result of the need to cover those losses. The business may also suffer if clients lose money and its clients lose confidence in the Group's products and services.

**The Group's investment banking revenues may decline in adverse market or economic conditions.**

The Dresdner Bank Group's investment banking revenues, in the form of financial advisory and underwriting fees, directly relate to the number and size of the transactions in which it participates and are susceptible to adverse effects from sustained market downturns. These fees and other revenues are generally linked to the value of the underlying assets and therefore decline as asset values decline. In particular, the Group's revenues and profitability could sustain material adverse effects from a significant reduction in the number or size of debt and equity offerings and mergers and acquisitions transactions.

**The Dresdner Bank Group may generate lower revenues from brokerage and other commission- and fee-based businesses.**

Market downturns are likely to lead to declines in the volume of transactions that the Group executes for its clients and, therefore, to declines in its non-interest revenues. In addition, because the fees that the Group charges for managing its clients' portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of its clients' portfolios or increases the amount of withdrawals would reduce the revenues the Group receives from its wealth management and private banking businesses.

**Intense competition, especially in the Group's home market of Germany, where it has the largest single concentration of its businesses, could materially hurt the Group's revenues and profitability.**

Competition is intense in all of the Group's primary business areas in Germany and the other countries in which the Group conducts large portions of its business, including other European countries and the United States. In 2007, the Group generated the major portion of its operational business in Germany, a mature market where competitive pressures have been increasing quickly. If the Group is unable to respond to the competitive environment in Germany or in its other major markets with attractive product and service offerings that are profitable for it, the Group may lose market share in important areas of its business. In addition, downturns in the German economy could add to the competitive pressure, through, for example, increased price pressure and lower business volumes for the Group and its competitors.

### **Responsibility Statement**

Dresdner Bank Aktiengesellschaft, Jürgen-Ponto-Platz 1, 60301 Frankfurt am Main is responsible in accordance with applicable laws for the contents of this Base Prospectus and declares to the best of its knowledge, that the information contained in this Base Prospectus is correct and that no significant circumstances have been omitted.

## 2.2 Risk Factors relating to the Certificates

### 2.2.1 General risks (for all types of Certificates)

An investment in the Certificates is subject to certain risks. These risks may consist, inter alia, of risks associated with the equity, commodities, bond and foreign exchange markets, with interest rates, with market volatility and economic and with political risk factors, both individually and as a combination of these and other risk factors. The material risk factors are summarized below. Potential purchasers should have experience in transactions with instruments such as the Certificates or the relevant Underlying. **Potential purchasers of the Certificates should understand the risks associated with investing in the Certificates, and prior to making a decision to invest should thoroughly examine the following points in consultation with their legal, tax, financial and other advisors: (i) the appropriateness of investing in the Certificates given their own financial, tax and other situation, (ii) the information in the Base Prospectus and the relevant Final Terms and (iii) the Underlying.** An investment in the Certificates should only be made after assessing the behavior, occurrence and scope of possible future performances of the Underlying or Underlyings, since returns on the respective investment depend on such factors as fluctuations of the kind mentioned. Since more than one risk factor may simultaneously influence the value of the Certificates, the effect of an individual risk factor cannot be predicted. In addition, several risk factors may come together in such a way that their combined effect on the Certificates can likewise not be predicted. No binding statements may be made regarding the effects of a combination of risk factors on the value of the Certificates.

Potential purchasers of the Certificates should be aware that the Certificates can lose their value, and that there even is a possibility of a total loss of the investment made in the Certificates. This risk exists regardless of the financial performance of the Issuer. The shorter the residual maturity term of a Certificate, the lower the probability that possible losses in value can be offset at the end of the term. Potential purchasers, therefore, must be prepared and in a position to absorb losses, or even a total loss, of the capital invested.

***Potential purchasers are expressly requested to familiarize themselves with the specific risk profile of the product type described in the Base Prospectus and the relevant Final Terms and, where necessary, obtain expert advice.***

#### **Influence of incidental expenses**

The issue price of the Certificates is based on internal price-finding models of the Issuer and may be above their market value. The issue price may also contain fees (including commissions) and a margin which are payable to sales agents or third parties or withheld by the Issuer.

Furthermore, a sales agent may collect further commissions or fees for the distribution of the Certificates which are fully or partly withheld by such sales agent or transferred to further sales agents as consideration for their distribution activities. Thus, a further discrepancy between the theoretical value of the Certificates and the bid and ask prices actually offered in any secondary market or quoted by the Issuer may occur. In general, this deviation is higher at the beginning and



decreases during the term of the Certificates. Such provision payments may also adversely affect the profit possibility of the investor.

Furthermore, in the case of payment of commissions or fees to sales agents conflicts of interest may arise because a higher commission or fee payment for particular products could be an incentive for the distribution partner to preferably distribute such products to their customers. Investors are advised to ask their bank or financial consultant whether such conflicts of interests exist.

### **Issuer solvency**

The Certificateholders accept the credit risk of Dresdner Bank AG as Issuer of the Certificates. In the event of the Issuer's insolvency the Certificateholders may lose all or of their claim for repayment of the capital invested by them.

### **Certificates are unsecured obligations**

The Certificates constitute direct, unsecured, and unsubordinated obligations of the Issuer, ranking *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by mandatory provisions of law.

The Certificates are not secured either by the Investment Protection Fund pursuant to the byelaws of Bundesverbands deutscher Banken e.V. (BdB) or by the Investment Security and Investor Compensation Act.

### **Influence of a downgraded credit-rating**

Over their term, the value of the Certificates may be influenced by investors due to the general creditworthiness of Dresdner Bank AG. Their assessment is generally based on the credit-rating of the outstanding securities by rating agencies such as Moody's, Standard & Poor's or Fitch. A downgrading of the rating by just one of these rating agencies may result in the Certificates losing value.

### **Trading and Liquidity of the Certificates**

Not every series of Certificates to be issued under this Base Prospectus will be included in the regulated unofficial market (*Freiverkehr*) of a stock exchange or admitted to trading on a stock exchange. Even if such inclusion or admission does occur, that does not necessarily lead to a higher turnover of the Certificates.

Even if the Issuer, following inclusion or admission, plans to provide buy and sell prices for the Certificates of an issue under normal market conditions, the Issuer does not assume any obligation to provide such prices. Moreover, the Issuer does not give any guaranty with respect to the amount or the availability of such prices. Certificateholders cannot rely on being able to sell the Certificates at a certain point in time or at a certain price.

There is no guarantee that a secondary market will develop for the respective Certificates, providing the Certificateholders with an opportunity to resell their Certificates. The more limited the secondary market, the more difficult it may be for the Certificateholders to realise the value of the Certificates on the secondary market. The same also applies if the Certificates are included in the *Freiverkehr* or admitted to trading at a stock exchange.

Moreover, liquidity with respect to certain countries may be reduced as a result of existing restrictions regarding the offering and selling of Certificates. In addition, the Issuer has the right to purchase Certificates at any time. Certificates so purchased may be held, re-sold or cancelled. This may also have a negative impact on the liquidity of the Certificates. A limited liquidity of Certificates in the market may increase the volatility of the prices for the Certificates.

The performance of the Certificates can deviate from the performance of the Underlying during the term.

### **Offer volume**

The offer volume specified in the respective Final Terms (expressed as the number of Certificates and/or the total value of the Certificates) corresponds to the Maximum Amount of the offered Certificates, but allows no conclusion to be made as to the volume of the Certificates actually issued. This depends on the market conditions and may vary over the term of the Certificates. Based on the specified offer volume, no conclusions can therefore be made as to the liquidity of the Certificates in the secondary market.

### **Market disruption**

In accordance with the Certificate Conditions, the Issuer will determine the occurrence or existence of a market disruption. This determination may impair the value of the Certificates and/or delay the calculation and the payment of the Redemption Amount. The risk of such postponement shall be borne by the Certificateholder. Furthermore, in specific cases referred to in the Certificate Conditions, the Issuer will at its discretion (§ 315 German Civil Code) determine the Settlement Price and, if necessary, also another price of the Underlying affected by the market disruption, taking account of the market conditions prevailing on that day. This value as determined by the Issuer shall be the basis for the calculation of the Redemption Amount and, where necessary, any additional amounts payable.

### **Adjustment and substitution**

The Issuer is authorized to make adjustments in the cases specified in the Certificate Conditions and in order to preserve the economic value of the Certificates. Furthermore, where the preconditions set forth in the Certificate Conditions are met, the Issuer is authorized at its own discretion (§ 315 German Civil Code) to replace the Underlying with a new value, which in future is to serve as the Underlying or, where appropriate, to replace the Authoritative Stock Exchange with another exchange. Furthermore, in the case of a replacement, the Issuer will make any necessary adjustments as required.

Adjustments and/or replacements may have a negative effect on the performance of the Certificates.

### **Termination**

Upon the occurrence of certain events specified in the relevant Final Terms the Issuer may have the right to early terminate the Certificates. Upon such early termination, the term of the Certificates will be reduced and the Issuer will pay to each Certificateholder an amount equal to the market value of such Certificate as determined by the Issuer in its reasonable discretion (in accordance with § 315 German Civil Code). In determining the market value, account shall be taken of any appropriate costs and expenses for the unwinding of underlying and/or associated hedging and financing agreements hedging the Issuer's obligations under these Certificates. Each Certificateholder will only get the termination amount so determined and will no longer be able to participate in any positive performance of the Underlying; instead, such holder will have to look for an alternative investment opportunity.

### **Conflicts of interest**

The Issuer and any subsidiaries and affiliated companies of the Issuer may conclude transactions for their own account or the account of their customers which may have a negative influence on the performance of the Underlying and thus on the value of the Certificates.

With respect to the Certificates, the Issuer, as well as the Issuer's subsidiaries and affiliated companies, may exercise a function other than the current function and in addition issue other derivative instruments with respect to the Underlying. Introduction of these new competitive products to the market may affect the value of the Certificates.

### **Influence of hedging transactions**

The Issuer, as well as the Issuer's subsidiaries and affiliates, may in the normal course of their business trade in the Underlying both for their own account and for third parties. In addition, the Issuer, as well as the Issuer's subsidiaries and affiliates, may hedge against financial risks associated with the Certificates by performing hedging transactions in the Underlying. These activities, especially the hedging transactions related to the Certificates, may influence the market price of the Underlying on which the Certificates are based at any time, especially towards the end of the term of the Certificates. It cannot be ruled out that acceptance and liquidation of such hedging transactions may have a negative influence on the value of the Certificates, the Redemption Amount, and any other amounts payable which the Certificateholders may claim.

### **Substitution of the Issuer**

Under the Certificate Conditions, the Issuer is authorized at all times without the Certificateholders' approval to replace the Issuer with another company of the Dresdner Bank Group as the new issuer (the "**New Issuer**") with regard to all obligations or in connection with the Certificates. In this case, the Certificateholder essentially also assumes the New Issuer's risk of insolvency.

### **Hedging transactions of certificate purchasers**

Potential purchasers of Certificates, who, by purchasing Certificates wish to hedge against the market risks in connection with an investment in the Underlying, should be aware of the difficulties involved. For example, the value of the Certificates is not necessarily directly linked with the value of the Underlying. Because of the structure of the relevant Certificate, no warranty can be given of parallel performance with respect to the Underlying. For this and other reasons, it may not be possible to acquire or sell securities in a portfolio at prices that are based on performance of the Underlying.

### **Drawing on credit facilities**

If the investor uses a loan to finance the acquisition of the Certificates, he must absorb not only the loss that has occurred, but must also repay the loan, including interest, if his expectations are not met. His risk of loss is significantly increased thereby. The investor should never rely on being able to repay the loan from profits from a transaction with Certificates bearing interest. Instead, purchasers of Certificates must examine their financial circumstances before buying Certificates in order to determine whether they are in a position to pay interest and, if necessary, repay the loan in the short term if losses occur instead of the anticipated profits.

## 2.2.2 Certificate-specific risk factors

### **General**

By buying Certificates, the investor acquires the right in accordance with the Certificate Conditions to demand payment from the Issuer of a Settlement Amount in the Settlement Currency under specific preconditions and based on the performance of the Underlying [*in the case of repayment by physical delivery, insert the following:* and/or any delivery of the Physical Underlying in a quantity corresponding to the Ratio] (the "**Certificate Right**").

*[Insert in case of Certificates without interest payments:*

The Certificates neither securitize a claim to fixed or variable interest payments nor to dividend payments and do not yield current income. Any loss of value in the Certificate, therefore, cannot be offset by other current income from the Certificate.]

*[Insert in case of Certificates with variable interest:*

In the case of variable interest, the interest rate applicable to the respective interest period is calculated on the basis of the performance of a Reference Interest Rate and/or any other Underlying. [There is the possibility that the Issuer will not be required to make interest payments for one or more interest periods if no minimum interest rate applies. Furthermore, the variable interest rate to be determined for each interest period may have an upward limit (Maximum Interest Rate) or be subject to a condition. If a Maximum Interest Rate is provided, after a specific performance of the Reference Interest Rate and/or Underlying investors will not participate in further positive performances of this Reference Interest Rate and/or Underlying. With a corresponding performance of the Reference Interest Rate and/or Underlying, investors may therefore receive no interest or merely a minimum interest, depending on the features of the Certificate].]

### **Settlement Amount for various types of Certificates**

The following explains how the Settlement Amount for the various types of Certificates is calculated and the risks involved for the Certificateholder.

In the case of a Ratio, the Settlement Amount is in principle determined as follows:

The Settlement Amount (ignoring any additional features of the Certificates) corresponds to the Settlement Price (which will be determined at the end of the term of the Certificates), multiplied by the Ratio. In this context, the Ratio states how many units of the Underlying a Certificate relates to. The Certificate Conditions state how the Settlement Price is determined.

If a Nominal Amount applies, the Settlement Amount is determined as follows:

The Settlement Amount shall correspond (ignoring any additional features of the Certificates) to the product of the Nominal Amount and the performance of the Underlying. The performance of the

Underlying is normally calculated from the quotient of the Settlement Price and the Strike Price, whereas the concrete method for determining the performance is stated in the respective Certificate Conditions.

***In the event that the Settlement Price and/or the performance of the Underlying falls to zero, a total loss of the capital invested in the Certificates may occur.***

*[Insert in case of Open-End Certificates:*

#### Open-End Certificates

Open-End Certificates are Certificates, which, in contrast to Certificates with a fixed term (so-called Closed End Certificates) do not have an expiration date and accordingly have no fixed term. Therefore, the Open-End Certificates of each Certificateholder must in each case be exercised in accordance with the exercise procedure set forth in the Certificate Conditions, in order to assert the Certificate Right. In the case of Open End Certificates, the Issuer has the right to cancel and redeem the certificates early by giving notice subject to a term specified in the Certificate Conditions.

Cancellation by the Certificateholder and/or redemption by the Issuer in accordance with the Final Terms has the consequence that the Certificateholder will only participate in the performance of the Underlying until the date of exercise of the right and/or early redemption date. In such a case, participation in any further performance of the Underlying is excluded.

If the Certificateholder exercises his right and/or the Issuer redeems the Certificate, the Issuer may charge a Risk Management Fee. Such a fee may reduce the Settlement Price and/or the relevant performance of the Underlying in accordance with the fee amount. The Issuer may be authorized to adjust the Risk Management Fee during the term of the Certificates.]

*[Insert in case of Certificates with a Reverse-structure:*

#### Reverse-structure Certificates

A Certificate may have a reverse structure. Such a Certificate (ignoring any additional features of the Certificate and any other factors relevant for the price formation of Certificates) loses value if the price of the Underlying increases and/or gains in value if the price of the Underlying falls. Correspondingly, this may result in a total loss of the invested capital if the price of the Underlying increases correspondingly. Furthermore, the income potential has an upward limit since the negative performance of the Underlying cannot exceed 100%.]

#### Certificates with special features

The Certificates are securities which in financial terms are similar to a direct investment in the basic Underlying but are not completely comparable with such an investment, because:

*[Certificates with Participation Rate:*

The Settlement Amount is increased or reduced by applying a Participation Rate. The Participation Rate is an additional feature of a Certificate in the form of a specific factor, which, for example, may be expressed as a percentage rate. The Participation Rate may be greater, equal to, or less than 100%. Depending on the features of the Certificates, a Participation Rate which is greater or less than 100% has the effect that the Certificateholder participates disproportionately (too much or too little) in the value changes of the Underlying.] [;]

[and]

*[Certificates with Maximum Amount:*

The Settlement Amount may be limited to a maximal amount (the [Maximum Amount] [Nominal Amount] [●]). The Certificateholder will participate in the performance of the Underlying only up to [such maximal amount] [the Maximum Amount]. Consequently, the performance of the Certificate may be considerably lower than the performance of the Underlying.] [However, the Certificateholder will entirely participate in the negative performance of the Underlying and is therefore exposed to the risk of losing part or all of his investment.] [;]

[and]

*[Certificates with Barrier Level/Bonus Level:*

The Settlement Amount depends on whether a specific Barrier Level was touched and/or [fallen below] [exceeded] at a time or during a period defined in the Certificate Conditions.

Only if the corresponding Barrier Level has been touched and/or [fallen below] [exceeded] at the time or during the period defined in the Certificate Conditions will the Certificateholder receive at least a specific Bonus Level as the Settlement Amount. Otherwise, the Certificateholder will participate in the performance of the Underlying and then is exposed to the risk of losing all or part of his/her invested capital] [.] [;]

[and]

*[Certificates with Outperformance factor:*

The Settlement Amount depends on whether a value defined in the Certificate Conditions, such as the Settlement Price, is at a specific time or during a period defined in the Certificate Conditions higher than the Strike Price determined in the Certificate Conditions. In such a case, the Certificateholder will participate in the performance of the basic Underlying, increased by an outperformance factor defined in the Certificate Conditions. Otherwise, the Certificateholder will participate in the "pure" performance of the Underlying and is thus exposed to the risk of losing all or part of his/her invested capital] [.] [;]

[and]

*[Certificates with contingent early repayment:*

The Settlement Amount and the time of redemption of the Certificates depends on whether a specific repayment threshold has been touched and/or [fallen below] [exceeded] at a time or during a period defined in the Certificate Conditions. If the repayment threshold was touched or [fallen below] [exceeded] at the time or in the period defined in the Certificate Conditions, the Certificates will be redeemed early on a date after this has been determined. In the case of such early redemption, the Early Redemption Amount will be determined in accordance with the stipulations in the Certificate Conditions. The Certificateholder will only receive the Early Redemption Amount so determined and is thus no longer able to participate in a positive performance of the Underlying but must find a new investment option] [.] [;]

[and]

*[Certificates with Performance Comparison:*

The Settlement Amount depends on if and how much the performance of a component of the Underlying exceeds the performance of another component of the Underlying. The Certificateholder participates in this comparison of the performances by means of a performance factor. Otherwise, the Certificateholder participates in the "pure" performance of a component of the Underlying and thus is exposed to the risk of losing all or part of his/her invested capital] [.] [;]

[and]

*[Certificates with Lock-in Threshold:*

The Settlement Amount depends on whether one or more Lock-in Threshold(s) has/have been touched or exceeded at a time or during a period defined in the Certificate Conditions. If one or more Lock-in Threshold(s) has/have been touched or exceeded at a time or during a period specified in the Certificate Conditions, the Settlement Amount corresponds to at least the product of the highest Lock-in Threshold reached and the Settlement Price or Nominal Amount multiplied by the Ratio. If a Lock-in Threshold is never reached, the Certificateholder participates in the "pure" performance of the Underlying and is thus exposed to the risk of losing all or part of his/her invested capital] [.] [;]

[and]

*[Certificates with physical delivery:*

The Settlement Amount depends on whether a certain price of the Underlying has fallen below a specific Strike Price at a time or during a period defined in the Certificate Conditions or if another condition specified in the relevant Final Terms has occurred.

If the relevant price of the Underlying has fallen below the respective Strike Price at a time or during a period defined in the Certificate Conditions or if another condition specified in the relevant Final Terms has occurred, the Issuer is entitled to redeem the Certificates at maturity by physical delivery of the Physical Underlying. The number of units of the Physical Underlying (which may consist of the Underlying or a specific Basket Component) to be delivered is determined by the Ratio specified in the Certificate Conditions. If the Certificates are redeemed by physical delivery of



a security, the Certificateholder will not receive an amount of money at maturity but a transferrable right in the security pursuant to the conditions of the relevant clearing system.

As Certificateholders are exposed to a specific issuer- and security risk with respect to the security to be delivered, they should familiarize themselves with these securities when purchasing the Certificates. Furthermore, Certificateholders should not rely on the possibility to sell the delivered securities after redemption of the Certificates at a certain price, in particular not at a price equal to the capital invested when purchasing the Certificates. The securities so delivered may only bear a very low monetary value or even no monetary value at all. In such a case the Certificateholders are exposed to the risk of losing all of their capital invested when purchasing the Certificates (including the transaction costs). Furthermore, additional costs may be incurred when selling the delivered securities.

*[Insert any additional risk factors arising from the special characteristics of the redemption structure*

[Uncertainty [of the Barrier Level] [and] [of the Bonus Level] [of the Lock-in Threshold(s)] [of the Maximum Amount] [of the Strike Price]]

[During the Subscription Period, the amount of the Barrier Level is not yet certain but is only described by a range. Therefore, at the time of subscription the Certificateholder does not know the Barrier Level. The ultimate Barrier Level is determined [at the end of the Subscription Period] [●] and is then announced immediately in accordance with the Certificate Conditions. It is possible that the Barrier Level is set at the end of the specified range that is not favorable for the investor so that the threshold from which the repayment amount is determined in accordance with the Certificate Conditions based on the performance of the Underlying is reached earlier.]

[During the Subscription Period, the Bonus Level amount is not yet clear but is described only by a range. Therefore, at the time of subscription, the Certificateholder does not know how high the Bonus Level will be. The ultimate Bonus Level will be determined [at the end of the Subscription Period] [●] and will then be announced immediately in accordance with the Certificate Conditions. It is possible that the Bonus Level is determined at the end of the specified range which is unfavorable to the investor, and any repayment amount to which the investor is entitled in accordance with the Certificate Conditions will be correspondingly low.]

[During the Subscription Period, the Lock-in Threshold(s) is (are) not yet clear but [in each case] is described only by a range. At the time of subscription, the Certificateholder therefore does not know how high the Lock-in Threshold(s) will be. The ultimate level of the Lock-in Threshold(s) will be determined [at the end of the Subscription Period] [●] and will then be announced immediately in accordance with the Certificate Conditions. It is possible that the Lock-in Threshold(s) [in each case] will be determined at the end of the specified range which is unfavorable to the investor and any repayment amount to which the investor may be entitled will be correspondingly low.]

[During the Subscription Period, the Maximum Amount is not yet clear but is described only by a range. At the time of subscription, the Certificateholder therefore does not know the Maximum Amount. The ultimate Maximum Amount will be determined [at the end of the Subscription Period] [●] and will then be announced immediately in accordance with the Certificate Conditions. It is

possible that the Maximum Amount will be determined at the end of the specified range which is unfavorable to the investor and any Maximum Amount to which the investor may be entitled according to the Certificate Conditions will be correspondingly low.]

[During the Subscription Period, the Strike Price is not yet clear but is described only by the reference to a specific price which is determined on a specific date or period of time for the Underlying or the relevant Basket Component. At the time of subscription, the Certificateholder therefore does not know the Strike Price. The ultimate Strike Price will be determined [at the end of the Subscription Period] [●] and will then be announced immediately in accordance with the Certificate Conditions. It is possible that the Strike Price is adverse for the Investor than the respective price for the Underlying (or Basket Component) at the time of subscription. Therefore, the Settlement Amount possibly paid to the investor pursuant to the Certificate Conditions may be lower than expected by a Certificateholder.]

*[Insert any additional or alternative structure-specific risks]*

#### Trade and liquidity of Certificates

[There is no current intention of including the Certificates in the open market of a stock exchange or admitting them for trading on the regulated market of a stock exchange.]

[It is intended [in approx. [number] months] [●] to apply for [inclusion] [admission] of Certificates [on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange] [and] [on the Euwax (open market) of the Baden-Württemberg Stock Exchange]. [●] Trading on [the open market] [●] however does not necessarily involve higher sales of certificates.

The Issuer intends [as of [inclusion] [admission] on the [open market] [●]] to place the Certificates of an issue under normal market conditions at regular buying and selling rates. The Issuer, however, undertakes no legal obligation to provide such prices or in terms of the amount or availability of such prices. Certificateholders cannot rely on the Certificates being sold at a specific time or at a specific price.]

It cannot be guaranteed that a secondary market will be developed for the Certificates which will give the Certificateholders an opportunity of disposing of their certificates. The more restricted the secondary market, the more difficult it may be for Certificateholders to realise the value of the Certificates prior to the due date. This also applies where the Certificates are included in the regulated unofficial market (*Freiverkehr*) of, or admitted to trading on, a stock exchange. [●]

Furthermore, the Issuer is authorized, but not obligated, to acquire Certificates at any time by means of OTC transactions or stock exchange transactions. Certificates acquired in such a manner may be held, resold, or declared null and void. This can also have an adverse effect on the liquidity. A reduction in market liquidity can increase the volatility of the Certificate prices.

The performance of the Certificates can deviate from the performance of the Underlying during the term.

**[Currency risk**

Potential purchasers of Certificates should take into consideration that this form of investment involves the risk of exchange rate fluctuations. For example, (i) the Underlying may be in a different currency from the Certificates, (ii) the Certificates may be in a different currency from the local currency of the purchaser's home country, and/or (iii) the Certificates may be in a different currency from the one in which the purchaser wishes to receive payments.

Exchange rates are determined by offer and demand factors on international currency markets, which are subject to economic factors, speculation, and government and central bank actions (including exchange rate controls and restrictions). Exchange rate fluctuations may increase risk of loss in that the value of the Certificates or the amount of the any Redemption Amount claimed and any other amounts payable are reduced correspondingly.]

## 2.3 Risk factors with regard to the Underlying

### Statements regarding the performance of the Underlying

No reliable statements can be made with regard to the future performance of the Underlying. Past performance of the Underlying is no compelling indication of how it will perform in the future.

### Price fluctuations

The performance of the Underlying depends on numerous factors and is therefore subject to fluctuations such as changes in the economy, changes in interest rates, political events or other general market risks which can influence the price and lead to large losses. [Furthermore, the performance of shares depends on the shares issuing company's specific asset, financial, liquidity and profit situation.]

*[If a Share or Shares constitute the Underlying or Basket Components, if applicable, insert the following:]*

### [Conflicts of Interests

The Issuer or any of its affiliated companies may, from time to time, act as a member of a syndicate of banks, a financial consultant or a bank of the company. Such activities may give rise to conflicts of interest and thereby have a negative influence on the value of the Certificates.]

*[If an ADR or ADRs constitute the Underlying or Basket Components, if applicable, insert the following:]*

### [Authoritative Exchange

Authoritative for the determination of the performance of the Underlying will be the price at the stock exchange on which the ADRs constituting the Underlying or part of it are traded. This price may deviate from the prices of the shares determined at their home stock exchange.

*[If an Index or Indices constitute the Underlying or Basket Components, if applicable, insert the following:]*

### [Price Index– no adjustments for dividends

The [Underlying] [Basket Component No. [•]] is a Price Index, for which – in contrast to a Performance Index – distributed dividends generally leads to a decrease in the index level. Thus, investors will generally not in any way participate in dividends or other distributions pertaining to the shares contained in the respective Index.]

### [Lack of influence by the Issuer

The composition of the Underlying is determined by the [respective] Index Sponsor. The Issuer has no ability to influence the composition. A change in the composition can have an adverse impact on the performance.]

[Lack of supervisory authority monitoring]

The Index Sponsor is not subject to any particular governmental banking or financial supervisory authority which would monitor it due to its activities as an Index Sponsor.]

[Conflicts of Interests]

The Issuer or any of its affiliated companies may, from time to time, act as a member of a syndicate of banks, a financial consultant or a bank of the [Index Sponsor[s]] [●]. Such activities may give rise to conflicts of interest and thereby have a negative influence on the value of the Certificates.]

*[if applicable, insert other risks pertaining to an Index or Indices as Underlying]*

*[If a Share or Shares constitute the Underlying or Basket Components, if applicable, insert the following:]*

[No dividends or other distributions]

In contrast to a direct investment in shares, investors receive no dividends or any other distributions pertaining to the respective shares.]

*[If applicable, insert other risks pertaining to a Share or Shares as Underlying or Basket Component]*

*[If a Future or Futures constitute(s) the Underlying, if applicable, insert the following:]*

[Dependence on the performance of the contract instrument

In futures trading, an important determinant of price is the price development [of the underlying instrument] [of [-]]. If prices [of the underlying instrument] fall [of [-]] or if a drop in price is expected, it can be assumed that the price of the future will also drop. In addition, the price development can also be dependent on various factors [for instance [-]]. Global political developments can also significantly influence the value of the future.]

*[If applicable, insert other risks pertaining to a Future or Futures as Underlying]*

*[If a Reference Portfolio constitutes the Underlying, if applicable, insert the following:]*

[Reference Portfolio is virtual]

The Reference Portfolio is a virtual portfolio [administered and calculated for the sole purpose of the Certificates]. The Issuer has no obligation to purchase or hold any of the Reference Portfolio Components. The Certificateholders neither have any interest in any Reference Portfolio Component nor are they entitled to request delivery of any of the Reference Portfolio Components. Any reference to "weightings", "regrouping", "sale", "purchase" or "financing" of Reference Portfolio Components is to be read as a reference solely to the virtual Reference Portfolio and the determination of its value. Neither the Issuer nor any of its affiliated companies, the offeror, the

calculation agent or any other individual or entity is required by any means to purchase or sell securities, capital investments or any other assets.]

[Numerous Reference Portfolio Components

The virtual Reference Portfolio is composed of numerous Reference Portfolio Components. [The actual determination of the composition of the Reference Portfolio will be specified in the Reference Portfolio Guidelines.] Although the Reference Portfolio has been split into numerous Reference Portfolio Components for the purpose to avoid a decrease in value of the Reference Portfolio, there can be no guaranty that such split of the Reference Portfolio into numerous Reference Portfolio Components nevertheless in total results in losses.]

[No influence of the Issuer

The Reference Portfolio Advisor will determine the composition of the Reference Portfolio. [Further, the [Reference Portfolio Advisor] [Reference Portfolio Calculation Agent] is responsible for the determination of the value of the Reference Portfolio as well as any regroupings or other transactions (virtually) undertaken with respect to the Reference Portfolio Components. The Issuer has no influence at all on these (virtual) transactions as long as they are within the framework of the Reference Portfolio Guidelines attached to the Terms and Conditions of the Certificates.]

[Lack of historical data regarding the Reference Portfolio

The virtual Reference Portfolio will be set up as of [•]. Therefore, the Reference Portfolio has not been used as of the date of the relevant Final Terms and there is no historical information available that may be used as a basis to determine the potential future performance of the Reference Portfolio. The past performances of the [•] that are included in the Reference Portfolio as fictive Reference Portfolio Components are not necessarily showing the future performance of the Reference Portfolio.]

[No interest or dividend payments / cash component is non-interest bearing

The Certificates entitle their holder neither to any interest payments nor to any dividend payments with respect to the Reference Portfolio Components; therefore, no current income whatsoever will be available under the Certificates. Investors will not be able to compensate losses in value of the Certificates with other income under the Certificates. [To the extent a cash component is included in the Reference Portfolio, such cash component will be non-interest bearing.]]

[Costs and administration fees for the Reference Portfolio

[The Reference Portfolio Advisor is entitled to a fee in connection with the administration of the virtual Reference Portfolio. In addition, c][C]osts for "regroupings" (i.e. costs that would be incurred were the Reference Portfolio Components actually purchased or sold) may be deducted from the value of the Reference Portfolio. Such fees and (to the extent deducted) costs will cause the value of the Reference Portfolio to decline.]

[Composition of the Reference Portfolio]

The Reference Portfolio Advisor has agreed with the [Issuer] [Reference Portfolio Calculation Agent] to comply with certain guidelines (the "**Reference Portfolio Guidelines**") when choosing or adjusting Reference Portfolio Components. However, such Reference Portfolio Guidelines may not be regarded as conclusive and binding. [No sanctions are available in cases where the Reference Portfolio Guidelines are not complied with.] Within the scope of the Reference Portfolio Guidelines the Reference Portfolio Advisor has absolute discretion in choosing the Reference Portfolio Components. [Neither the Reference Portfolio Calculation Agent nor] [T]he Reference Portfolio Advisor is [not] obliged set a trigger date for any adjustment or to make certain adjustments.

The Reference Portfolio Advisor will select the Reference Portfolio Components with due care. However, there can be no guaranty that the selection of the Reference Portfolio Components will be successful an neither the Reference Portfolio Advisor nor the Reference Portfolio Calculation Agent accept any responsibility for the market performance of the Reference Portfolio Components.

Irrespective of the previous paragraph[s], the Reference Portfolio Advisor is limited by the Reference Portfolio Guidelines regarding the selection of Reference Portfolio Components and may therefore not have enough flexibility to profit from any development in the market not covered by the Reference Portfolio Guidelines.]

[Adjustments to the valuation of the Reference Portfolio]

Adjustments to the valuations of the Reference Portfolio Components will cause changes to the value of the Reference Portfolio. This may lead to quotations as well as sale and purchase prices for the Certificates being lower or higher than the theoretical value of the Certificates determined on the basis of the Reference Portfolio.]

[Substitution of the Reference Portfolio Advisor]

The Issuer may, in accordance with the Terms and Conditions of the Certificates, substitute the Reference Portfolio Advisor. There is no guaranty that the Issuer is able to find another individual, entity or institution with comparable skills in time. If during the lifetime of the Certificates the relationship between the Issuer and the Reference Portfolio Advisor is terminated or ends otherwise and if the Issuer, although having taken reasonable efforts, has not been successful in finding a substitute reference portfolio advisor, the Issuer will terminate the Certificates early. If the value of the Reference Portfolio has substantially decreased at the effective date of such early termination, this may have a material influence on the value of the Certificates and the Termination Amount to be paid by the Issuer.]

[Risks regarding potential conflicts of interest]

*[Risks resulting from the relationship between the Issuer and the Reference Portfolio Advisor or, as the case may be, between the Issuer and the Reference Portfolio Calculation Agent]*

[The Issuer, the Reference Portfolio Advisor [, the Reference Portfolio Calculation Agent] or any of their affiliated companies may, from time to time, trade any of the assets virtually included in the Reference Portfolio in their normal course of business or may participate in transactions related to the Certificates or the Reference Portfolio Components, either for their own account (hedging or other transactions) or for the account of one of their customers. Such transactions may have a negative influence on the value of the Certificates and neither the Issuer nor the Reference Portfolio Advisor [, the Reference Portfolio Calculation Agent] or any of their affiliated companies have any obligation to consider whether such transactions are in the interests of the Certificateholders prior to entering them. The Issuer, the Reference Portfolio Advisor or any of their affiliated companies may purchase or sell components of the Reference Portfolio in reality, while at the same time fictively taking the opposite position in relation to the virtual Reference Portfolio.

There is no obligation to disclose gains from such transactions to the Certificateholders or to have Certificateholders participating in such gains.

The Issuer may at any time offer further investment products that are in comparison to the Certificates in the market.]

[Although the Reference Portfolio Advisor has agreed to use best efforts to administer the Reference Portfolio, neither the Reference Portfolio Advisor nor his employees or its affiliated companies (collectively, the "**Reference Portfolio Advisor Parties**") are obliged to expend all or a substantial part of their time for the Reference Portfolio. The Reference Portfolio Advisor may be investment advisor to a number of portfolios, including portfolios following the same or substantially the same strategy as the Reference Portfolio, and the Reference Portfolio Advisor Parties advise, or may advise, customers holding or potentially holding the same positions as included in the Reference Portfolio. None of the Reference Portfolio Advisor Parties has any obligation to include a certain investment opportunity in the Reference Portfolio. The Reference Portfolio Advisor may act as reference portfolio advisor for further portfolios similar to the Reference Portfolio in the future.

The Reference Portfolio Advisor Parties invest directly and in reality in various securities, either for their own account or for the account of their customers. When trading for their own account or for the account of their customers, the Reference Portfolio Advisor Parties may use information obtained in the context of the administration of the Reference Portfolio. The Reference Portfolio Advisor Parties are under no obligation to disclose to the Certificateholders any gains earned by making use of such information or to indemnify the Certificateholders in any form for obtaining such information.]

*[To the extent applicable insert further risks related to the Reference Portfolio as Underlying]*

*[If applicable, for [a currency exchange rate or currency exchange rates] [a commodity or commodities] [an interest rate or interest rates] [a bond or bonds] [a fund unit or fund units] as the Underlying or Basket Components insert:]*

[•]



*[With respect to a Basket, insert:]*

[•]

*[If applicable, insert other risks with regard to the respective Underlying or Basket Component]*

### 3. SPECIFIC INFORMATION ABOUT THE ISSUE

#### 3.1 General information about the Certificates

##### 3.1.1 Responsibility

In accordance with the respective applicable statutory provisions, the Dresdner Bank Aktiengesellschaft, Jürgen-Ponto-Platz 1, 60301 Frankfurt am Main, Federal Republic of Germany, takes responsibility for the content of this Base Prospectus and the respective Final Terms and declares that to the best of its knowledge, the information contained in this Base Prospectus and in the respective Final Terms are correct and that no important facts have been omitted.

In association with the issuance and the sale of the Certificates, no one is authorized to disseminate any information or make any statements that are not included in this Base Prospectus and / or in the respective Final Terms. The Issuer is not liable for any information disseminated by third parties that is not included in this Base Prospectus or in the respective Final Terms.

The information contained herein correlates with the date of the Base Prospectus and may as a result of subsequent changes be incorrect and/or incomplete. Should circumstances occur or be ascertained that fulfill the conditions in § 16 Securities Prospectus Act (WpPG) constituting a supplement reporting obligation, the relevant Supplement will be published in accordance with § 16 Securities Prospectus Act.

##### 3.1.2 General Notes on the Prospectus

In association with the offering or the sale of the Certificates, traders, sales personnel or other persons are not authorized to provide any information or give any assurances that are not contained in this prospectus. If such information is disseminated or such assurances made, they cannot be construed as being authorized by the Issuer or the Seller. This prospectus and any other information concerning the Certificates are not the foundation of a creditworthiness check or other valuation and should not be considered to constitute a recommendation to the respective recipient by the Issuer to purchase the Certificates offered. Potential investors in these Certificates should make their own independent verification of the risks involved in connection with an investment in the Certificates. Neither this prospectus nor any other information pertaining to the Certificates constitutes an offer (as defined under civil law) on behalf of or in the name of the Issuer or other persons to subscribe to or to purchase the Certificates, meaning that a subscription or purchase contract for Certificates is not effectively entered into through a unilateral declaration on behalf of or in the name of the subscriber or purchaser to the Issuer or the Seller.

##### 3.1.3 Calculation Agent

The function of the Calculation Agent will be performed by the Issuer.

##### 3.1.4 EEA Passport

For certain countries in the European Economic Area ("**EEA**"), the Issuer reserves the right to request the German Federal Financial Supervisory Authority (Bundesanstalt für

Finanzdienstleistungsaufsicht, "**BaFin**") to issue a certificate of approval for the Base Prospectus under § 18 Securities Prospectus Act, enabling the Issuer to publicly offer the Certificates in these countries as well and/or if applicable, to also obtain a stock exchange listing there ("**EEA Passport**"). No special authorization to offer the Certificates or to distribute the Base Prospectus in a jurisdiction outside of those countries for which an EEA Passport is possible and in which permission is required has been obtained.

### 3.1.5 Offering and Selling Restrictions

#### Selling restrictions within the EEA

In EEA member countries that have implemented Directive 2003/71/EC (the "**Prospectus Directive**"), the Certificates may only be publicly offered in the respective member country from (and inclusive of) the effective date of this implementation if permitted under the applicable laws and other legal provisions and

(a) the public offer begins or takes place within twelve months of the publication of the Base Prospectus authorized by the BaFin in accordance with the regulations of the WpPG and a certificate of approval under § 18 WpPG has been issued if a public offering is also to take place in a member country other than the Federal Republic of Germany, or

(b) one of the exceptions listed in § 3 Para. 2 WpPG pertains or (for an offering outside of the Federal Republic of Germany) there is an exception to the prospectus obligation that is specifically named in the implementation law of the relevant member country where the offer is to take place.

"**Public Offer**" means (i) a notification to the public in any form and in any manner containing sufficient information about the terms and conditions of the offer to enable an investor to make a decision with regard to purchasing or subscribing to these securities as well as (ii) any other details carried out in the implementation law of the relevant member country in which the offer is to take place.

In an EEA member country that has not implemented the Prospectus Directive, the Certificates may only be publicly offered in its jurisdiction or initially in its jurisdiction if this is permitted under the applicable laws and other legal provisions and the Issuer does not incur obligations of any kind. With regard to the public offering of the Certificates, their ownership, or the distribution of offering documents with regard to the Certificates, the Issuer has not taken and will not take any measures to make this permissible in this jurisdiction, should it be necessary to institute special measures for this purpose.

#### Selling restrictions outside of the EEA

In a country outside of the EEA, the Certificates may only be publicly offered, sold, or delivered in its jurisdiction or initially in its jurisdiction if it is permitted under the applicable laws and other legal provisions and the Issuer does not incur obligations of any kind. With regard to the public offering of the Certificates, their ownership, or the distribution of offering documents with regard to the Certificates, the Issuer has not taken and will not take any measures to make this permissible in this jurisdiction, should it be necessary to institute special measures for this purpose.

The Certificates (or rights hereto) are not registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may at no time be offered or sold within the United States or to or on behalf of or for the benefit of U.S. persons as defined in Regulation S of the Securities Act.

### 3.1.6 Increase

In case an issue of Certificates having been offered on the basis of Former Base Prospectuses (as defined below) is increased, the Certificate Conditions contained in this Base Prospectus will be replaced by the Certificate Conditions contained in the respective Former Base Prospectuses.

To this purpose the relevant chapters "Terms and Conditions of the Certificates" or, as the case may be, "Certificate Terms for Certificates linked to a single Underlying" or "Certificate Terms for Certificates linked to a Basket" from the Former Base Prospectuses are incorporated by reference into the Base Prospectus pursuant to § 11 WpPG.

**"Former Base Prospectuses"** refers to:

- the Base Prospectus for Certificates dated 22 June 2007,
- the Base Prospectus for Open End Certificates dated 11 April 2007.

The Former Base Prospectuses are published at <http://www.warrants.dresdner.com>.

## 3.2 Special information about the Certificates

### 3.2.1 Subject matter of the Base Prospectus

The subject matter of this Base Prospectus and the respective Final Terms are the [Number] [Dresdner] [Name] [Participations] [Open End] [●] Certificates [with Maximum Amount] [with Performance Comparison] [[Equity] [Index] linked Notes] [*if applicable, insert additional information*] (the "**Certificates**") [as described in further detail in the table at the outset of the Certificate Conditions and] issued by Dresdner Bank Aktiengesellschaft, Jürgen-Ponto-Platz 1, 60301 Frankfurt am Main, as the "**Issuer**".

### 3.2.2 Issuance of the Certificates

[[*Variation with Subscription Period:*] The Certificates may be subscribed during the Subscription Period from [Date] (inclusive) to [Date] [(inclusive)] [Time] (local time [●])] at an initial issue price of [Amount] EUR [plus an issue surcharge (agio) of [●] %] [at every bank or savings bank] [*if applicable, other point of sale*]. Thereafter, the selling price will be updated continuously and is available from the Issuer upon request. [The [Minimum Amount] [Maximum Amount] of the subscription is [Amount] EUR.] The Issuer reserves the right to extend the Subscription Period, or to end the Subscription Period prematurely. An extension or early termination of the Subscription

Period will be announced immediately [pursuant to the Certificate Conditions] [●].] The Issuer reserves the right not to perform the issuance of the Certificates.

[[*Variation without a Subscription Period:*] The public offer of the Certificates begins on [Date]. The initial offer price per Certificate

[*Alternative 1:*] [is [Amount] EUR] [plus an issue surcharge (agio) of [●] %][.] [Thereafter, the selling price will be updated continuously and is available from the Issuer upon request.]

[*Alternative 2:*] [will be set on the morning of the day the public offering begins [on the basis of current market conditions] and is available from the Issuer upon request.] [The issue surcharge (agio) is [●] %.] [Thereafter, the selling price will be updated continuously and is available from the Issuer upon request.]

[*Alternative 3:*] [on [Date] amounted to [Amount] EUR] [plus an issue surcharge (agio) of [●] %][.] Thereafter, the selling price was updated continuously and is available from the Issuer upon request. Until the Public Offer began, the Certificates were only offered to persons as defined in § 3 Para. 2 No. 1 or 2 WpPG.]

[[*For increases in issue size, insert:*] The public offer of the Certificates begins [on [Date]] [[[●] following] [the date] of publication of the final conditions of the increase]. The initial offer price for each Certificate will be set on the morning of the day the public offering begins and will be based on current market conditions, and is thereafter available from the Issuer upon request. [Thereafter, the selling price will be updated continuously and is also available from the Issuer upon request.] [The issue surcharge (agio) is [●] %].]

The Certificates sold will be delivered in accordance with local applicable market practices via the clearing agent named in section 3.2.8.

The issuance date [of the Certificates] [for Certificates subscribed to during the Subscription Period] is

[the [Date] [.] [, or in the case of an early termination or an extension of the Subscription Period the [●] following the end of the Subscription Period. In this case, the final date of issuance will be announced immediately [pursuant to the Certificate Conditions] [●].]

[[*For increases in issue size, possibly insert:*] the day the public offer starts.]

The size of the offer is [Number] Certificates. [The Certificates represent an increase in the issue size of [Number] of the [Dresdner] [Name] [Participations] [Open-End] [●] Certificates [with Maximum Amount] [with Performance Comparison] [[Equity] [Index] linked Notes] issued by the Dresdner Bank Aktiengesellschaft on [Date] by an additional [Number] Certificates which have the same specifications. Together with the previously issued Certificates, they form a single issue and carry the same ISIN.]

### 3.2.3 Information about the Underlying

[Information about the performance of the Underlying and its volatility is available on the webpage [of the Deutsche Börse (www.deutsche-boerse.com)] [●] [of the relevant Authoritative Exchange as shown in the table at the outset of the Certificate Conditions] [●]. Should such information with regard to the Underlying not be available, the Issuer shall, upon request, provide the investor with the corresponding information via [fax or e-mail] [other method of communication] by sending the request to the Issuer at the following [fax number [insert number] or e-mail [insert e-mail address]] [●] [Information about the performance of the Underlying and its volatility will be provided to the investor [●] by the Issuer upon request [via fax at the following fax number: [insert number]] [or] [via e-mail to [insert e-mail address]] [other method of communication]

### 3.2.4 Listing

[The Issuer intends to apply [in approx. [●] months] [●] for [admission/listing] of the Certificates [in the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange [(Smart Trading)]] [and] [in the Euwax (*Freiverkehr*) of the Baden-Württemberg Stock Exchange.] [A future application for listing at another stock exchange can not be excluded.][●]

[At the present time, it is not intended to include the Certificates on the open market section of a stock exchange or to apply for admission to trading on the regulated market section of a stock exchange.] [A future application by the Issuer of one or more listings at a stock exchange can not be excluded. However, no investor should rely on the Issuer actually making such application.] [●]

### 3.2.5 Availability of Documents

The Base Prospectus will be available free of charge from Dresdner Bank Aktiengesellschaft, Securitized Products Department, fax number 069-71319841, Jürgen-Ponto-Platz 1, 60301 Frankfurt am Main [, and for investors on the webpage <http://www.zertifikate.dresdner.com>]. The Final Terms will be made available in the same manner no later than the day of the public offer.

### 3.2.6 ISIN

[●] [In this regard, see the information in table [●] at the outset of the Certificate Conditions.]

### 3.2.7 Paying Agent

The Paying Agent is [Dresdner Bank Aktiengesellschaft, Jürgen-Ponto-Platz 1, 60301 Frankfurt am Main acting as Certificate agent] [●].

### 3.2.8 Clearing Agents / Evidence of Ownership/ Status

#### Clearing Agents

The designated Clearing Agent is [Clearstream Banking AG, Frankfurt am Main, (Neue Börsenstraße 1, 60487 Frankfurt am Main, Federal Republic of Germany)] [Clearstream Banking S.A., Luxembourg, (42 Avenue JF Kennedy, 1855 Luxembourg, Luxembourg) and Euroclear Bank

S.A./ N.V., Brussels, as the operator of the Euroclear System (1 Boulevard du Roi Albert IIB - 1210 Brussels, Belgium)] [if applicable, insert other Clearing System: [•]] or any successor in this function.

### Global Certificates and Status

Certificates issued by the Issuer will be represented by one or more permanent bearer global certificates and will be deposited with the clearing agent or the clearing agent's common depository. The Certificateholder is excluded from making a claim for delivery of Physical Certificates.

The Certificates constitute direct, unsecured and unsubordinated liabilities of the Issuer, which rank *pari passu* with each other and all other current and future unsecured and unsubordinated liabilities of the Issuer, except for those liabilities preferred due to mandatory rules of law.

#### 3.2.9 Authorisation/Resolution to Issue Certificates

An (individual) authorisation from the Management Board of the Issuer is not required to issue the Certificates. A general resolution to issue the Certificates is available.

#### 3.2.10 Application of the Net Proceeds of the Issue; Hedge Transactions

The net proceeds of the issue will be used by the Issuer for general business purposes; no identifiable separate (special purpose) fund will be formed.

If the Issuer, as part of its normal business operations, trades in the Underlying or in the underlying individual components or in related options or futures contracts or additionally hedges itself against the financial risks associated with the Certificates through hedge transactions (hedging, hedging transactions) in the respective Underlying or the respective underlying individual components or in related options or futures contracts, the Certificateholders are not entitled to any rights or claims with regard to the respective Underlying or the related options or futures contracts.

### 3.2.11 [Description of the Underlying]

*[The information contained herein with regard to the [Underlying/Basket Component] consists solely of excerpts or summaries from [generally available] information [of the Index Sponsor] [if applicable, provide source of information]. The Issuer is responsible for the accuracy of the information that is reported or summarized. As far as the Issuer is aware and to the extent that it can deduce this from the published information, no facts have been omitted, which (if included in the Final Terms) would lead to the reported information being incorrect or misleading. Apart from these assurances, no further-reaching or other warranty will be given by the Issuer with regard to the information. In particular, the Issuer assumes no responsibility for the completeness and the accuracy of the information upon which this presentation is based or for the fact that no circumstances have arisen which might compromise its accuracy and completeness.]*

*[If applicable, insert description of the Underlying]*



3.3 Terms and Conditions of the Certificates

**Terms and Conditions for [•] Certificates**



**Table [●]**

No. of Basket	Basket Component  ([Index / ISIN] [Share / Company / ISIN] [Basket] [interest rate / Screen Page] [unlisted security] [currency exchange rate] [commodity / weight or other unit] [fund share / ISIN] [fund / ISIN] [future contract / first expiry date] [bond / ISIN])	[Authoritative Trading System] [Authoritative Exchange] [Index Sponsor] [Authoritative Futures Exchange] [Authoritative Foreign Exchange Market] [Authoritative Country]	[[Percentage] Weight]	<i>[insert other relevant                      variables: [●]]</i>
[●]	[●]	[●]	[●]	[●]

*These Terms and Conditions of the Certificates are divided into two parts: the General Conditions and the Special Conditions.*

*The General Conditions contain provisions that are applicable to all types of Certificates.*

*The Special Conditions contain the method of calculation of the Settlement Amount and/or the quantity of the Physical Underlyings to be delivered, as well as provisions on market disruptions and possible adjustments of the Terms and Conditions of the Certificates in the event of changes regarding the Underlying.*

## **GENERAL CONDITIONS**

### **§ 1 Form of the Certificates, Certificate Right, Deposit, Transfer**

- (1) Subject to these Terms and Conditions of the Certificates, Dresdner Bank Aktiengesellschaft (the "**Issuer**") hereby grants the holder (the "**Certificateholder**") of each Certificate (the "**Certificate**", collectively the "**Certificates**") linked to the price of the [Underlying specified in § 1 of the Special Conditions] *[insert other points of reference as required: [•]]* the right (the "**Certificate Right**") to demand [payment of the Settlement Amount [or the Early Redemption Amount] converted into the Settlement Currency in accordance with § 2, subsection [(4)], of the Special Conditions and commercially rounded to two decimal places (the "**Redemption Amount**") [or] [delivery of the Physical Underlying in the quantity indicated in the Special Conditions] [together with interest determined in accordance with § 4 of the Special Conditions].
- (2) The Certificates are bearer certificates and are represented by a permanent global bearer certificate (the "**Global Bearer Certificate**"). No definitive certificates will be issued. The right of Certificateholders to request delivery of definitive Certificates is excluded.
- (3) The Global Bearer Certificate is deposited with [a common depositary for] the Clearing Agent [itself acting as a depositary]. The Certificates are transferable in accordance with the Clearing Agent's rules. Such transfer becomes effective upon registration of the transfer in the records of the Clearing Agent. "**Clearing Agent**" refers to [Clearstream Banking AG, Frankfurt am Main, (Neue Börsenstraße 1, 60487 Frankfurt am Main, Federal Republic of Germany)] [Clearstream Banking S.A., Luxembourg, (42 Avenue JF Kennedy, L-1855 Luxembourg City, Luxembourg) and Euroclear Bank S.A./ N.V., Brussels, as operator of the Euroclear System (1 Boulevard du Roi Albert IIB - 1210 Brussels, Belgium)] *[insert other Clearing System if applicable: [•]]* or any successor in this function.
- (4) The Certificates constitute direct, unsecured and unsubordinated obligations of the Issuer, ranking *pari passu* among themselves and with all other present and future

direct, unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by mandatory provisions of law.

## § 2 Certificate Agent

- (1) "**Certificate Agent**" will be [Dresdner Bank Aktiengesellschaft, Jürgen-Ponto-Platz 1, 60301 Frankfurt am Main] [*if appropriate, add another Certificate Agent: [•]*] which has accepted its appointment in accordance with these Terms and Conditions of the Certificates. The Certificate Agent only acts as agent of the Issuer and is not in a contractual, fiduciary or agency relationship to the Certificateholders. The Certificate Agent shall only be responsible for conducting, not conducting or conducting incorrectly determinations, calculations or adjustments in relation to the Certificates, or for taking or failing to take other steps to the extent it has breached the standard of care of a prudent merchant.
- (2) The Certificate Agent is entitled to terminate its appointment at any time. The termination will only take effect if another bank which has its headquarters or a subsidiary in [Frankfurt am Main] [•] is appointed as Certificate Agent by the Issuer. Any termination and appointment will be notified without undue delay in accordance with § 3 of these General Conditions.
- (3) The Certificate Agent is exempted from the restrictions stipulated in § 181 of the German Civil Code (BGB).
- (4) Neither the Issuer nor the Certificate Agent has any obligation to verify the authorization of the Certificateholders presenting Certificates.
- (5) Any determination and calculation in connection with the Certificate Right, in particular the calculation of the Settlement Amount (or, as applicable under the Special Conditions, of the quantity of Physical Underlyings) will be made by the Certificate Agent. Determinations and calculations made in this respect by the Certificate Agent are final and binding for all parties except in cases of manifest error.

## § 3 Notices

[Notices pursuant to these Certificate Conditions will be published on the website [•] (or on another website which the Issuer will announce within a period of at least six weeks pursuant to this § 3) and will be deemed to have been validly given to the Certificateholder on the date of such notice, provided that there is no other time of validity specified in such notice.]

[All notices relating to the Certificates will be published in one or more newspapers circulated throughout, or widely circulated in, the member states of the European Economic Area in which [the offer to the public is made or] the admission to trading is sought [, probably [*specify medium: [•]*]]. Each such notice will be deemed to have been validly given to the Certificateholders on the day of such publication or, if published more than once, on

the day of the first such publication.] [The Issuer is entitled to replace a publication in accordance with the preceding sentence by the transmission of the notice to the Clearing Agent for communication to the Certificateholders [provided that the rules of the exchange on which the Certificates are listed permit such form of notice]. Any such notice will be deemed to have been validly given to the Certificateholders on the [third] [•] day after the date of transmission of such notice to the Clearing Agent.]

[•]

#### **§ 4 Issue of further Certificates; Purchase; Collection; Cancellation**

- (1) The Issuer is entitled at any time to issue, without the consent of the Certificateholders, further certificates having the same terms and conditions as the Certificates so as to form a single series with the Certificates, in which case the term "Certificate" shall be construed accordingly.
- (2) The Issuer is entitled at any time to purchase, without consent of the Certificateholders, Certificates at any price. Such Certificates may be held, resold or cancelled, all at the option of the Issuer.
- (3) The Issuer is entitled at any time to cancel, without consent of the Certificateholders, outstanding Certificates and thereby reduce their number.

#### **§ 5 Substitution of the Issuer**

- (1) Substitution

The Issuer may at any time, without consent of the Certificateholders, substitute for the Issuer any other company that is directly or indirectly controlled by the Issuer (the "**New Issuer**") with respect to all obligations arising from or connected with the Certificates, effectively releasing the Issuer from all such obligations (mit schuldbefreiender Wirkung), provided that:

- the New Issuer assumes all the obligations of the Issuer arising from or in connection with the Certificates and, if service of process on the New Issuer would have to be made outside the Federal Republic of Germany, appoints a process agent within the Federal Republic of Germany;
- the New Issuer has obtained all authorisations and approvals necessary for the substitution and the fulfillment of the obligations arising from or in connection with the Certificates;
- the New Issuer is in the position to pay the Clearing Agent all amounts required for the performance of the payment obligations arising from or in connection with the Certificates and to make such payment in the Settlement Currency without deducting or withholding any taxes or other duties of whatever nature imposed,

levied or deducted by the country (or countries) in which the New Issuer has its domicile or tax residence; and

- the Issuer irrevocably and unconditionally guarantees the obligations of the New Issuer under the Certificates on terms ensuring that each Certificateholder will be put in an economic position that is at least equal to the one he would have been in had the substitution not taken place.

(2) References

In the event of a substitution pursuant to paragraph (1) of this § 5, any reference in these Terms and Conditions of the Certificates to the Issuer will be deemed to be a reference to the New Issuer.

(3) Notices and Effectiveness of Substitution

Any substitution of the Issuer will be notified in accordance with § 3 of these General Conditions. The substitution will become effective upon the occurrence of such notification; upon the effectiveness of the substitution the Issuer or, in the event of a repeated application of this § 5, any previous New Issuer will be discharged from any and all obligations arising from the Certificates. The substitution will be notified to the securities exchanges on which the Certificates are listed.

**§ 6 Language**

These Terms and Conditions of the Certificates are written in the English language. Any translation that may accompany these Terms and Conditions of the Certificates is non-binding. The English text is authoritative and binding.

**§ 7 Applicable Law; Place of Performance; Place of Jurisdiction; Corrections; Severability**

- (1) The form and content of the Certificates as well as all rights and duties arising from the matters provided for in these Terms and Conditions of the Certificates will in every respect be governed by the laws of the Federal Republic of Germany.
- (2) The place of performance and jurisdiction for all actions or other procedures arising from or in connection with the Certificates will, to the extent legally permissible, be Frankfurt am Main, Federal Republic of Germany.
- (3) The Issuer is entitled, without consent of the Certificateholders, to change or amend in these Terms and Conditions of the Certificates (i) any obvious scribal, calculation or other obvious errors, as well as (ii) any conflicting or incomplete provision. In the cases referred to under (ii), such changes or amendments will only be permissible if they are acceptable to the Certificateholders taking into account the interests of the Issuer (i.e. they may not materially impair the financial situation of the Certificateholders). Any

changes or amendments to these Terms and Conditions of the Certificates will be notified in accordance with § 3 of these General Conditions.

- (4) If any of the provisions of these Terms and Conditions of the Certificates is or becomes invalid in whole or in part, the remaining provisions will remain in effect. The invalid provision will be replaced by a valid provision, which, to the extent legally possible, serves the economic purposes of the invalid provision. The same applies to any omissions that may occur in these Terms and Conditions of the Certificates.



## SPECIAL CONDITIONS

### § 1 Definitions

"Underlying" means

*[in the case of a share or a certificate representing share:*

the share [or the certificate representing the share] in the company (the "**Company**") specified by its ISIN as the Underlying in the table [•].]

*[in the case of an index:*

the index maintained, calculated and published by the index sponsor (the "**Index Sponsor**") specified as the Underlying in the table [•].]

*[in the case of a currency exchange rate:*

the currency exchange rate specified as the Underlying in the table [•].]

*[in the case of a commodity:*

the commodity specified as the Underlying in the table [•].]

*[in the case of an interest rate:*

the interest rate specified as the Underlying in the table [•] as shown on the specified screen page (the "**Screen Page**").]

If, at the specified time, the Screen Page is not available or if no offered rate is indicated, the Underlying will correspond to the [•] rate as indicated on the corresponding Screen Page of a different financial information service. If the aforementioned interest rate is no longer indicated in one of the aforementioned ways, the Issuer is entitled to fix the Underlying at a [•] interest rate based on market practice at the. In this case, the Issuer is entitled but not required to ask reference banks for their respective quotes for the interest rate corresponding to the [•] rate [for the relevant Observation Date] [on the Valuation Date]. If at least two of such reference banks give the Issuer an appropriate quote, the [•] interest rate may be determined using the arithmetical mean calculated by the Issuer [(where applicable rounded up to the nearest thousandth)] [•] of the quotes provided by such reference banks.]

*[in the case of a fund unit:*

the fund unit (the "**Fund Unit**") in the investment fund (the "**Investment Fund**") specified as the Underlying in the table [•].]

*[in the case of a bond:*

the bond (the "**Bond**") specified as the Underlying in the table [•].]

*[in the case of a futures contract:*

[at the commencement of the term of the Certificates] the Futures contract with the stated [first expiration date] *[insert other relevant date to replace the first expiration date, as the case may be: [•]]* specified as the Underlying in the table [•].]

[At any given time the then current Underlying will be determined as follows: *[precise description of the replacement of a futures contract and/or the rollover procedure: [•]]*

*[in the case of a Reference Portfolio:*

the virtual portfolio (the "**Reference Portfolio**"), in theory consisting of [shares *[if appropriate, insert more detailed selection criteria for shares, e.g. listing on a specific exchange, focus of business activity of the relevant companies in specific branches etc.]*] [,] [notes] [,] [certificates] [,] [and] [fund units] [(which themselves may be linked to various other reference assets)] [and occasionally cash instruments or finance market instruments and cash adequate positions respectively] *[if appropriate, insert other components of the reference portfolio: [•]]* (the "**Reference Portfolio Components**"), as composed and administrated [and calculated and published respectively] by *[insert Reference Portfolio Advisor]* (the "**Reference Portfolio Advisor**"). Details on the Reference Portfolio and the fees [and costs] deducted from the value of the Reference Portfolio are shown in the section 'The Reference Portfolio' which is attached as annex and forms an integral part of these Terms and Conditions of the Certificates.]

*[in the case of a Basket:*

the basket (the "**Basket**") consisting of the respective Basket Components specified as the Underlying in table [•].

*[in cases involving mixed baskets, in each case before the relevant type of Basket Components:*

With respect to [shares] [indices] [currency exchange rates] [commodities] [interest rates] [fund units] [futures contracts] as Basket Components:]

*[In the case of shares or certificates representing shares as Basket Components:*

"**Basket Component**" refers to each share [or each certificate representing a share] in the respectively stated company (the "**Company**") specified as a Basket Component in table [•].]

*[In the case of indices as Basket Components:*

**"Basket Component"** refers to each index maintained, calculated and published by the respective Index Sponsor (the **"Index Sponsor"**) specified as a Basket Component in table [•].]

*[In the case of currency exchange rates as Basket Components:*

**"Basket Component"** refers to each currency exchange rate specified as a Basket Component in table [•].]

*[In the case of commodities as Basket Components:*

**"Basket Component"** refers to each commodity specified as a Basket Component in table [•].]

*[In the case of interest rates as Basket Components:*

**"Basket Component"** refers to each interest rate specified as a Basket Component in table [•] and displayed on the screen page (the **"Screen Page"**) specified for the relevant Basket Component.]

*[In the case of fund units as Basket Components:*

**"Basket Component"** refers to each fund unit in the respectively specified investment fund (in each case, the **"Investment Fund"**) specified as a Basket Component in table [•].]

*[in the case of bonds as Basket Components:*

**"Basket Component"** refers to each of the bonds specified as a Basket Component in table [•].]

*[in the case of futures contracts as Basket Components:*

**"Basket Component"** [at the commencement of the Certificates' term] refers to each futures contract specified as a Basket Component in table [•], in each case along with the [first expiration date] *[insert other relevant date replacing the first expiration date, as the case may be: [•]]* stated for the relevant Basket Component. ]

At any given time the then current respective Basket Component will be determined as follows: *[precise description of the replacement of a futures contract and/or the rollover procedure: [•]]*

**"Settlement Price"** means

[[the Reference Price of the Underlying]

[the [highest] [lowest] Reference Price [in each case multiplied by the [Percentage] Weighting of the relevant Basket Component in the Basket] for all Basket Components]

[the sum of the Reference Prices of all Basket Components [in each case multiplied by the [Percentage] Weighting of the relevant Basket Component in the Basket]]

[the arithmetic average of the Reference Prices of all Basket Components [in each case multiplied by the [Percentage] Weighting of the relevant Basket Component in the Basket]]

on the Valuation Date [at the Valuation Time]]

[the [arithmetic] average of the [[•] prices] [Reference Prices ] of the Underlying as respectively determined by the Certificate Agent on each of the Valuation Averaging Dates [at the Valuation Time].]

[the sum of the [arithmetic] average, as determined by the Certificate Agent for each Basket Component, of the relevant Reference Prices for this Basket Component on each of the Valuation Averaging Dates [at the Valuation Time] [in each case multiplied by the [Percentage] Weighting of the relevant Basket Component in the Basket]]

*[if appropriate, insert other methods for determination of the Settlement Price: [•]].*

[If, in the reasonable discretion (in accordance with § 315 of the German Civil Code (BGB)) of the Issuer, there is not sufficient liquidity in [the Underlying] [one or more of the Basket Components] on the Valuation Date or if the unwinding of any hedging transaction due to market narrowness or any other reason has a disproportionate impact on the price of [the Underlying] [[of one or more of the Basket Components] on the Valuation Date, the Certificate Agent will determine the Settlement Price based on the [arithmetical] [volume-weighted] average of the [•] prices of the [Underlying] [relevant Basket Component] that, upon the unwinding of hedging transactions with respect to [the Underlying] [the relevant Basket Component], were obtained on [the Valuation Date] [the Valuation Averaging Dates]. [The Issuer will determine [the closing times on the Determination Date and] the unwinding times of the hedging transactions at its reasonable discretion (in accordance with § 315 BGB).

**"Strike Price"** means

[[the Strike Price [for the Underlying] [for the relevant Basket Component] indicated in table [•]

[the Reference Price of the Underlying]

[the [highest] [lowest] Reference Price [in each case multiplied by the [Percentage] Weighting of the relevant Basket Component in the Basket] for all Basket Components]

[the sum of the Reference Prices for all Basket Components [in each case multiplied by the [Percentage] Weighting of the relevant Basket Component in the Basket]]

[the arithmetic average of the Reference Prices of all Basket Components [in each case multiplied by the [Percentage] Weighting of the relevant Basket Component in the Basket]]

on the Determination Date [at the Determination Time]]

[if appropriate, insert other methods for determination of the Strike Price: [•]].

**"Reference Price"** means

[the [continuously quoted] [•] price [of the Underlying] [of the relevant Basket Component] determined [in the Authoritative Trading System] [or] [on the Authoritative Exchange] on any Calculation Date]

[in the case of an index: the [continuously quoted] [•] price [of the Underlying] [of the relevant Basket Component] as calculated and published by the Index Sponsor on any Calculation Date]

[in the case of a currency exchange rate: the [•] price [of the Underlying] [of the relevant Basket Component] determined and published on the Authoritative Foreign Exchange Market]]

[in the case of a fund unit: the net asset value of the [Fund Unit] [respective fund unit] of the [respective] Investment Fund, as calculated [and published] by the administrator of the [respective] Investment Fund]

[in the case of a futures contract: the [last] [•] price of the [[then current] Underlying] [[then current] respective Basket Component] that is calculated and published in the Authoritative Trading System on any Calculation Date]

[in the case of a reference portfolio: the value of the Reference Portfolio which is determined and published by the [Issuer] [Reference Portfolio Calculation Agent] [if appropriate, insert other relevant agent or entity: [•]]]

[insert other method for the determination of the Reference Price: [•]].

**"Authoritative Trading System"** means the Authoritative Trading System [for the Underlying] [for the relevant Basket Component] specified in table [•]].

**["Authoritative Exchange"** means the Authoritative Exchange [for the Underlying] [for the relevant Basket Component] specified in table [•].

**["Authoritative Foreign Exchange Market"** refers to the Authoritative Foreign Exchange Market [for the Underlying] [for the relevant Basket Component] specified in table [•]

**["Reference Portfolio Calculation Agent"** means (subject to the other provisions of these Terms and Conditions of the Certificates) [•].]

**["Reference Portfolio Principles"** means the reference portfolio principles shown in the section 'The Reference Portfolio' which is annexed to, and forms an integral part of, these Terms and Conditions of the Certificates.]

**"Calculation Date"** is each day on which the [Underlying] [the relevant Basket Component] [is calculated and published by the Index Sponsor] [is usually [traded] [determined] [on the Authoritative Exchange] [in the Authoritative Trading System] [on the Authoritative Foreign Exchange Market]] [net asset value of the Investment Fund in relation to one fund unit is calculated [and published] by the Investment Fund's administrator] [the value of the Reference Portfolio in accordance with the Reference Portfolio Principles is determined and calculated by the [Reference Portfolio Advisor] [Reference Portfolio Calculation Agent] [•] [*if applicable, insert other definition of Calculation Date: [•].*

**"Valuation Date"** means [[the Valuation Date specified in table [•]] [[for Certificates not yet effectively exercised in accordance with § 2] the Early Redemption Date (§ 2) [and, for Certificates effectively exercised in accordance with § 2, the corresponding Exercise Date.]] If the Valuation Date [for one or more Basket Component(s)] is not a Calculation Date, the [next following] [prior] day that is a Calculation Date for [all Basket Components] [the affected Basket Components] is the [corresponding] Valuation Date [for the affected Basket Components] [*if applicable, insert other method to determine the Valuation Date: [•].*

**["Valuation Averaging Dates"** are [the Valuation Averaging Dates specified in table [•]]. If the respective Valuation Averaging Date [for one or more Basket Components] is not a Calculation Date, the [next following] [prior] day that is a Calculation Date for [all Basket Components] [the affected Basket Components] is the [corresponding] Valuation Averaging

Date [for the affected Basket Components] [*if appropriate, insert other method to determine Valuation Averaging Dates: [•].*]

["**Valuation Time**" means the Valuation Time specified in table [•] [for the Underlying] [for the relevant Basket Component].]

"**Determination Date**" means [the Determination Date specified in table [•] [for the Underlying] [for the relevant Basket Component]] [the last date of the Subscription Period]. If the Determination Date [for one or more Basket Components] is not a Calculation Date, the [next following] [prior] day that is a Calculation Date [for] [all Basket Components] [the affected Basket Components] is the [corresponding] Determination Date [for the affected Basket Components] [*if appropriate, insert other method to determine the Determination Date: [•].*]

["Subscription Period" means the period from [•] until [•]. The Issuer shall reserve the right to extend such Subscription Period or end it early. An extension or early termination of the Subscription Period will be immediately notified in accordance with § 3 of the General Conditions.]

["**Determination Time**" means the Determination Time specified in table [•] [for the Underlying] [for the relevant Basket Component].]

["**Nominal Amount**" means the Nominal Amount specified in table [•].]

["**Ratio**" means [*insert Ratio or method for the determination of it: [•]*] [the Ratio specified in table [•]].]

["**Reverse Performance**" of the Underlying means [the quotient of (i) the product of the Strike Price and the factor 2, less the Settlement Price, divided by (ii) the Strike Price] [*if applicable, insert other method to determine the Reverse Performance: [•].*]

["**Performance**" means [the quotient of the Settlement Price and the Strike Price] [*where appropriate, insert other method to determine the Performance: [•].*]

["**Participation Rate**" [means the Participation Rate specified in table [•]] [will be determined on the Determination Date [at the Determination Time] by the Certificate Agent [and will be notified after determination in accordance with § 3 of the General Conditions]] [*where appropriate, insert another method to determine the Participation Rate: [•].*]

["**[Percentage] Weighting**" means the [Percentage] Weighting specified in table [•] for the relevant Basket Component.]

["**Physical Underlying**" means the [Underlying] [the security specified as Physical Underlying in table [•]].]

["**Observation Period**" means the Observation Period specified in table [•].]

["**Observation Price**" means the Observation Price specified in table [•].]

["**Barrier Level**" [means the Barrier Level specified in table [•]] [will be determined on the Determination Date [at the Determination Time] by the Certificate Agent [and will be notified after determination in accordance with § 3 of the General Conditions]] [*if applicable, insert other method to determine the Barrier Level: [•].*]

["**Bonus Level**" [means the Bonus Level specified in table [•]] [will be determined on the Determination Date [at the Determination Time] by the Certificate Agent [and will be notified after determination in accordance with § 3 of the General Conditions]] [*if applicable, insert other method to determine the Bonus Level: [•].*]

[The "**Outperformance Factor**" will be determined in accordance with the following formula:



[In the case of a Nominal Amount, insert the following formula:

100% + [Performance – 1] x Participation Rate]

[In the case of a Ratio, insert the following formula:

Strike Price + (Settlement Price – Strike Price) x Participation Rate]

[if appropriate, insert other method to determine the Outperformance Factor. [•]]

["**Minimum Redemption**"] [refers to the Minimum Redemption specified [as a percentage] in the table [•]] [will be determined on the Determination Date [at the Determination Time] by the Certificate Agent [and will be notified after determination in accordance with § 3 of the General Conditions]] [if appropriate, insert other method to determine Minimum Redemption: [•]].]

[The "**Performance Factor**" [will be calculated in accordance with the following formula:

$$\frac{\text{SettlementPrice(a)}}{\text{StrikePrice(a)}} + \left( \frac{\text{SettlementPrice(b)}}{\text{StrikePrice(b)}} - \frac{\text{SettlementPrice(a)}}{\text{StrikePrice(a)}} \right) \times \text{ParticipationRate}$$

where "Settlement Price (a)" and "Strike Price (a)" refer to the Settlement Price and Strike Price, respectively, of the Basket Component indicated by No. [•] in table [•], and "Settlement Price (b)" and "Strike Price (b)" refer to the Settlement Price and Strike Price, respectively, of the Basket Component indicated by No. [•] in table [•]] [if appropriate, insert other method to determine the Performance Factor. [•]].]

["**Lock-In Threshold[s]**"] [[is] [are] the Lock-In Threshold[s] specified in table [•].]

["**Additional Amount**"] [corresponds to the Additional Amount specified in the table [•]][will be determined on the Determination Date [at the Determination Time] by the Certificate Agent [and will be notified after determination in accordance with § 3 of the General Conditions]] [if appropriate, insert other method to determine the Additional Amount. [•]].]

["**Additional Payment Date**"] means the [•] Bank Business Day after the Observation Date for determination of the Additional Amount.]

**"Maximum Amount"** [corresponds to the Maximum Amount specified in the table [•]] [will be determined on the Determination Date [at the Determination Time] by the Certificate Agent [and will be notified after determination in accordance with § 3 of the General Conditions]] [*if appropriate, insert other method to determine the Maximum Amount: [•].*]

**"Settlement Currency"** corresponds to [*insert currency*] [the Settlement Currency specified in table [•]].

**"Exercise Period"** refers to the Exercise Period specified in the table [•].

**"Exercise Date"** is [any Bank Business Day within the Exercise Period] [*if appropriate, insert other method to determine the Exercise Date: [•].*]

[The **"Exercise Time"** is [[•] on [the [•] Bank Business Day immediately preceding] the Exercise Date] [*if appropriate, insert other method to determine the Exercise Time: [•].*]

**"Minimum Exercise Size"** is [•].

**"Bank Business Day"** is any day [on which the banks in [•] are open for business. In connection with the payment procedures under § 5 of these Special Conditions, "Bank Business Day" is any day (except Saturday or Sunday) on which the TARGET System is open and the Clearing Agent is processing payments. **"TARGET System"** refers to the Trans-European Automated Real-time Gross settlement Express Transfer system] [*if appropriate, insert other definition of Bank Business Day: [•].*]

**"Observation Date"** means [*date*] [, as appropriate,] [the Observation Date specified in the table [•]] [and/or] [the Observation Dates specified in the table [•]]. If the respective Observation Date [for one or more Basket Components] is not a Calculation Date, the [next following] [preceding] day that is a Calculation Date for [all Basket Components] [the affected Basket Components] is the [corresponding] Observation Date [for the affected Basket Components].

**"Redemption Threshold"** [refers to the Redemption Threshold specified in the table [•]] [will be determined on the Determination Date [at the Determination Time] by the Certificate Agent [and will be notified after determination in accordance with § 3 of the General Conditions]] [if appropriate, insert other method to determine the Redemption Threshold: [•]].]

**"Authoritative Futures Exchange"** refers to [the Authoritative Futures Exchange specified in table [•]] [the stock exchange or quotation system on which in the sole discretion of the Issuer the greatest portion of options, futures or other derivative contracts linked to the Underlying are traded] [if appropriate, insert other method to determine the Authoritative Futures Exchange: [•]].

[In the case of a currency exchange rate as the Underlying or a Basket Component, insert following text: **"Authoritative Country"** [refers to [•]] [refers to the Authoritative Country specified in table [•]].]

[where appropriate, insert additional definitions: [•]]

## § 2 Calculation of [the Settlement Amount] [and] [the quantity of Physical Underlyings]

(1) The **"Settlement Amount"** per Certificate equals [, subject to paragraph [(2)] [or] [(3)]] [[the Settlement Price] [the Strike Price] [if appropriate, insert other points of reference: [•]], multiplied by the Ratio] [[the Performance of the Underlying] [the Reverse Performance of the Underlying] [if applicable, insert other point of reference: [•]], multiplied by the Nominal Amount] [and multiplied by the Participation Rate] [and [further] multiplied by the RMF Factor] [if appropriate, insert other method to determine the Settlement Amount: [•]].

[(2) [The Settlement Amount is at least equal to the [Strike Price multiplied by the Ratio] [Nominal Amount]] [•].]

[If [on the Valuation Date] [on each of the Valuation Averaging Dates] [within the Observation Period] [at the Valuation Time] [insert other time period or point in time: [•]] the [Reference Price] [the Observation Price] [the Settlement Price] [of the Underlying] [if appropriate, insert other point of reference: [•]]

[has [never] been [equal to or] [lower] [higher] than the Barrier Level, the Settlement Amount shall at least be equal to the [Bonus Level [expressed as a percentage] multiplied by the [Ratio] [Nominal Amount].]

[is greater than the Strike Price, the Settlement Amount shall be equal to the product of the Outperformance Factor and the [Ratio] [Nominal Amount].]

[[has [never] been [equal to or] [lower] [higher] than the Barrier Level] [if appropriate, insert other condition: [•]], the Settlement Amount shall at least be equal to [the product of the [Ratio] [Nominal Amount] and the Minimum Redemption].]

[the relative Performance of the Basket Component indicated by No. [•] in table [•] is less than the relative Performance of the Basket Component indicated by No. [•] in table [•], the Settlement Amount equals [the product of the Strike Price, the Ratio and the Performance Factor] [the product of the Nominal Amount [,] [if appropriate, insert other value: [•]] and the Performance Factor].]

[(i) is [equal to] [or] [higher than] the respective Lock-In Threshold[s], and (ii) the Settlement Price is [less than] [less than or equal to] the Lock-In Threshold[s] attained, the Settlement Amount is at least equal to [the product of the highest Lock-In Threshold attained [, the Participation Rate] and [the Settlement Price multiplied by the Ratio] [the Nominal Amount].]

[is equal to or greater than the Barrier Level, the Settlement Amount will be calculated as follows:

$$\left[ \text{No min alAmount} * \left[ 100\% + \text{ParticipationRate} * \left( \frac{\text{Settlement Price} - \text{Strike Price}}{\text{Strike Price}} \right) \right] \right]$$

or

$$\left[ \text{Ratio} * \text{Settlement Price} + \left[ (\text{Settlement Price} - \text{Strike Price}) \right] \right]$$

[if appropriate, insert other method to determine the Minimum Redemption: [•]]

[[3)] *In the case of a Maximum Amount, insert following text:* The Settlement Amount will not exceed the Maximum Amount [multiplied by the Ratio].]

[[4)] The conversion of the Trading Currency (the "**Trading Currency**") specified in table [•] into the Settlement Currency will be made [on the basis of the exchange rate expressed in the Trading Currency for [1] [•] unit[s] of the Settlement Currency shown on the [Valuation Date] [if applicable, insert another point in time: [•]] on the screen page for the Trading Currency specified in table [•] or another page replacing the latter. Should the screen page not be available on the specified date or should the exchange rate not be shown, the exchange rate will be equal to the exchange rate shown on the corresponding page of another financial information service. Should the

exchange rate no longer be determined in one of the aforementioned ways, the Certificate Agent is authorised to establish an exchange rate calculated at the Certificate Agent's discretion in accordance with the market practices then prevailing, giving consideration to those market conditions then prevailing.][at an exchange rate of 1 unit of the Trading Currency to 1 unit of the Settlement Currency ("Quanto").]

[[5)] The Settlement Amount will be commercially rounded to two decimal places.]

[where appropriate, insert other method to determine Settlement Amount: [•]]

[[6)] in the case of redemption by physical delivery: [If [the Settlement Amount is less than the Strike Price] [insert other condition for redemption by physical delivery: [•]], the Certificateholder for each Certificate will receive the Physical Underlying [in a quantity expressed by the Ratio] [insert other method to determine the quantity to be delivered of Physical Underlyings: [•]].]

[In case of Open End Certificates, insert as § 3:

### § 3 Risk Management Fee / Exercise / Early Redemption

(1) [in the case of a risk management fee, insert following text: The "**RMF Factor**", which represents a risk management fee, will be calculated as follows:

$$\frac{1}{(1 + \text{RMF})^n} ]$$

"n" equals [•] [the number of [calendar days] [calendar months] [calendar quarters] [calendar half-years] [calendar years] [•] since [the Determination Date] [•]]. [The first [calendar month] [calendar quarter] [calendar half-year] [calendar year] (n=1) ends [•].] [(calculated on an actual day count basis.)]

"RMF" equals the RMF Factor specified in table [•].

[where appropriate, insert other definition of a risk management fee: [•]].

[in the case of another fee, insert corresponding definitions: [•]].]

[(1)/(2)] Exercise Procedure; Exercise Period; Exercise Notice

The Certificate Right may in each case only be exercised by the Certificateholder within the Exercise Period up to the Exercise Date at the Exercise Time becoming effective as of [the Exercise Date] [•] and in accordance with the exercise procedure described below:

Certificate Rights may only be exercised in a number equal to the volume of the

Minimum Exercise Size. An exercise smaller in volume than the Minimum Exercise Size of the Certificates will be invalid and ineffective. An exercise larger in volume than the Minimum Exercise Size of the Certificates and not an integer multiple thereof will be deemed to be an exercise of a number of Certificates that is equal to the Minimum Exercise Size or the next lowest integer multiple of the Minimum Exercise Size.

For a valid exercise of the Certificate Rights the following conditions have to be met [no later than by the Bank Business Day prior to the Exercise Date]:

- (i) The Certificate Agent must have received written and duly signed notice by the Certificateholder stating exercise of the Certificate Right evidenced by the Certificate (the "**Exercise Notice**"). The Exercise Notice is irrevocable and binding and shall contain among others (a) the name of the Certificateholder, (b) the designation and the number of Certificates to be exercised and (c) the account of the Certificateholder at a credit institution, to which the transfer of any Redemption Amount will be effected;
- (ii) The relevant Certificates must have been effectively transferred to the Certificate Agent, either (a) by an irrevocable instruction to the Certificate Agent to withdraw the Certificates from a securities account maintained by the relevant Certificateholder with the Certificate Agent, or (b) by crediting the Certificates to the securities account of the Certificate Agent with the Clearing Agent.

If these Terms and Conditions of the Certificates are met only after lapse of the Exercise Period in relation to a specific Exercise Date, the Certificate Right will be deemed [to be exercised on the immediately following Exercise Date] [not to have been validly exercised].

Upon exercise of the Certificate Rights, the Certificate Agent will calculate any Redemption Amount payable either corresponding to the number of Certificates actually delivered or to the number of Certificates specified in the Exercise Notice, whichever is lower. Any remaining excess amount of Certificates delivered to the Certificate Agent will be returned to the relevant Certificateholder at such Certificateholder's own cost and risk.

#### [(2)/(3)] Early Redemption by the Issuer

The Issuer will be entitled at any time to terminate the Certificates not yet exercised by way of notice pursuant to § 3 of the General Conditions within the Termination Period specifying the calendar day (the "**Early Redemption Date**") on which the early termination becomes effective (the "**Early Redemption**"). "**Termination Period**" means a period of not less than [•] and not more than [•] [Bank Business Day] [calendar days].

[In the case of Certificates with conditional Early Redemption, insert as § 3:

**§ 3 Early Redemption**

If the [Settlement Price] [[•] price] of [one] [each] Basket Component] on any Observation Date is [equal to] [or] [greater than] [less than] the Redemption Threshold, the Certificates will be redeemed at a per-Certificate amount (the "**Early Redemption Amount**") determined as follows:

[in the case of a Nominal Amount, insert following text:

[•]% of the Nominal Amount with respect to the first Observation Date; or

[•]% of the Nominal Amount with respect to the second Observation Date; or

[•]% of the Nominal Amount with respect to the third Observation Date.

[additional Observation Dates: [•]]]

[In case of a Ratio, insert following text:

Ratio x [•]% of the Strike Price with respect to the first Observation Date; or

Ratio x [•]% of the Strike Price with respect to the second Observation Date; or

Ratio x [•]% of the Strike Price with respect to the third Observation Date.

[additional Observation Dates: [•]]]

[if applicable, insert other method for determining Early Redemption Amount: [•]]

[in all other cases, insert:

**§ 3 (deliberately left out)]**

**[[§ 4 Accrual of interest**

[In the case of interest bearing Certificates insert the following § 4:

(1) The Certificates bear interest [on the Nominal Amount for each Certificate from the Interest Commencement Date specified in table [•] (the "**Interest Commencement Date**") (inclusive) until the first Interest Payment Date (exclusive) and subsequently from each Interest Payment Date (inclusive) until the next Interest Payment Date (exclusive) [, where the interest payable [from the [•] interest period] is [largely] based

on the performance of the Underlying]. Interest on the Certificates is payable in arrears [on [each] [the] Interest Payment Date] [*other interest payment provision: [•]*].

(2) "**Interest Payment Date**" is each Interest Payment Date specified in table [•].

[[3)] [*In the case of adjusted Interest Periods:*] [The following will apply from (and including) the Interest Payment Date scheduled for the [•]:] If an Interest Payment Date does not fall on a Bank Business Day, the Interest Payment Date will be

[[*where the modified following business day convention applies insert the following:*] postponed to the next Bank Business Day unless it would fall within the next calendar month; in this case, the Interest Payment Date will be brought forward to the immediately preceding Bank Business Day.]

[[*where the following business day convention applies insert the following:*] postponed to the next Bank Business Day.]

[[*where the preceding business day convention applies insert the following:*] brought forward to the immediately preceding Bank Business Day.]

[*insert other provision for the adjustment of Interest Payment Dates: [•]*]]

[[4/•)] "**Interest Period**" means the [•]-month period from the Interest Commencement Date (inclusive) until the first Interest Payment Date (exclusive) or from each Interest Payment Date (inclusive) until the subsequent Interest Payment Date (exclusive).]

[[5/•)] The interest rate (the "**Fixed Interest Rate**") [for the [•] Interest Period (inclusive)] [until the [•] Interest Period (inclusive)] corresponds to [•] [for the [•] Interest Period and [•] the [•] Interest Period] [, provided [*first Underlying condition: [•]*] [or] [and] [*second Underlying condition: [•]*], [but at least [•] [and] [but at most [•]] [, otherwise [•] for the relevant Interest Period [and all subsequent interest periods]] [*if applicable, insert fixed interest rates for further Interest Periods or other fixed interest charge: [•]*] (fixed interest phase).]

[[6/•)] The interest rate (the "**Variable Interest Rate**") [for the [•] Interest Period (inclusive) to the [•] Interest Period (inclusive)] corresponds [to the Reference Interest Rate] [[•]% multiplied by the number of calendar days in the relevant Interest Observation Period on which the Reference Interest Rate is determined [higher] [lower] [•] than the Applicable Barrier Level for the relevant Interest Observation Period, divided by the number of calendar days in the relevant Interest Observation Period] [multiplied by [the Performance of the Underlying] [the product of [•] and the [Performance of the Underlying][the Reverse Performance of the Underlying] [•]] [*insert different type of variable interest rate provision: [•]*], as determined on the Interest Determination Date for the relevant Interest Period [, but at least [•] (the "**Minimum Interest Rate**") [and] [,] [but at most [•] (the "**Maximum Interest Rate**") [•]] [*if appropriate, insert variable*



interest rates for further Interest Periods or other variable interest rate charge: [•]  
[(variable interest phase)].

["**Interest Determination Date**" for an Interest Period is [the second Bank Business Day prior to the start of the relevant Interest Period] [the [Valuation Date] [•] provided for the relevant Interest Period] [the [•] Bank Business Day before the last day of the relevant Interest Period] [*insert other method to determine Interest Determination Date: [•].*]

[The "**Applicable Barrier Level**" corresponds to [the Applicable Barrier Level specified in table [•]][•].

[The "**Interest Observation Period**" is [each period from [•] (inclusive) to [•] (inclusive)] [the period specified in table [•]].]

[The "**Reference Interest Rate**" for an Interest Period is the [offered] [•] rate (expressed as a percentage) for investments in [EUR] [•] for the relevant Interest Period, which is indicated on the Screen Page on the relevant Interest Determination Date at around [11.00 AM] [•] ([Brussels] [London] [*where applicable insert other relevant city: [•]*] local time) [*where appropriate insert other type of determination of Reference Interest Rate: [•]*]. "**Screen Page**" is page [•] of the financial information service [•].

If, at the specified time, the Screen Page is not available or if no offered rate is indicated, the Reference Interest Rate will correspond to the [•] rate (expressed as a percentage per annum) as indicated on the corresponding Screen Page of a different financial information service. If the aforementioned [•] rate is no longer indicated in one of the aforementioned ways, the Issuer is entitled to fix the Reference Interest Rate at a [•] level based on market practice at the time (expressed as a percentage per annum). In this case, the Issuer is entitled but not required to ask reference banks for their respective quotes for the interest rate corresponding to the [•] rate (expressed as a percentage per annum) for the specified period on the relevant Interest Determination Date. If at least [two] [•] of such reference banks give the Issuer an appropriate quote, the Reference Interest Rate may be determined using the arithmetical mean calculated by the Issuer (where applicable rounded up to the nearest thousandth) of the quotes provided by such reference banks.]

The interest amount (the "**Interest Amount**") is determined by applying the [Fixed] [or] [Variable] Interest Rate and the Day Count Fraction (as defined below) to the Nominal Amount of each Certificate, with the resulting amount being rounded up or down to the smallest unit of the Settlement Currency, where 0.5 of such units are rounded up.

"**Day Count Fraction**", means, in respect of the calculation of an amount of interest on any Certificate for any period of time (a "**Calculation Period**"):

*[[If Actual/Actual (ICMA Rule 251) applies and if the Interest Calculation Period is shorter than the reference period in which the Calculation Period falls or to which it corresponds (including in the case of a short coupon), insert the following:]* the number of days in the Calculation Period, divided by the product of (1) the number of days in the relevant Reference Period and (2) the number of Reference Periods which usually end in one year.]

*[[If Actual/Actual (ICMA Rule 251) applies and if the Calculation Period is longer than a Reference Period (long coupon), insert the following:]* the sum of:

(A) the number of days in the Calculation Period that fall in the Reference Period in which the Calculation Period begins divided by the product of (1) the number of days in said Reference Period and (2) the number of Reference Periods which usually end in one year; and

(B) the number of days in the Calculation Period that fall in the next Reference Period divided by the product of (1) the number of days in the relevant Reference Period and (2) the number of Reference Periods which usually end in one year.]

*[[If Actual/Actual (ICMA Rule 251) applies, insert the following:]* **"Reference Period"** means the period from the Interest Commencement Date (inclusive) to the first Interest Payment Date (exclusive) or from each Interest Payment Date (inclusive) to the next Interest Payment Date (exclusive). *[[In the case of a first or last long or short interest Calculation Period, insert the following:]* For the purpose of determining the relevant Reference Period, the *[insert notional commencement of interest accrual or notional interest payment date: [●]]* will be deemed to be the [Interest Commencement Date] [Interest Payment Date].] *[In the case of a first or last long interest calculation, insert the following:]* For the purpose of determining the relevant Reference Period the *[insert notional commencement of interest charge [and] [or] notional Interest Payment Dates[s]: [●]]* will be deemed to be the [Interest Commencement Date] [and] [Interest Payment Date[s]].]

*[[In the case of Actual/360, insert the following:]* the actual number of days in the Calculation Period divided by 360.]

*[[In the case of 30/360, insert the following:]* the number of days in the Calculation Period divided by 360 (in which case the number of days is to be calculated based on a year of 360 days with twelve months of 30 days each (unless, (i) the last day of the interest Calculation Period falls on the 31st day of a month while the first day of the interest Calculation Period falls neither on the 30th nor on the 31st day of a month, in which case the month of the last day of the Calculation Period must not be treated as a month shortened to 30 days, or (ii) the last day of the interest Calculation Period falls on the last day of February, in which case February is not to be treated as a month lengthened to 30 days)).]

[the result of the calculation pursuant to the following formula:

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

where

"**DCF**" means Day Count Fraction;

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as number, in which the day immediately following the last day of the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day of the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30.]]

*[Insert other type of determination of day count fraction: [●].]*

*[where certificates are non-interest bearing, insert:*

No interest is paid on the Certificates.]]

*[in the case of an Additional Amount, insert the following § 4:*

#### **§ 4 Additional Amount**

The Certificateholder will receive the Additional Amount for each Certificate for each Observation Date on which the following condition is met: The Observation Price [of any Basket Component] at any time during the period from the Determination Date (exclusive) to said Observation Date (inclusive) has never reached or fallen below the [respective] Barrier Level. Where this condition is met, payment of the Additional Amount will be made on the Additional Payment Date day following the respective Observation Date. Where this condition is not met, no payment of the Additional Amount will be made either on the Additional Payment Date following the respective Observation Date or on any future scheduled Additional Payment Date.] *[insert other method to determine Additional Amount and Additional Payment Date: [●].]*

**§ 5 Settlement[, interest payments]**

- (1) Subject to the occurrence of a Market Disruption (§ 6 of these Special Conditions), the Issuer will, by the [•] Bank Business Day after the [last] Valuation Date [or after the Termination Date] [or in case of an Early Redemption in accordance of § 3 of these Special Conditions by the [[•] Bank Business Day after the] relevant Observation Date], make arrangements through the Certificate Agent for the transfer of the Redemption Amount or of the Termination Amount (§ 7 [a] [,] [or] [b] [or] [c] (3) of these Special Conditions) [or of the Early Redemption Amount] in the Settlement Currency [*in case of physical settlement insert the following text:* or the Physical Underlying in the relevant quantity] to be credited to the account of the relevant Certificateholder via the Clearing Agent. [The Issuer will arrange through the Certificate Agent for payment of interest in arrear by [the [[•] Bank Business Day after the] last calendar day of the [relevant] Interest Period] [the Interest Payment Date] to be credited to the account of the relevant Certificateholder via the Clearing Agent. [If [the last day of the Interest Period] [the Interest Payment Date] is not a Bank Business Day, the transfer of the interest amount will not be made until the next Bank Business Day.]] [•]

*[in case of possible physical settlement, add the following:*

- (2) The delivery of the Physical Underlying will occur in an exchange marketable form and with exchange marketable endowment. Such transfer becomes effective upon registration of the transfer in the records of the Clearing Agent. No definitive Physical Underlyings will be delivered.

In the case of a non-integer Ratio [*only in the case of a integer Ratio at the beginning of the term of the Certificates:*, as might, for example, result from an adjustment pursuant to § 8 [a] [b] [c] [d] [e] [f] [g]] and insofar as a physical settlement involves the settlement of fractions, a cash consideration (payment of a monetary amount in the Settlement Currency) will be paid for each Certificate. [This monetary amount will be determined by multiplying the relevant fraction with the Settlement Price of the Underlying, the result being commercially rounded to two decimal places] [*insert other method of calculating the monetary amount for settlement of fractions:* [•].] A consolidation of such fractions for all Certificates of the Certificateholder in order to deliver the Physical Underlying will [not] take place. The provisions of these Terms and Conditions of the Certificates relating to the Redemption Amount will apply *mutatis mutandis* to such monetary amount.

Should the delivery of the Physical Underlying be impracticable for economic or factual reasons, the Issuer is entitled instead to pay a monetary amount in the Settlement Currency that is equal to [the Settlement Price of the Underlying] [*if appropriate, insert different point of reference:* [•]] multiplied by the Ratio and, if applicable, commercially rounded to two decimal places. The provisions of these Terms and Conditions of the Certificates relating to the Redemption Amount will apply *mutatis mutandis* to such payment.]

([2] [3]) The Issuer will be discharged from its obligation under these Certificates by payment of the Redemption Amount, the Termination Amount, the Early Redemption Amount, the relevant interest amount or any other amounts payable under these Terms and Conditions of the Certificates [*in case of physical settlement insert the following:* or by the transfer of the Physical Underlying in the relevant number, as the case may be] in the manner described above.

([3] [4]) All taxes, charges and/or expenses incurred in connection with payments under these Terms and Conditions of the Certificates [*in case of physical settlement insert the following:* or by the transfer of the Physical Underlying in the relevant quantity] will be borne and paid by the relevant Certificateholder. The Issuer and the Certificate Agent are entitled but not required to withhold or deduct from any payment [*in case of physical settlement insert the following:* or delivery] due to the Certificateholder an appropriate amount [*in case of physical settlement insert the following text:* or fraction] required to settle taxes, charges, expenses, deductions or other payments. Each Certificateholder will reimburse the Issuer or, as the case may be, the Certificate Agent for any losses, costs or other debts incurred in connection with these taxes, charges, expenses, deductions or other payments related to the Certificates of the relevant Certificateholder.

([4] [5]) The period for presentation specified in § 801 section 1 sentence 1 BGB is reduced to ten years for the Certificates.

([5] [6]) The Issuer may hold a hedging portfolio to cover its obligations under the Certificates. At the Issuer's option and free discretion, such coverage portfolio may, in particular, comprise the Underlying or the assets comprised in the Underlying, or else options on these aforementioned assets. However, the Certificateholders are not entitled to any rights or claims with respect to any such hedging portfolio.]

## **§ 6 Market disruptions**

(1) If the Issuer, in its reasonable discretion (in accordance with § 315 BGB), finds that a Market Disruption (§[6] (3) [a] [and [b]]) prevails on [the Valuation Date] [one of the Valuation Averaging Dates] [or the Observation Date] [or one of the Observation Dates] [or] [on the Determination Date], then [the Valuation Date] [the relevant Valuation Averaging Date] [or the Observation Date] [the relevant Observation Date] [or] [the Determination Date] for the [Underlying] [affected Basket Component] [aggregate Basket Components] will be postponed to the immediately following Calculation Date on which no Market Disruption prevails. The Issuer will endeavor to immediately notify the parties of the occurrence of a Market Disruption in the manners specified in § 3 of the General Conditions. However, the Issuer shall be under no obligation regarding such notification.

(2) If the [Valuation Date] [relevant Valuation Averaging Date] [or the relevant Observation Date] [or the Determination Date] has been postponed due to the provisions of this § 6 by [•] Calculation Dates following the scheduled [Valuation Date] [Valuation Averaging

Date] [or Observation Date] [or Determination Date] and the Market Disruption continues to prevail on such day, such day will be deemed the relevant [Valuation Date] [Valuation Averaging Date] [or Observation Date] [or Determination Date] for the [Underlying] [affected Basket Component] [aggregate Basket Components]. No further postponement will take place.

The Issuer will then, in its reasonable discretion (in accordance with § 315 BGB), taking into account (i) the market conditions then prevailing and (ii) such other conditions or factors that the Issuer [*in the case of a Reference Portfolio as Underlying insert the following text:* and the Reference Portfolio Calculation Agent] reasonably consider[s] to be relevant, estimate a price of the [Underlying] [affected Basket Component] on the postponed [Valuation Date] [Valuation Averaging Date] [or Observation Date, as the case may be,] [or Determination Date] based on the last announced prices of the [Underlying] [Basket Component] [*in case of an index as Underlying or Basket Component, insert the following text:* and of any estimates provided by the Index Sponsor,] [*in the case of a Reference Portfolio as underlying, insert following text:* and the estimated value of the Reference Portfolio, determined based on the last available value of the Reference Portfolio and the estimate given by the Reference Portfolio Advisor, as the case may be].

If the Issuer, in its reasonable discretion (in accordance with § 315 BGB), finds that an estimate of the price of the [Underlying] [affected Basket Component] is not possible for any reason whatsoever, the Issuer will in its reasonable discretion (in accordance with § 315 BGB), taking into account (i) the market conditions then prevailing, (ii) any estimated price of the [Underlying] [Basket Component] [*in case of an index as Underlying, insert the following text:* and any estimates provided by the Index Sponsor,] [*in the case of a Reference Portfolio as underlying, insert following text:* and the estimated value of the Reference Portfolio, determined based on the last available value of the Reference Portfolio and the estimate given by the Reference Portfolio Advisor, as the case may be] and (iii) such other conditions or factors as the Issuer [*in the case of a Reference Portfolio as Underlying insert the following text:* and the Reference Portfolio Calculation Agent] reasonably consider[s] to be relevant, determine whether and in which amount the Issuer will make payment in the Settlement Currency. The provisions of these Terms and Conditions of the Certificates relating to the Redemption Amount will apply *mutatis mutandis* to such payment.

*[if shares, bonds, commodities, indices and fund units constitute the Underlying or Basket Component, insert the following paragraph (3) [a]:*

(3) [a] "**Market Disruption**" means

a suspension of publication of the relevant price for [the share [or the share certificate]] [or] [the bond] [or] [the commodity] [or] [the index] [or] [the fund unit] used as [Underlying] [Basket Component]

- (i) [in the Authoritative Trading System] [or] [on the Authoritative Exchange] [or] [on the Authoritative Foreign Exchange Market] [or] [, in case of an index as [Underlying] [Basket Component],] on the stock exchange(s) or market(s) on which the underlying values of the index are quoted or traded,] in general; or
- (ii) [in [the share [or share certificate]] [or] [the bond] [or] [the commodity] [or] [the index] [or] [the fund unit] used as [Underlying] [Basket Component] [in the Authoritative Trading System] [or] [on the Authoritative Exchange] [or] [on the Authoritative Foreign Exchange Market] [or] [, in case of an index as [Underlying] [Basket Component] in individual underlying values of the [Underlying] [Basket Component], on the stock exchange(s) or market(s) on which these values are quoted or traded, provided that, in the view of the Issuer, a major number or portion is involved; or
- (iii) on the Authoritative Futures Exchange, if Option Contracts on [the share [or the share certificate]] [or] [the bond] [or] [the commodity] [or] [the Index] [or] [the Fund Unit] used as [Underlying] [Basket Component] are traded there; or
- [(iv) on the foreign exchange market(s) on which the rates for the conversion into the Settlement Currency pursuant to § 2 of these Special Conditions are determined; or
- [(iv)] [(v)] due to a directive from an authority or from [the Authoritative Exchange] [or] [the Authoritative Trading System] or due to a moratorium on banking activities in the country in which [the Authoritative Exchange] [or] [the Authoritative Trading System] is located, or due to any other reason whatsoever.]

*[in the case of a Reference Portfolio as Underlying, insert the following paragraph (3):*

(3) "**Market Disruption**" means

a suspension of the announcement of the value for the Reference Portfolio on a Calculation Date.]

*[if currency exchange rates constitute the Underlying or Basket Component or a Settlement Currency other than the Underlying currency is used, insert the following para (3) [b] whenever appropriate:*

(3) [b] "**Market Disruption**" means

- (i) a suspension of the appropriate price announcement for a currency used to determine the currency exchange rate constituting the [Underlying] [Basket Component]; or
- (ii) an Authoritative Country (aa) imposes any controls or announces its intention to impose any controls or (bb) (i) implements or announces its intention to implement legislation or (ii) changes or announces its intention to change the interpretation or

administration of legislation, any of which actions is deemed by the Issuer to have a likely effect on its and/or any of its affiliates' ability to acquire, hold, transfer or realize the currency used to set the currency exchange rate constituting the [Underlying] [Basket Component], or on the ability to convert the currency into the Settlement Currency, or to otherwise affect transactions in relation to such currency;  
or

- (iii) a suspension or restriction deemed by the Issuer to be a significant imposition on trading
  - in a currency used to set the currency exchange rate constituting the [Underlying] [Basket Component] on the Authoritative Foreign Exchange Market in general, or
  - on the Authoritative Futures Exchange, if Option Contracts on the currency used to set the currency exchange rate constituting the [Underlying] [Basket Component] are traded there, or
  - due to a directive of an authority or of the Authoritative Foreign Exchange Market or due to a moratorium on banking activities in the country in which the Authoritative Foreign Exchange Market is located, or due to any other reason whatsoever considered by the Issuer to be material.]

*[if future contracts constitute the Underlying or Basket Component, insert the following para. (3) [b]:*

(3) [b] "**Market Disruption**" means

- (i) a suspension or a restriction deemed by the Issuer to be a significant imposition on trading
  - in the Authoritative Trading System related to [the Underlying] [a Basket Component]; or
  - in the Authoritative Trading System in general; or
- (ii) a material change in the method of setting the price or the trading conditions in relation to the respective future contract constituting the [Underlying] [Basket Component] in the Authoritative Trading System (e.g. a change in the condition, quantity traded, trading currency for the value underlying the future contract), or due to other circumstances considered by the Issuer to be material.
- (iii) A restriction of the hours or the number of days during which trading takes place is not deemed a Market Disruption if the restriction is based on a change in regular trading hours [in the Authoritative Trading System] [or] [at the Authoritative Exchange] [or] [on the Authoritative Foreign Exchange Market] announced in advance at least one (1) hour prior to the earlier of (i) the actual closing time for the



regular trading hours [in the Authoritative Trading System] [or] [on the Authoritative Exchange] [or] [in the Authoritative Foreign Exchange Market] [, as the case may be,] or (ii) the submission deadline for orders entered [into the Authoritative Trading System] [or] [into the Authoritative Exchange] [or] [into the Authoritative Foreign Exchange Market] [, as the case may be,] for execution on the relevant day. A restriction of trading which is levied during the course of any day due to price developments exceeding certain prescribed limits will only be deemed a Market Disruption if such restriction continues until the end of trading hours on the relevant day.

- [(iv) The existence of a Market Disruption prior to [the Valuation Date] [a Valuation Averaging Date] [or] [,] [the Observation Date] [an Observation Date] [or] [the Determination Date] will be disregarded when determining if any threshold or limit relevant under these Terms and Conditions of the Certificates has been reached, exceeded or fallen short of.]

*[If appropriate, insert supplemented or amended Market Disruption Provisions: [●]]*

## **§ 7 Termination by the Issuer**

- (1) Should any of the "**Termination Events**" described below (by way of example) occur at any time, the Issuer will be entitled but not required to terminate the Certificates by giving notice in accordance with § 3 of the General Conditions, specifying the Termination Event (the "**Termination**"):
- (i) The price determination and/or publication for the [Underlying] [relevant Basket Component] is permanently discontinued, or else the Issuer learns of the intention for such discontinuation.
  - (ii) The Issuer, in its reasonable discretion (in accordance with § 315 BGB), finds, for any reason whatsoever, that it is impossible to make adjustments to these Terms and Conditions of the Certificates or to select a [Successor] [Underlying] [Basket Component] [Stock Exchange] [Trading System] [or to select a Successor Stock Exchange] [or to select a Successor Index Sponsor].
  - (iii) The Issuer, in its reasonable discretion (in accordance with § 315 BGB), finds that another material change in market conditions has occurred [on the Authoritative Exchange] [or] [in the Authoritative Trading System].
  - [(iv) The Authoritative Futures Exchange settles the outstanding Option Contracts relating to the [Underlying] [relevant Basket Component] prematurely.]
  - [(v) *[insert further reasons for termination resulting from the characteristics of the relevant Underlying: [●]]*]

*[if shares constitute the [Underlying] [Basket Component], add the following paras. (vi) to (viii):*

- [(vi)] The quotation of Company's shares [in the Authoritative Trading System] [or] [on the Authoritative Exchange] due to a merger by absorption, a new company formation, a transformation of the Company into a legal form without shares, or any other comparable reason, in particular as a result of a delisting of the Company, is permanently discontinued.
  - [(vii)] An insolvency proceeding or any other similar proceeding under the jurisdiction applicable to and governing the Company is initiated in regard to the assets of the Company.
  - [(viii)] Take-over of the Company's shares in the amount of at least 75% of the share capital of the Company by a shareholder, resulting, in the Issuer's opinion, in a massive impact on the market liquidity of such shares.]
- (2) The Termination will be effected within [•] following the occurrence of the Termination Event and will indicate the calendar day on which the Termination becomes effective (the "**Termination Date**"). In cases of doubt, the Issuer reserves the right to determine whether or not a Termination Event has occurred. In making such determination, the Issuer will exercise its reasonable discretion (in accordance with § 315 BGB).
- (3) In the case of Termination, the Issuer will pay each Certificateholder for each Certificate an amount in the Settlement Currency determined by the Issuer in its reasonable discretion (in accordance with § 315 BGB) as the fair market price of a Certificate at Termination (the "**Termination Amount**"), considering the price of the [Underlying] [Basket Component] then prevailing and the expenses incurred by the Issuer in connection with the Termination.]

*[if currency exchange rates constitute the Underlying or Basket Component, insert the following § 7:*

- (1) Should any of the "**Termination Events**" described below (by way of example) occur at any time, the Issuer will be entitled but not required to terminate the Certificates by giving notice in accordance with § 3 of the General Conditions, specifying the Termination Event (the "**Termination**"):
- (i) The price determination and/or announcement for a currency used to set the currency exchange rate constituting the [Underlying] [Basket Component] is permanently discontinued.
  - (ii) The Issuer, in its reasonable discretion (in accordance with § 315 BGB), finds, for any reason whatsoever, that it is impossible to make adjustments to these Terms and Conditions of the Certificates.

- (iii) The Issuer, in its reasonable discretion (in accordance with § 315 BGB), finds that another material change in market conditions has occurred [on the Authoritative Foreign Exchange Market] [or] [in the Authoritative Trading System].
- (iv) A currency used to set the currency exchange rate constituting the [Underlying] [Basket Component] is, in its function as legal tender in the country or jurisdiction or, as the case may be, the countries or jurisdictions maintaining the authority, institution or other body which issues such currency, replaced by another currency, or merged with another currency to become the common currency.
- (v) An Authoritative Country (aa) imposes any controls or announces its intention to impose any controls or (bb) (i) implements or announces its intention to implement legislation or (ii) changes or announces its intention to change the interpretation or administration of legislation, any of which actions are deemed by the Issuer to have a likely effect on its and/or any of its affiliates' ability to acquire, hold, transfer or realize the currency used to set the currency exchange rate constituting the [Underlying] [Basket Component], or on the ability to convert it into the Settlement Currency or to otherwise affect transactions in relation to such currency.
- [(vi) *[insert further reasons for termination resulting from the characteristics of the relevant Underlying: [●]]*]

- (2) The Termination will be effected within [●] following the occurrence of the Termination Event and will indicate the calendar day, on which the Termination becomes effective (the "**Termination Date**"). In cases of doubt, the Issuer reserves the right to determine whether or not a Termination Event has occurred. In making such determination, the Issuer will exercise its reasonable discretion (in accordance with § 315 BGB).
- (3) In the case of Termination, the Issuer will pay each Certificateholder for each Certificate an amount in the Settlement Currency determined by the Issuer in its reasonable discretion (in accordance with § 315 BGB) as the fair market price of a Certificate at Termination (the "**Termination Amount**") taking into account the price of the [Underlying] [Basket Component] then prevailing and the expenses incurred by the Issuer in connection with the Termination.]

*[if fund units constitute the Underlying or Basket Component, insert the following § 7:*

- (1) Should any of the "**Termination Events**" described below (by way of example) occur at any time, the Issuer will be entitled but not required to terminate the Certificates by giving notice in accordance with § 3 of the General Conditions, specifying the Termination Event (the "**Termination**"):
  - (i) The price determination and/or publication for the fund unit constituting the [Underlying] [Basket Component] is permanently discontinued, or else the Issuer learns of the intention for such discontinuation.

- (ii) The Issuer, in its reasonable discretion (in accordance with § 315 BGB), finds, for any reason whatsoever, that it is impossible to make adjustments to these Terms and Conditions of the Certificates or to select a Successor [Underlying] [Basket Component].
- (iii) The Issuer, in its reasonable discretion (in accordance with § 315 BGB), finds that another material change in market conditions has occurred [on the Authoritative Exchange] [or] [in the Authoritative Trading System].
- (iv) The Issuer, in its reasonable discretion (in accordance with § 315 BGB), determines that an event, which qualifies as Replacement Event (§[•] [a] [b] [c] [d] [e] [f] (2)), will occur.
- [(v) *[insert further reasons for termination resulting from the characteristics of the relevant Underlying: [•]]*]

- (2) The Termination will be effected within [•] following the occurrence of the Termination Event and will indicate the calendar day on which the Termination becomes effective (the "**Termination Date**"). In cases of doubt, the Issuer reserves the right to determine whether or not a Termination Event has occurred. In making such determination, the Issuer will exercise its reasonable discretion (in accordance with § 315 BGB).
- (3) In the case of Termination, the Issuer will pay each Certificateholder for each Certificate an amount in the Settlement Currency determined by the Issuer in its reasonable discretion (in accordance with § 315 BGB) as the fair market price of a Certificate at Termination (the "**Termination Amount**") taking into account the price of the Underlying then prevailing and the expenses incurred by the Issuer in connection with the Termination.]

*[If a futures contract constitutes the Underlying or Basket Components, insert § [7]:*

- (1) Should any of the "**Termination Events**" described below (by way of example) occur at any time, the Issuer will be entitled but not required to terminate the Certificates by giving notice in accordance with § 3 of the General Conditions, specifying the Termination Event (the "**Termination**"):
  - (i) The price determination and/or announcement for the futures contract used as [Underlying] [Basket Component] is discontinued permanently.
  - (ii) The Issuer, in its reasonable discretion (in accordance with § 315 BGB), finds, for any reason whatsoever, that it is impossible to make adjustments to these Terms and Conditions of the Certificates.
  - (iii) The Issuer, in its reasonable discretion (in accordance with § 315 BGB), finds that another material change in market conditions has occurred in the Authoritative Trading System.

[(iv) *[insert further reasons for termination resulting from the characteristics of the relevant Underlying: [●]]*]

- (2) The Termination will be effected within [●] following the occurrence of the Termination Event and will indicate the calendar day on which the Termination becomes effective (the "**Termination Date**"). In cases of doubt, the Issuer reserves the right to determine whether or not a Termination Event has occurred. In making such determination, the Issuer will exercise its reasonable discretion (in accordance with § 315 BGB).
- (3) In the case of Termination, the Issuer will pay each Certificateholder for each Certificate an amount in the Settlement Currency determined by the Issuer in its reasonable discretion as the fair market price of a Certificate at Termination (the "**Termination Amount**") taking into account the price of the [Underlying] [Basket Component] then prevailing and the expenses incurred by the Issuer in connection with the Termination.]

*[if a Reference Portfolio constitutes the Underlying, insert following § 7:*

- (1) Should any of the "**Termination Events**" described below (by way of example) occur at any time, the Issuer will be entitled but not required to terminate the Certificates by giving notice in accordance with § 3 of the General Conditions, specifying the Termination Event (the "**Termination**"):
  - (i) The price determination and/or announcement for the virtual Reference Portfolio used as Underlying is discontinued permanently or a relevant intention is known by the Certificate Agent .
  - (ii) The Issuer, in its reasonable discretion (in accordance with § 315 BGB), finds, for any reason whatsoever, that it is impossible to make adjustments to these Terms and Conditions of the Certificates or determine a Successor Reference Portfolio Advisor or a Successor Underlying.
  - [(iii) *[insert further reasons for termination resulting from the characteristics of the relevant Underlying: [●]]*]

- (2) The Termination will be effected within [●] following the occurrence of the Termination Event and will indicate the calendar day on which the Termination becomes effective (the "**Termination Date**"). In cases of doubt, the Issuer reserves the right to determine whether or not a Termination Event has occurred. In making such determination, the Issuer will exercise its reasonable discretion (in accordance with § 315 BGB).
- (3) In the case of Termination, the Issuer will pay each Certificateholder for each Certificate an amount in the Settlement Currency determined by the Issuer in its reasonable discretion as the fair market price of a Certificate at Termination (the "**Termination Amount**") taking into account the price of the [Underlying] [Basket Component] then prevailing and the expenses incurred by the Issuer in connection with the Termination.]

## § 8 Adjustments

*[If a Basket constitutes the Underlying, insert the following § 8 [a]:*

### **§ 8 [a] Adjustments for Certificates on Baskets; Successor Basket Component**

- (1) If, in relation to a Basket Component, an adjustment (as described in these Terms and Conditions of the Certificates) is necessary, the Issuer will (in addition to the adjustments pursuant to these Terms and Conditions of the Certificates in relation to each Basket Component) be entitled but not required either
  - (i) to exercise its reasonable discretion (in accordance with § 315 BGB) in removing the respective Basket Component from the Basket without replacing it (if applicable by adjusting the weighting of the remaining Basket Components), or
  - (ii) to exercise its reasonable discretion (in accordance with § 315 BGB) in replacing the Basket Component in whole or in part with a new Basket Component (if applicable by adjusting the weighting of the Basket Components then present) (the "**Successor Basket Component**").

In such case, the Successor Basket Component will be deemed to be the Basket Component and each reference in these Terms and Conditions of the Certificates to the Basket Component will be deemed to refer to the Successor Basket Component.

- (2) The Issuer's termination right described in § 7 of these Terms and Conditions of the Certificates remains unaffected.]

*[If shares or commodities constitute the Underlying or Basket Component, insert the following § 8 [a] [b]:*

### **§ 8 [a] [b] Adjustments; [Substitute Trading System;] [Substitute Exchange]**

- (1) If a Potential Adjustment Event (§ [8] [a] [b] (2)) should occur, the Issuer will be entitled to effect adjustments to these Terms and Conditions of the Certificates in a manner and relation corresponding to the relevant adjustments made with regard to option and futures contracts on [the share] [or] [the commodity] constituting the [Underlying] [Basket Component] traded on the Authoritative Futures Exchange (the "**Option Contracts**"), provided that the Record Date (as defined below) is prior to or on [the Valuation Date] [a Valuation Averaging Date] [the] [an] [Observation Date].

If no such Option Contracts are being traded on the Authoritative Futures Exchange, the adjustments may be effected by the Issuer in the manner that they would be made by the Authoritative Futures Exchange if the relevant Option Contracts were traded on this exchange.

The "**Record Date**" will be the first trading day on the Authoritative Futures Exchange on which the appropriately adjusted Option Contracts are traded on the Authoritative Futures Exchange or would be traded if the relevant Option Contracts were traded on this exchange.

- (2) "**Potential Adjustment Event**" means any measure relating to [the share] [or] [the commodity] constituting the [Underlying] [Basket Component], by which the Authoritative Futures Exchange is given reason or would be given reason to adjust the Strike Price, the contract volume of the Underlying, the contract ratio of the Underlying or [the exchange] [or] [trading system] responsible for determining the price of the Underlying if the Option Contracts on [the Underlying] [a Basket Component] were being traded.

Potential Adjustment Events are, in particular, the following measures, for which, subject to § [8] [a] [b] (3), the de facto or hypothetical decision of the Authoritative Futures Exchange is nevertheless decisive:

*[If commodities constitute the Underlying or Basket Component, insert the following paras. (i) to (ii):*

- (i) The commodity constituting the [Underlying] [Basket Component] is traded [on] [in] the [Authoritative Exchange] [Authoritative Trading System] responsible for determining the price of the [Underlying] [Basket Component] in a different quality, in a different consistency (e.g. with a different degree of purity or a different point of origin) or in a different standard measuring unit.
- (ii) The occurrence of another event due to which the commodity constituting the [Underlying] [Basket Component], insofar as it is traded [on] [in] the [Authoritative Exchange] [Authoritative Trading System] responsible for determining the price of the [Underlying] [Basket Component], is materially modified.]

*[If shares constitute the Underlying or Basket Component, insert the following paras. (i) to (viii):*

- (i) The Company whose share(s) constitute(s) the [Underlying] [Basket Component] increases its share capital against deposits/contributions granting a direct or indirect subscription right to its shareholders, increases capital out of the Company's own funds, issues bonds or other securities with option or conversion rights to shares while directly or indirectly granting a subscription right to its shareholders.
- (ii) The Company decreases its share capital through cancellation or combination of Company shares. No Potential Adjustment Event will occur, if the capital decrease is effected by way of a reduction in the nominal value of the Company shares.
- (iii) The Company grants exceptionally high dividends, *boni* or other cash or non-cash distributions ("**Special Distributions**") to its shareholders. Distributions of regular

dividends, which do not constitute Special Distributions, do not create any Potential Adjustment Event. With regard to the differentiation between regular dividends and Special Distributions, the distinction made by the Authoritative Futures Exchange will prevail.

- (iv) In case of a stock split (reduction of the nominal value and corresponding increase in the number of shares without a change in the share capital) or a similar measure.
- (v) Offer to the shareholders of the Company pursuant to the German Stock Corporation Act (*Aktiengesetz, AktG*), the German Reorganization of Companies Act (*Umwandlungsgesetz, UmwG*) or any other similar regulation under the law governing the Company applicable to Company shareholders converting existing shares of the Company to new shares or to shares of another stock corporation.
- (vi) Take-over of shares of the Company in the amount of at least 95% of the share capital of the Company by a shareholder (principal shareholder) after issuing a takeover bid in accordance with the German Securities Acquisition and Take-over Act (*Wertpapiererwerbs- und Übernahmegesetz, WpÜG*) or with any other similar regulation under the law governing the Company.
- (vii) The Company spins off a part of the Company so that a new legally independent enterprise is created or a part of the Company is absorbed by a third company, and the Company's shareholders are granted shares in the new company or the absorbing company free of charge or at a price below the market price, while a market price or price quotation can be determined for the shares granted to the shareholders.
- (viii) The quotation of or trading in the shares of the Company [in the Authoritative Trading System] [or] [on the Authoritative Exchange] is permanently discontinued due to a merger or a new company formation, or for any other comparable reason, in particular as a result of a delisting of the Company. The Issuer's right for termination in accordance with § 7 [a] [,] [or] [b] [or] [c] of these Terms and Conditions of the Certificates remains unaffected.]

The provisions set out above will apply *mutatis mutandis* to events other than those mentioned in the paragraph above, if the concentrative or dilutive effects of these events are comparable. The provisions set out above will also apply *mutatis mutandis* to ADRs as [Underlying] [relevant Basket Component].

- (3) The Issuer will be entitled to deviate from the adjustments made by the Authoritative Futures Exchange, should this be considered by the Issuer as being necessary, in order to account for existing differences between these Certificates and the Option Contracts traded on the Authoritative Futures Exchange. Disregarding, whether or how adjustments are de facto effected by the Authoritative Futures Exchange, the Issuer is entitled to effect adjustments for the purpose of reconstituting, to the extent possible, the Certificateholders' economic status prior to the measures in terms of § 8 [a] [b] (2).



- (4) If the quotation of or trading in [the share] [or] [the commodity] [or] [the interest rate] constituting the [Underlying] [Basket Component] on [the Authoritative Trading System] [or] [the Authoritative Exchange] is permanently discontinued but a quotation or trading is initiated or maintained [on another trading system] [or] [on another stock exchange], the Issuer will be entitled to stipulate such other [trading system] [or] [stock exchange] [as the new relevant trading system (the "**Substitute Trading System**") [or] [as the new relevant stock exchange (the "**Substitute Exchange**") through publication in accordance with § 3 of the General Conditions, provided that the Issuer has not terminated the Certificates in accordance with § 7 [a] [,] [or] [b] [or] [c] of these Special Conditions. In the case of such a substitution, any reference in these Terms and Conditions of the Certificates to [the Authoritative Trading System] [or] [the Authoritative Exchange] will subsequently be deemed to refer to [the Substitute Trading System] [or] [the Substitute Exchange]. The adjustment described above will be published in accordance with § 3 of the General Conditions no later than one month following the permanent discontinuation of the quotation of or trading in the [Underlying] [Basket Component] on [the Authoritative Trading System] [or] [the Authoritative Exchange].
- (5) Any adjustment will be done at the Issuer's reasonable discretion (in accordance with § 315 BGB), under consideration of the market conditions then prevailing and protecting the previous economic development of the Certificates. In cases of doubt, the Issuer reserves the right to determine (i) the applicability of the adjustment rules of the Authoritative Futures Exchange and (ii) the required adjustment. In making such determination, the Issuer will exercise its reasonable discretion (in accordance with § 315 BGB), taking the market conditions then prevailing into account.
- (6) The adjustments and determinations of the Issuer pursuant to the paragraphs above will be effected by the Issuer in exercising its reasonable discretion (in accordance with § 315 BGB) and will be published by the Issuer in accordance with § 3 of the General Conditions. Any adjustment and determination will be final, conclusive and binding on all parties, except where there is a manifest error.
- (7) Any adjustment and determination will become effective at the time when the relevant adjustments become effective on the Authoritative Futures Exchange or would become effective, if the Option Contracts were traded on this exchange.
- (8) The Issuer's termination right described in § 7 [a] [,] [or] [b] [or] [c] of these Special Conditions remains unaffected.]

*[If bonds constitute the Underlying or Basket Component, insert the following § 8 [a] [b] [c]:*

**§ 8 [a] [b] [c] Adjustments; Successor [Underlying] [Basket Component]; Substitute Trading System**

- (1) If the Issuer, in its the reasonable discretion (in accordance with § 315 BGB), finds that a material change in the market conditions has occurred in relation to the Authoritative Trading System responsible for determining the price of the bond used as [Underlying]

[Basket Component], the Issuer will be entitled to effect adjustments to these Terms and Conditions of the Certificates in order to account for these changed market conditions.

- (2) If the Reference Price for [the Underlying] [Basket Component] is no longer calculated and published on the Authoritative Trading System, but rather by another person, company or institution which the Issuer, in its reasonable discretion (in accordance with § 315 BGB), deems to be appropriate (the "**Substitute Trading System**"), the Redemption Amount will be calculated on the basis of the price calculated and published for [the Underlying] [this Basket Component] in the Substitute Trading System. Any reference in these Terms and Conditions of the Certificates to the Authoritative Trading System will, to the extent appropriate, be deemed to refer to the Substitute Trading System.
- (3) In the event that [the Underlying] [a Basket Component] is redeemed early and/or replaced by another bond outside the context of an insolvency process or general composition or settlement process involving the company that issued the bond, the Issuer will in its reasonable discretion (in accordance with § 315 BGB) determine which bond [as an equivalent Basket Component] will serve as the basis of the Certificate Right in the future (the "**Successor [Underlying] [Basket Component]**"). Any reference in these Terms and Conditions of the Certificates to [the bond] [the affected Basket Component] will, to the extent appropriate, be deemed to refer to the Successor [Underlying] [Basket Component].
- (4) The adjustments and determinations pursuant to the paragraphs above will be effected by the Issuer in its reasonable discretion (in accordance with § 315 BGB) and will be published by the Issuer in accordance with § 3 of the General Conditions. Any adjustment and determination will be final, conclusive and binding on all parties, except where there is a manifest error.]
- (5) The Issuer's termination right described in § 7 [a] [,] [or] [b] [or] [c] of these Special Conditions remains unaffected.]

*[If a currency exchange rate constitutes the Underlying or Basket Component, insert the following § 8 [a] [b] [c] [d]:*

**§ 8 [a] [b] [c] [d] Adjustments; Successor [Underlying] [Basket Component]; Substitute Exchange Market**

- (1) If the Issuer, in its reasonable discretion (in accordance with § 315 BGB), finds that a material change in market conditions occurred on the Authoritative Foreign Exchange Market responsible for determining the price of the currency exchange rate used as [Underlying] [Basket Component], the Issuer will be entitled to effect adjustments to these Terms and Conditions of the Certificates in order to account for these changed market conditions.

- (2) Any changes in the calculation (including corrections) of the currency exchange rate constituting the [Underlying] [Basket Component] or of the composition or of the weighting of the prices or other reference assets forming the basis of the calculation of the currency exchange rate used as [Underlying] [Basket Component], will not lead to an adjustment unless the Issuer, in its reasonable discretion (in accordance with § 315 BGB), determines that the underlying concept and the calculation (including corrections) of the [Underlying] [Basket Component] are no longer comparable to the underlying concept or calculation of the currency exchange rate constituting the [Underlying] [Basket Component] applicable prior to such change. Adjustments may also be made as a result of the termination of the [Underlying] [Basket Component] and/or its substitution by another underlying.

For the purpose of making any adjustments, the Issuer will in its reasonable discretion (in accordance with § 315 BGB) to determine an adjusted value per unit of the currency exchange rate used as [Underlying] [Basket Component]. This value is used as a basis for determining the price of the [Underlying] [Basket Component]. In terms of its result, this will correspond to the economic result prior to this change and, taking into account the time the change occurred, will determine the day on which the adjusted value per unit of the currency exchange rate used as [Underlying] [Basket Component] will apply for the first time. The adjusted value per unit of the [Underlying] [Basket Component] as well as the date of its first application will be published without undue delay in accordance with § 3 of the General Conditions.

- (3) If a currency used to set the currency exchange rate constituting the [Underlying] [Basket Component] is replaced as legal tender in the country or jurisdiction or, as the case may be, countries or jurisdictions maintaining the authority, institution or other body which issues such currency, or if said currency is merged with another currency to become a common currency, the currency used to set the currency exchange rate constituting the [Underlying] [Basket Component] will, for the purposes of these Terms and Conditions of the Certificates, be replaced by the replacement or merged currency (the "**Successor [Underlying] [Basket Component]**") after having made any appropriate adjustments indicated in the paragraph above and provided that the Issuer has not terminated the Certificates under § 7 [a] [,] [or] [b] [or] [c] of these Special Conditions. The Successor [Underlying] [Basket Component] and the date it is applied for the first time will be published without undue delay in accordance with § 3 of the General Conditions.

Any reference in these Terms and Conditions of the Certificates to the [Underlying] [Basket Component] will, to the extent appropriate, be deemed to refer to the Successor [Underlying] [Basket Component].

- (4) If the quotation of or trading in the currency used to set the currency exchange rate constituting the [Underlying] [Basket Component] on the Authoritative Foreign Exchange Market is permanently discontinued but a quotation or trading is initiated or maintained on another international foreign exchange market, the Issuer will be entitled

to designate such other international foreign exchange market as the new relevant international foreign exchange market (the "**Substitute Exchange Market**") through publication in accordance with § 3 of the General Conditions, provided that the Issuer has not terminated the Certificates in accordance with § 7 [a] [,] [or] [b] [or] [c] of these Special Conditions. In the case of such a substitution, any reference in these Terms and Conditions of the Certificates to the Authoritative Foreign Exchange Market will subsequently be deemed to refer to the Substitute Exchange Market. The adjustment described above will be published in accordance with § 3 of the General Conditions no later than one month following the permanent discontinuation of the quotation of or trading in the currency used to set the currency exchange rate constituting the [Underlying] [Basket Component] on the Authoritative Foreign Exchange Market.

- (5) Any adjustment will be made at the Issuer's reasonable discretion (in accordance with § 315 BGB), under consideration of the market conditions then prevailing and protecting the previous economic development of the Certificates. In cases of doubt, the Issuer reserves the right to determine the required adjustment. In making such determination, the Issuer will exercise its reasonable discretion (in accordance with § 315 BGB), taking the market conditions then prevailing into account.
- (6) The adjustments and determinations of the Issuer pursuant to the paragraphs above will be effected by the Issuer in its reasonable discretion (in accordance with § 315 BGB) and will be published by the Issuer in accordance with § 3 of the General Conditions. Any adjustment and determination will be final, conclusive and binding on all parties, except where there is a manifest error.]
- (7) The Issuer's termination right described in § 7 [a] [,] [or] [b] [or] [c] of these Special Conditions remains unaffected.]

*[If an index constitutes the Underlying or Basket Component, insert the following § 8 [a] [b] [c] [d] [e]:*

**§ 8 [a] [b] [c] [d] [e] Adjustments; Successor Index Sponsor; Successor [Underlying] [Basket Component]**

- (1) If the index constituting the [Underlying] [Basket Component] is definitively no longer maintained, calculated and published by the Index Sponsor, the Issuer will be entitled to replace the Index Sponsor by a person, company or institution that the Issuer, in its reasonable discretion (in accordance with § 315 BGB), deems acceptable (the "**Successor Index Sponsor**").

In such case, the Successor Index Sponsor will be deemed to be the Index Sponsor and each reference in these Terms and Conditions of the Certificates to the Index Sponsor will be deemed to refer to the Successor Index Sponsor.

- (2) Any changes in the calculation (including corrections) of [the Underlying] [a Basket Component] or of the composition or of the weighting of the index components on which

the calculation of [the Underlying] [a Basket Component] is based will not lead to an adjustment unless the Issuer, in its reasonable discretion (in accordance with § 315 BGB), determines that the underlying concept and the calculation (including corrections) of the [Underlying] [Basket Component] are no longer comparable to the underlying concept or calculation of the index constituting the [Underlying] [Basket Component] that were applicable prior to such change. This especially applies if, due to any change, the index value changes considerably, although the prices and weightings of the components included in the index constituting the [Underlying] [Basket Component] remain unchanged. Adjustments may also be made as a result of the termination of the [Underlying] [Basket Component] and/or its substitution by another underlying.

For the purpose of making any adjustments, the Issuer will in its reasonable discretion (in accordance with § 315 BGB) determine an adjusted value per unit of the index used as [Underlying] [Basket Component]. This value will be used as a basis for determining the price of the [Underlying] [Basket Component]. In terms of its result, such value shall correspond to the economic result prior to this change. The Issuer, taking into account the time the change occurred, will determine the day on which the adjusted value per unit of the index constituting the [Underlying] [Basket Component] will apply for the first time. The adjusted value per unit of the [Underlying] [Basket Component] as well as the date of its first application will be published without undue delay in accordance with § 3 of the General Conditions.

- (3) In the event that the authorization [of the Issuer] [and] [or] [of the Certificate Agent] to use the index constituting the [Underlying] [Basket Component] for the purposes of the Certificates is terminated or that the index constituting the [Underlying] [Basket Component] is terminated and/or replaced by another index, the Issuer will in its reasonable discretion (in accordance with § 315 BGB) determine, after having made appropriate adjustments according to the paragraph above, which index will be applicable in the future (the "**Successor [Underlying] [Basket Component]**"). The Successor [Underlying] [Basket Component] and the date it is applied for the first time will be published without undue delay in accordance with § 3 of the General Conditions.

Any reference in these Terms and Conditions of the Certificates to the [Underlying] [Basket Component] will, to the extent appropriate, be deemed to refer to the Successor [Underlying] [Basket Component].

- (4) If the Issuer, in its reasonable discretion (in accordance with § 315 BGB), finds, for any reason whatsoever, that an adjustment or the determination of a Successor [Underlying] [Basket Component] is not possible, the Issuer will, in its reasonable discretion (in accordance with § 315 BGB), provide for the continued calculation and publication of the index used as [Underlying] [Basket Component] on the basis of the existing index concept and the last determined value of the index. Any such continuation will be published without undue delay in accordance with § 3 of the General Conditions.

- (5) The adjustments and determinations of the Issuer pursuant to the paragraphs above will be effected by the Issuer in its reasonable discretion (in accordance with § 315 BGB) and will be published by the Issuer in accordance with § 3 of the General Conditions. Any adjustment and determination will be final, conclusive and binding on all parties, except where there is a manifest error.
- (6) The Issuer's termination right described in § 7 [a] [,] [or] [b] [or] [c] of these Special Conditions remains unaffected.]

*[If a fund unit constitutes the Underlying or Basket Component, insert the following § 8 [a] [b] [c] [d] [e] [f]:*

**§ 8 [a] [b] [c] [d] [e] [f] Adjustments; Successor [Underlying] [Basket Component]**

- (1) If a Replacement Event (§ 8 [a] [b] [c] [d] [e] [f] (2)) affecting a fund unit that constitutes the [Underlying] [Basket Component] occurs or is likely to occur, the Issuer, in its reasonable discretion (in accordance with § 315 BGB), may conclude that such event is material and adversely affects the [Underlying] [Basket Component] or the calculation of the net asset value of the fund unit used as [Underlying] [Basket Component]. In such case, the issuer can
- (i) select an alternative investment fund that the Issuer, in its reasonable discretion (in accordance with § 315 BGB), determines to have a similar strategy and liquidity (the "**Successor [Underlying] [Basket Component]**"); and/or
  - (ii) make any adjustments to any calculation methods, values or terms regarding the Certificates that (in its reasonable discretion (in accordance with § 315 BGB)) are necessitated by the Replacement Event.
- (2) "**Replacement Event**" means any of the following:
- [(i) The investment strategy or investment objective of an Investment Fund (the "**Strategy**") differs substantially from the strategy at the [Determination Date] [•] or the date on which the [Underlying] [Basket Component] was adjusted in accordance with these provisions, or from the strategy outlined in the prospectus or other documents prepared in connection with the marketing of the Investment Fund (together the "**Documents**"), or from the rules in relation to the Investment Fund.]
  - [[[•]] The currency denomination in which the net asset value of the Investment Fund is published (the "**Currency Denomination**") is changed and now differs from the Currency Denomination at the [Determination Date] or the date on which the [Underlying] [Basket Component] was adjusted in accordance with these provisions, or from the Currency Denomination outlined in the Documents, or from the rules in relation to the Investment Fund.]

- [[[•]] The Investment Fund introduces or increases charges or fees payable out of the assets of the Investment Fund, or charges a subscription fee or redemption fee.]
- [[[•]] The operation or organization of the Investment Fund (especially the structure, procedures or policies) or the application of such procedures or policies has changed from that at the [Determination Date] [•] or the date on which the [Underlying] [Basket Component] was adjusted in accordance with these provisions.]
- [[[•]] The regulatory or tax treatment applicable with respect to the Investment Fund is changed.]
- [[[•]] The restriction by law or regulatory measures of the holding of units or shares of the Investment Fund, its sub-funds and/or its share classes, if any, that may be held by an investor in the Investment Fund.]
- [[[•]] Any suspension of or limitation imposed on trading in the fund unit constituting the [Underlying] [Basket Component] (by reason of liquidity restrictions or otherwise) other than those existing on the [Determination Date] [•] or the date on which the [Underlying] [Basket Component] was adjusted in accordance with these provisions, as laid out in the rules regarding the Investment Fund.]
- [[[•]] The Investment Fund requires a redemption of units or shares from one or several investors in the Investment Fund.]
- [[[•]] It is expected that, upon redemption of units or shares, any investor in the Investment Fund will not receive the full proceeds (redemption value) within the regular period for redemption payments applicable under normal market conditions set out in the Documents.]
- [[[•]] The Investment Fund or its investment manager is or becomes subject to liquidation, dissolution, discontinuance or execution, or the investment manager indicates that the Strategy will not be met or proposes, recommends or initiates the liquidation, dissolution or discontinuance of the Investment Fund.]
- [[[•]] The Investment Fund, its investment manager or any of their employees are placed under review or investigation by any regulatory or other authority, or are subject to any charges or prosecution.]
- [[[•]] The Investment Fund or its investment manager becomes party to any litigation or dispute.]
- [[[•]] The Investment Fund's administrator fails to calculate or publish the net asset value as scheduled or fails to publish any other information relating to the Investment Fund required to be published according to its rules or the Documents.]

- [[[•]] The audited net asset value differs from the published net asset value, or the auditors of the Investment Fund qualify any audit report or refuse to provide an unqualified audit report in respect to the Investment Fund or the net asset value.]
- [[[•]] The investment manager of the Investment Fund fails to react in an appropriate and timely manner to any breach of representations, covenants and agreements under the investment management agreement relating to the Investment Fund.]
- [[[•]] Resignation, termination, loss of registration or any other change in respect to the investment manager of the Investment Fund, or any change in the personnel of the investment manager or in the service providers to the Investment Fund.]
- [[[•]] An investor's holding of units or shares of the Investment Fund, its sub-funds and/or its share classes, if any, exceeds 20% of the Investment Fund, its sub-funds and/or its share classes.]

[[[•]] *insert any other replacement events which appear necessary in view of the nature of the Underlying / Basket Component*]

Any reference in these Terms and Conditions of the Certificates to the [Underlying] [Basket Component] will, to the extent appropriate, be deemed to refer to the Successor [Underlying] [Basket Component].

- (3) The adjustments and determinations of the Issuer pursuant to the paragraphs above and the date they are applied for the first time will be effected by the Issuer in its reasonable discretion (in accordance with § 315 BGB) and will be published by the Issuer in accordance with § 3 of the General Conditions. Any adjustment and determination will be final, conclusive and binding on all parties, except where there is a manifest error.
- (4) The Issuer's termination right described in § 7 [a] [,] [or] [b] [or] [c] of these Special Conditions remains unaffected.]

*[If a future contract constitutes the Underlying or Basket Component, add the following § 8 [a] [b] [c] [d] [e] [f] [g], where applicable:*

**§ 8 [a] [b] [c] [d] [e] [f] [g] Adjustments; Successor [Underlying][Basket Component]**

- (1) If the Issuer, in its reasonable discretion (in accordance with § 315 BGB), determines that a material change has occurred in market conditions in the Authoritative Trading System responsible for determining the price of the future contract constituting the [the Underlying] [a Basket Component], the Issuer will be entitled to make adjustments to these Terms and Conditions of the Certificates in order to account for the changed market conditions.
- (2) Any changes in the calculation (including corrections) of the future contract constituting the [Underlying] [Basket Component] or of the composition or of the weighting of the



values which form the basis of the calculation of the future contract used as [Underlying] [Basket Component] will not lead to an adjustment unless the Issuer, in its reasonable discretion (in accordance with § 315 BGB), determines that, as a result of a change (including a correction), the contract specifications and the calculation of the [Underlying] [Basket Component] are no longer comparable to the contract specifications or the relevant method of price calculation in the Authoritative Trading System of the future contract constituting the [Underlying] [Basket Component] that were applicable prior to such change. Adjustments may also be made as a result of the termination of the [Underlying] [Basket Component] and/or its substitution by another future contract.

For the purpose of making any adjustment, the Issuer will, in its reasonable discretion (in accordance with § 315 BGB) determine an adjusted value of the future contract constituting [Underlying] [Basket Component]. This value provides a basis for determining the price of the [Underlying] [Basket Component]. In terms of its result, such value shall correspond to the economic result prior to this change. The Issuer, taking into account the time the change occurred, will determine the day on which the adjusted value of the future contract constituting the [Underlying] [Basket Component] will apply for the first time. The adjusted value of the future contract constituting the [Underlying] [Basket Component] as well as the date of its first application will be published without undue delay in accordance with § 3 of the General Conditions.

- (3) In the event that the pricing of a future contract constituting the [Underlying] [Basket Component] is permanently suspended and, simultaneously, the former [Underlying] [Basket Component] is replaced by another future contract in the Authoritative Trading System, the affected future contract used as [Underlying] [Basket Component] will be replaced, for purposes of these Terms and Conditions of the Certificates, with such other future contract (the "**Successor [Underlying] [Basket Component]**"), after having made appropriate adjustments according to the paragraph above (if appropriate) and provided that the Issuer has not terminated the Certificates in accordance with § 7 [a] [,] [or] [b] [or] [c] of these Special Conditions. The Successor [Underlying] [Basket Component] and the date it is applied for the first time will be published without undue delay in accordance with § 3 of the General Conditions.

Any reference in these Terms and Conditions of the Certificates to the [Underlying] [Basket Component] will, to the extent appropriate, be deemed to refer to the Successor [Underlying] [Basket Component].

- (4) If the pricing of or trading in the future contract constituting the [Underlying] [Basket Component] in the Authoritative Trading System is permanently discontinued while a quotation or trading is initiated or maintained on another trading system which is comparably accessible, the Issuer will be entitled to stipulate such other trading system as the new relevant trading system (the "**Substitute Trading System**") through publication in accordance with § 3 of the General Conditions, provided that the Issuer has not terminated the Certificates in accordance with § 7 [a] [,] [or] [b] [or] [c] of

these Special Conditions. In the case of such a substitution, any reference in these Terms and Conditions of the Certificates to the Authoritative Trading System will subsequently be deemed to refer to the Substitute Trading System. The adjustment described above will be published in accordance with § 3 of the General Conditions not later than one month following the permanent discontinuation of the quotation of or trading in the future contract used as [Underlying] [Basket Component] in the Authoritative Trading System.

- (5) Any adjustment will be made at the Issuer's reasonable discretion (in accordance with § 315 BGB), under consideration of the market conditions then prevailing and protecting the economic development of the Certificates thus far. In cases of doubt, the Issuer reserves the right to determine the applicability of the adjustment rules in its reasonable discretion (in accordance with § 315 BGB) and in consideration of the market conditions then prevailing.
- (6) The adjustments and determinations of the Issuer pursuant to the paragraphs above will be effected by the Issuer in its reasonable discretion (in accordance with § 315 BGB) and will be published by the Issuer in accordance with § 3 of the General Conditions. Any adjustment and determination will be final, conclusive and binding on all parties, (except where there is a manifest error).]
- (7) The Issuer's termination right described in § 7 [a] [,] [or] [b] [or] [c] of these Special Conditions remains unaffected.]

*[if a Reference Portfolio constitutes the Underlying, add the following § 8a:*

- (1) If the Reference Portfolio is definitively no longer maintained, calculated and published by the Reference Portfolio Advisor but by another person, company or institution that the Issuer, in its reasonable discretion (in accordance with § 315 BGB) deems acceptable [and who assumes all obligations of the Reference Portfolio Advisor], (the "**Successor Reference Portfolio Advisor**"), the Issuer will be entitled to replace the Reference Portfolio Advisor by the Successor Reference Portfolio Advisor.

In such case, the Successor Reference Portfolio Advisor will be deemed to be the Reference Portfolio Advisor and each reference in these Terms and Conditions of the Certificates to the Reference Portfolio Advisor will be deemed to refer to the Successor Reference Portfolio Advisor.

- (2) Any changes in the calculation (including corrections) of the Reference Portfolio or of the composition or of the weighting of the Reference Portfolio components on which the calculation of the Reference Portfolio is based will not lead to an adjustment unless in the following cases:

If

- (a) the Reference Portfolio is abolished without substitution,

- (b) the formula and the method of the existing calculation or the composition of the Reference Portfolio is changed by the Reference Portfolio Advisor [or the Reference Portfolio Calculation Agent respectively] in a way that by determination by the Issuer the Reference Portfolio is no longer comparable with the existing Reference Portfolio,
- (c) the Reference Portfolio ist replaced for a virtual portfolio by the Reference Portfolio Advisor [or the Reference Portfolio Calculation Agent respectively] which is, regarding to the method of calculation or the composition of the Reference Portfolio by determination by the Issuer no longer comparable with the existing Reference Portfolio,
- (d) on the Calculation Day the Reference Portfolio Advisor [or the Reference Portfolio Clearing Agent respectively] is not able to conduct the calculation of the Reference Portfolio except for reasons which are a Market Disruption pursuant to § 6 para (3),

the Issuer will effect adjustments to these Terms and Conditions of the Certificates in a manner and relation that the Certificateholders will be in a financial position they were prior the adjustments pursuant to para (2). For adjustments, the Issuer, in its reasonable discretion (in accordance with § 315 BGB) determines an adjusted value of the Reference Portfolio and, with regard to the date of the change, the day, on which the adjusted value of the Reference Portfolio applies for the first time. The adjusted value of the Reference Portfolio as well as the date of its first appliance will be announced without undue delay pursuant to § 3 of the General Conditions.

- (3) In the event that the authorization of the Issuer [or] [of the Reference Portfolio Calculation Agent] to use the Reference Portfolio constituting the Underlying for the purposes of the Certificates is terminated or that the Reference Portfolio constituting the Underlying is terminated and/or replaced by another virtual portfolio, the Issuer will in its reasonable discretion (in accordance with § 315 BGB) determine, after having made appropriate adjustments according to the paragraph above, which index will be applicable in the future (the "**Successor Underlying**"). The Successor Underlying and the date it is applied for the first time will be published without undue delay in accordance with § 3 of the General Conditions.

Any reference in these Terms and Conditions of the Certificates to the Underlying will, to the extent appropriate, be deemed to refer to the Successor Underlying.

- (4) If the Issuer, in its reasonable discretion (in accordance with § 315 BGB), finds, for any reason whatsoever, that an adjustment or the determination of a Successor Underlying is not possible, the Issuer will, in its reasonable discretion (in accordance with § 315 BGB), provide for the continued calculation and publication of the Reference Portfolio used as Underlying on the basis of that calculation method, which has been used immediately prior to the adjustment or allocation of the Reference Portfolio, namely on the basis of the Reference Portfolio Components which have formed the Reference

Portfolio immediately prior to those adjustment or allocation, with the expectation of changes which have been designated within the scope of the calculation method for the determination of the Reference Portfolio in the case of the change of the composition of the Reference values by the Any such continuation will be published without undue delay in accordance with § 3 of the General Conditions.

- (5) The adjustments and determinations of the Issuer pursuant to the paragraphs above will be effected by the Issuer in its reasonable discretion (in accordance with § 315 BGB) and will be published by the Issuer in accordance with § 3 of the General Conditions. Any adjustment and determination will be final, conclusive and binding on all parties, except where there is a manifest error.
- (6) The Issuer's termination right described in § 7 a of these Special Conditions remains unaffected.]

*[In case of a Reference Portfolio as Underlying:*

**Annex to the Terms and Conditions of the Certificates**

***The Reference Portfolio***

[•]

## 4. TAXATION

### Taxation in Germany

The information about the German taxation of the Certificates issued under this Prospectus set out in the following section is not exhaustive and is based on current tax laws in force at the time of printing of this Prospectus, which may be subject to change at short notice and, within certain limits, also with retroactive effect.

As under this Programme different types of Certificates may be issued, the tax treatment of such Certificates due to the specific terms of such types can be different. Therefore, the following section only provides some very generic information on the possible tax treatment of various types of Certificates in Germany and, therefore, has to be read in conjunction with the more specific information on the taxation as provided in the relevant Final Terms of each tranche of Certificates. With regard to certain types of Certificates neither official statements of the tax authorities nor court decisions exist, and it is not clear how these Certificates will be treated. Furthermore, there is often no consistent view in legal literature about the tax treatment of Certificates, and it is neither intended nor possible to mention all different views in the following section. Where reference is made to statements of the tax authorities, it should be noted that the tax authorities may change their view even with retroactive effect and that the tax courts are not bound by circulars of the tax authorities and, therefore, may take a different view. Even if court decisions exist with regard to certain types of instruments, it is not certain that the same reasoning will apply to the Certificates due to certain peculiarities of such Certificates and, furthermore, the tax authorities may restrict the application of judgements of tax courts to the individual case with regard to which the judgement was rendered.

Moreover, the following section cannot take into account the individual tax situation of each investor. Therefore, we recommend that prospective investors ask their own tax adviser for advice on their individual taxation with respect to an acquisition, holding, sale and redemption of the Certificates. Only these advisers are in a position to duly consider the specific situation of the investor. The following statement is, therefore, limited to the provision of a general outline of certain tax consequences in Germany for investors.

#### I. German Tax Resident Persons

German tax resident persons are persons who are tax resident in Germany (in particular persons having residence, habitual abode, seat or place of management in Germany).

German tax resident persons are, in principle, subject to income taxation (income tax or corporate income tax, as the case may be) on their world wide income, regardless of its source, including interest from debt of any kind (such as the Certificates) and, in some cases, capital gains.

On the amount of income and corporate income tax respectively will be levied an additional solidarity surcharge (*Solidaritätszuschlag*) at a rate of 5.5%. Unless explicitly mentioned in the

following, the solidarity surcharge has to be considered in addition to income and corporate income tax respectively.

With regard to individuals holding the Certificates as private assets ("**Private Investors**"), also church tax may be levied, which is, however, not addressed any further in the following.

With regard to persons (individuals and corporate entities) holding the Certificates as business assets ("**Business Investors**" - together with Private Investors: "**Investors**"), church tax may also be levied.

#### (a) Taxation of Private Investors

With regard to income from capital investments (*Einkünfte aus Kapitalvermögen*), the taxation of Private Investors will change materially as from the assessment period 2009 (headword: flat rate withholding tax (*Abgeltungsteuer*)). Therefore, with regard to the taxation, it needs to be distinguished between the assessment period 2008 and the assessment periods as from 2009 onwards.

##### (aa) Assessment period 2008

In the assessment period 2008, a taxation of Private Investors with regard to the Certificates is possible as income from capital investments (*Einkünfte aus Kapitalvermögen* - section 20 of the German Tax Act ("**ITA**") - *Einkommensteuergesetz*) and as income from so-called private disposals (*private Veräußerungsgeschäfte* - sections 22, 23 ITA).

##### (aaa) Income from capital investments, section 20 para 1 no 7 ITA

According to section 20 para 1 no 7 ITA in its form applicable at the time of printing of this Prospectus, income from capital investments is subject to income tax if, according to the terms of the respective financial instrument, a repayment of the investment of the investor is promised or granted or interest payments are promised or granted, even in the case that the amount of interest owed to the investor depends upon an uncertain event. This applies, in principle, only to interest payments, but not to capital gains. The question whether the prerequisites of section 20 para 1 no 7 ITA are fulfilled with regard to the Certificates depends on the specific terms of the respective Certificate.

According to a circular of the Federal Ministry of Finance dated 27 November 2001 (BMF IV C 3 – S 2256 – 265/01), an investor investing in an index certificate where the index consists of shares is not subject to tax in accordance with section 20 para 1 no 7 ITA with its gains and losses derived from such an investment due to the movement of the underlying index if any payment to the investor with regard to the investment depends entirely upon the uncertain movement of the underlying index.

However, according to the German tax administration, such financial instruments generate taxable interest income in accordance with section 20 para 1 no 7 ITA if, without an explicit or implicit agreement, the repayment of the invested capital or the payment of a consideration is ensured due to the economic terms of the financial instrument. This view has been confirmed by the regional tax

office Rhineland (circular dated 5 March 2007) with regard to so-called REX-P certificates, which are, in principal, linked to a performance index reflecting the performance of German government bonds.

According to a recent decision of the German Federal Tax Court (decision dated 4 December 2007, VIII R 53/05) regarding index certificates which promise a partial repayment, only that part of a surplus from the sale of such certificate shall be taxable as income from capital investments which can be assigned to the guaranteed minimum repayment. To the extent the tax payer has taken the risk of a capital loss which has to be clearly determinable by its level of risk, a taxation comes into question only as income from private disposals (see (bbb) below).

Therefore, depending on the respective type of Certificate, the German tax administration may apply section 20 para 1 no 7 ITA to the Certificates with the reasoning that economically a partial redemption of the issue price is certain under the Certificates. The German tax administration might argue that such Certificates are economically designed such that a certain repayment of at least a part of the invested capital is guaranteed. In this case, payments under the relevant Certificates would be subject to German income tax in accordance with section 20 para 1 no 7 ITA.

Particular tax consequences may arise if the taxable Certificate can be qualified as a financial innovation (*Finanzinnovation*) under German tax law (e.g. Certificates to which section 20 para 1 no 7 ITA applies and in which case the amount of the proceeds depends upon an uncertain event or in which case the proceeds will be paid in different amounts or for different long periods). In the case of financial innovations, Private Investors will be subject to income tax with their income from the sale, transfer or redemption of the Certificates, to the extent such income corresponds with the yield (as determined upon the issuance of the Certificates) attributable to the holding period of the respective Private Investor reduced by the interest that has already been subject to income tax ("**Issue Yield**" – *Emissionsrendite*). In such a case, the taxable amount may exceed the actually realised capital gains, i.e. the difference between the consideration paid for the acquisition and the proceeds from the sale, transfer or redemption of the Certificates, and there will be a taxation even if the difference is negative, i.e. a capital loss has occurred. If there is no Issue Yield under the Certificate or if the Private Investor does not bring evidence concerning such Issue Yield, the realised capital gain is subject to income tax (the "**Market Yield**" – *Marktrendite*). In recent decisions the German Federal Tax Court (*Bundesfinanzhof*) has ruled that the taxpayer has no right to opt for either the Issue Yield or the Market Yield, but that the Market Yield will only then constitute the taxable base if the tax authorities have not been able to determine the Issue Yield. In the case the Market Yield is applied, capital losses can, in principle, be offset against other positive income.

(bbb) Income from private disposals (speculative gains), sections 22, 23 ITA

If a Certificate does not qualify as financial innovation, any gains from the sale, transfer or redemption of the Certificates realised by a Private Investor are, in principle, tax-free if the Private Investor has held the Certificates for more than one year. Accordingly, realised losses from such transaction cannot be offset against other positive income.



If the sale, transfer or redemption occurs within one year following the acquisition of the Certificates, any gains from such transaction are subject to income tax. Losses from such transaction can, in principle, only be offset against other positive income from private disposals within the meaning of section 23 ITA. Until the assessment period 2013, certain losses from private disposals, subject to section 23 para 3 sentence 9 and 10 ITA in the form of the Business Tax Reform Act 2008 (*Unternehmensteuerreformgesetz 2008*), can also be offset against income from capital investments in terms of section 20 para 2 ITA in the form of the Business Tax Reform Act 2008.

Particular tax consequences may arise if the Certificate qualifies as a financial innovation and the Issue Year is applied (see (aaa) above). In such a case, as described above, a difference may arise between the amount taxable as income from capital investments and the capital gain. If the capital gain exceeds the taxable amount, a taxation of the exceeding amount as income from private disposals may arise according to the preceding paragraphs.

(ccc) Withholding tax

If the Certificates are held in a custodial account maintained with a German branch of a German or non-German credit or financial services institution (the "**German Disbursing Agent**"), the German Disbursing Agents withholds German withholding tax on interest payments (including accrued interest (*Stückzinsen*)) at a rate of 30% plus 5.5% solidarity surcharge thereon (i.e. 31.65% in total). If the Certificates qualify as financial innovations (as set out above) and are kept in a custodial account maintained with a German Disbursing Agent, such German Disbursing Agent will generally withhold German withholding tax and solidarity surcharge also on capital gains: the tax deduction is calculated on the basis of the capital gain (see (aaa) above) if the Certificates have been kept in a custodial account with such German Disbursing Agent since the time of issuance and acquisition respectively; if that is not the case, the tax deduction is calculated on the basis of 30% of the proceeds from the sale or redemption of the Certificate. Where the Certificate is issued in a currency other than Euro, the difference will be computed in the foreign currency and will then be converted into Euro. The German Disbursing Agent may deduct the accrued interest paid by the Certificate-holder in the same calendar year when calculating the tax base for withholding tax purposes.

In general, no withholding tax will be levied if a Private Investor has filed a withholding tax exemption certificate (*Freistellungsauftrag*) with the German Disbursing Agent, but only to the extent the interest income and other taxable income from capital investments do not exceed the amount shown on the filed withholding tax exemption certificate. Similarly, no withholding tax will be deducted if the Private Investor has submitted to the German Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the relevant local tax office.

On income from private disposals, there will be no German withholding tax.

(ddd) Miscellaneous

When calculating the income from capital investment, a lump-sum of tax allowable expenses in the amount of 51 EUR and the savers tax-free amount (*Sparer-Freibetrag*) in the amount of 750 EUR

(respectively 102 EUR and 1,500 EUR in the case of jointly assessed husband and wife) can be deducted.

If the total gain from private disposals within one calendar year is less than 600 EUR, such gain is tax-free.

If a Private Investor has taxable income from capital investments and/or private disposals, such income will be taxed within the assessment procedure with the individual tax rate of this Private Investor (max. 47.475% including solidarity surcharge). German withholding tax withheld will be credited as prepayment against the income tax. If the withheld German withholding tax exceeds the income tax, the difference will, in general, be refunded within the assessment procedure.

(bb) Assessment period 2009 et. seq.

As from the assessment period 2009 onwards, the ITA provides for a revised section 20 para 1 no 7 ITA, so that as from this assessment period financial instruments already fall under the scope of section 20 para 1 no 7 ITA if the repayment of the invested capital or a consideration for the capital commitment is actually paid. Therefore, as from the assessment period 2009 onwards, also so-called full risk certificates and thus the Certificates irrespective of the specific terms will fall under the scope of this provision.

(aaa) Current earnings (section 20 para 1 no 7 ITA)

Current earnings (e.g. interest and bonus payments) will qualify as interest income from capital investments according to section 20 para 1 no 7 ITA.

(bbb) Capital gains/losses (section 20 para 2 sentence 1 no 7 ITA)

However, capital gains and losses will, in principle, no longer be taxed as income from private disposals and the taxation will no longer depend on the period the Certificates have been held by the Private Investor. The qualification as financial innovation will, subject to the grandfathering rules set out in (ccc) below, be no longer of relevance as from the assessment period 2009 onwards.

Capital gains will rather be taxable as income from capital investments according to section 20 para 2 sentence 1 no 7 ITA irrespective of the holding period. Capital losses can only be offset against other positive income from capital investments or, to the extent there is no (sufficient) positive income from capital investments, can be carried forward to subsequent assessment periods. If the capital losses result from capital investments which are subject to German withholding tax (see (ddd) below), further prerequisites have to be fulfilled for any set-off (see section 20 para 6 sentence 6 ITA in the form of the Business Tax Reform Act 2008).

Capital gains and losses respectively will be determined based on the difference between (a) the proceeds from the sale after deducting the expenses which are directly and factually connected to the sale transaction and (b) the acquisition costs, whereby redemption, repayment, transfer or hidden contribution into a corporate entity does also qualify as sale.

(ccc) Grandfathering

With regard to Certificates which have been acquired before 1 January 2009, certain grandfathering provisions apply to the Certificates depending on their specific terms so that there might be a taxation as described under (aa) above even after 31 December 2008. With regard to Certificates which qualify as financial innovation (see (aa) (aaa) above), the new rules will apply irrespective of the time of acquisition as from 1 January 2009. However, with regard to full risk Certificates which do not fall under the scope of section 20 para 1 no 7 ITA at the time of printing of this Prospectus (see (aa) (aaa) above) and which have been acquired after 14 March 2007, it is decisive whether the Private Investor receives the proceeds from the sale before 1 July 2009. In this case, the taxation of capital gains and capital losses will be as set out in (aa) (bbb) above. If the Private Investor receives the proceeds after 30 June 2009, the new rules (see (bb) (bbb) above) will also apply to full risk Certificates. If the full risk Certificates have been acquired before 15 March 2007, the new rules will not apply at all.

(ddd) Withholding tax

As from 1 January 2009 onwards, securities trading businesses (*Wertpapierhandels-unternehmen*) and securities trading banks (*Wertpapierhandelsbanken*) do also qualify as German Disbursing Agent. Current earnings disbursed by the German Disbursing Agent will still be subject to German withholding tax and solidarity surcharge thereon; the tax rate, however, will be reduced to 25% (i.e. 26.375% including solidarity surcharge). Furthermore, all capital proceeds from capital gains which the Private Investor receives after 31 December 2008 will also, in general, be subject to German withholding tax. The assessment of the tax deduction in the case of capital gains corresponds to the assessment of the tax deduction in the case of financial innovations in the assessment period 2008 (see (aa) (ccc) above).

The principle that no withholding tax will be deducted to the extent the Private Investor has filed a withholding tax exemption certificate with the German Disposing Agent or has submitted to the German Disbursing Agent a certificate of non-assessment (see (aa) (ccc) above) will still apply.

(eee) Miscellaneous

When calculating the income from capital investment, the savers lump-sum amount (*Sparer-Pauschbetrag*) in the amount of 801 EUR (respectively 1,602 EUR in the case of jointly assessed husband and wife) can be deducted. The deduction on the actual income-related expenses is, in general, excluded.

As from the assessment period 2009 onwards, income from capital investments is, in general, subject to the specific tax rate for income from capital investments of 25% (26.375% including solidarity surcharge). If there is a deduction of German withholding tax, the income tax is compensated (flat rate withholding tax - *Abgeltungsteuer*); a taxation within the assessment period does not occur in such a case.

In certain cases, in particular if no German withholding tax, has been deducted, income from capital investments will still be taxed within the assessment procedure. In general, the specific tax rate for income from capital investment does also apply in such cases.

Income from private disposals (and in certain cases, deviating from the preceding paragraph, also income from capital investments, e.g. upon application if this will result in a lower income tax) will be taxed within the assessment procedure with individual tax rate of the Private Investor (max. 47.475% including solidarity surcharge).

#### (cc) Physical Delivery

If the Certificates provide for a physical delivery of bonds, shares, interests in funds or other interests or assets, the Certificates may qualify as convertible, exchangeable or similar instruments. In this case, a Private Investor may be taxable with capital gains achieved due to the conversion. Furthermore, capital gains received from an on-sale of the bonds, shares, interests in funds or other interests or assets may be taxable.

On 28 April 2008 the German legislator published a first draft of the Annual Tax Act 2009 (*Jahressteuergesetz 2009*). This draft provides that in the case of capital investments (Certificates) in terms of section 20 para 1 no 7 ITA which provide that the investor may request a pre-determined number of shares, or that the issuer may deliver these shares, in lieu of a repayment of principal, the consideration paid for the acquisition of the investment (Certificate) shall be regarded as sales price and at the same time as acquisition costs for the received shares. The wording is limited to the delivery of shares and to cases where the number of shares is pre-determined. As it is only a first draft and the parliamentary proceedings have not been completed, it is not yet reliably foreseeable if, when and in which form the bill will be passed and what impact this will have on cases of a physical delivery.

#### (b) Taxation of Business Investors

In the case of Business Investors, payments under the Certificates and capital gains from a disposal or redemption of Certificates will be subject to corporate income tax or income tax, as the case may be, and potentially trade tax, regardless of whether or not the Certificates are sold or redeemed within one year after their acquisition.

If instead of a cash-settlement at maturity of a Certificate a physical delivery of bonds, shares, interests in funds or other interests or assets, takes place, such delivery will be regarded as taxable sale of the Certificate and the corresponding capital gain will be subject to corporate income tax or income tax, as the case may be, and potentially trade tax.

If and to the extent German withholding tax has been deducted, it will be credited as prepayments against the income tax or corporate income tax, as the case may be. If the tax withheld exceeds the respective income or corporate income tax, the difference will, in general, be refunded within the tax assessment procedure.

#### (c) Application of the tax provisions of the German Investment Tax Act

Under certain circumstances, in particular if the Certificates provide for a physical delivery of interests in German or foreign investment funds, the Certificates may qualify as an interest in an investment fund.

Should the Certificates be regarded as an interest in an investment fund, the Investment Tax Act (*Investmentsteuergesetz*) may apply and Investors may be subject to tax with fictitious profits. The German Investment Tax Act may also apply in respect of the assets which have been physically delivered.

## **II. Non-resident Persons**

Persons who are not tax resident in Germany are not subject to tax with regard to the interest payments under the Certificates unless the income under the Certificates qualifies as taxable German source income according to section 49 ITA, e.g. because the Certificates are held as business asset (*Betriebsvermögen*) of a German permanent establishment (including a permanent representative) which is maintained by the holder of the Certificates. If a non-resident person is subject to tax with its income earned under the Certificates, in principle, similar rules (including withholding tax rules) are applicable as set out above with regard to German tax resident persons.

## **III. Inheritance and Gift Tax**

Inheritance or gift taxes with respect to any Certificate will, in principle, arise under German law if, in the case of inheritance tax, either the decedent or the beneficiary or, in the case of gift tax, either the donor or the donee is a resident of Germany or if such Certificate is attributable to a trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. In addition, certain German expatriates will be subject to inheritance and gift tax.

The Federal Constitutional Court (*Bundesverfassungsgericht*) ruled on 31 January 2007 that the inheritance or gift tax law as currently enacted is unconstitutional as it ties in with values which are in some cases materially below market value of the assets. In view of the Federal Constitutional Court the valuation rules have to assure that all assets are assessed nearly with market value.

The German legislator, therefore, intends an inheritance tax reform, which might have an impact on inheritance and gift tax in conjunction with the Certificates. The current draft does not affect the personal tax liability as set out above; however, as the parliamentary proceedings have not been completed, it is not yet reliably foreseeable if, when and in which form the bill will be passed.

## **IV. EU Savings Tax Directive**

On June 3 June 2003 the council of the European Union passed the EC Council Directive 2003/48/EC on the taxation of savings income. Under the provisions of this directive, each member state of the European Union (each a "**Member State**") is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid to an individual resident in that other Member State. Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over

time to 35%. The directive has been implemented in Germany by the so-called Interest Information Regulation (*Zinsinformationsverordnung*), which came into effect on 1 July 2005 and introduced a reporting procedure with regard to interest payments made to individuals resident in other Member States (and certain dependent or associated territories) according to section 9 of the Interest Information Regulation. This procedure may also apply to the Certificates depending on their respective terms and conditions. The reporting procedure provides that a domestic paying agent (*Zahlstelle*) is under a duty to provide certain information to the Federal Central Tax Office (*Bundeszentralamt für Steuern*), in particular with regard to the identity and residence of the beneficial owner, name and address of the paying agent, account number of the beneficial owner or, where there is none, identification of the debt claim giving rise to the interest, the total amount of interest or income and the total amount of proceeds from sale, refund or redemption. The Federal Central Tax Office will forward this information to the competent authority of the Member State, where the beneficial owner is resident.

*[If applicable, insert additional or specific information about taxation of the actual product: [●]]*

## **5. BUSINESS OVERVIEW OF DRESDNER BANK AND THE DRESDNER BANK GROUP**

### **History and Development of the Issuer**

Dresdner Bank Aktiengesellschaft emerged in 1957 from the reunification of three independent banks (Hamburger Kreditbank AG, Rhein-Ruhr Bank AG and Rhein-Main Bank AG), which had been formed in 1952 as successor companies of Dresdner Bank, Berlin, itself founded in 1872 in Dresden. Dresdner Bank is incorporated under German law as a stock corporation (Aktiengesellschaft) for an unlimited period of time. Its registered office is in Frankfurt am Main. The Bank has been entered in the register of companies of the District Court in Frankfurt am Main under the registration number HRB 14000. The office address is Jürgen-Ponto-Platz 1, 60301 Frankfurt am Main (Germany) and the telephone number is +49 69 263-0.

Since its acquisition by Allianz SE, Munich, in 2001 Dresdner Bank has been a wholly-owned subsidiary of Allianz. The Bank's shares are held indirectly by Allianz.

### **Objectives of Dresdner Bank**

The objectives of Dresdner Bank, as established in clause 2 of the Articles of Association, are the transaction of banking business of all kinds as well as the provision of financial, advisory and similar services.

To the extent permitted by law, Dresdner Bank may carry on all business that is conducive to meeting the objectives of Dresdner Bank, including the purchase, management and disposal of real estate, the acquisition of interests in other companies, as well as the formation and acquisition of such companies, and the establishment of branches in Germany and abroad.

Dresdner Bank is authorized to carry on its business activities through subsidiaries, affiliates or joint-venture companies and to conclude enterprise and cooperation agreements with other companies.

### **Business Overview**

Dresdner Bank Group provides private, corporate and institutional clients within Germany and abroad with a broad range of banking products and financial services. These include loans and deposits, securities and custody services, payment transactions and the trading and capital market business. The bank operates and distributes its services and products primarily through 1,074 branch offices, of which 1,019 are located in Germany and 55 abroad. As of December 31, 2007, the bank had 31,198 employees. Based on total assets as of December 31, 2007, it is one of the leading commercial banks in Germany. As a subsidiary of Allianz, which, together with its subsidiaries, is an international and integrated financial services provider, offering insurance, banking and asset management products and services, the Bank represents the centre of the banking competence of the Allianz Group. As part of the Allianz Group, Dresdner Bank also engages in bancassurance activities and distributes life, health and non-life insurance products.

## Operations by Division

While Dresdner Bank focuses on selected geographic regions worldwide, Germany is its primary market. The Group conducts its operations through the two divisions Private & Corporate Clients and Investment Banking. These divisions are supplemented by the Business Services and Corporate Functions segments. This structure reflects the decision taken in 2006 to combine the Bank's middle-market business with the activities of its former Private & Business Clients division and to manage the combined activities in the renamed Private & Corporate Clients division. Moreover, the Bank's business with large publicly-traded companies and groups with capital market potential, which was previously managed by the former Corporate Banking division, was bundled with the activities of the Bank's former Dresdner Kleinwort division in the new Investment Banking division. The new organisational structure became effective from the beginning of fiscal year 2007. The reporting structure has been adjusted accordingly.

- Private & Corporate Clients includes the customer offerings of Personal Banking, Private & Business Banking, Corporate Banking, and Private Wealth Management. Personal Banking offers private clients personalised financial solutions comprising products for asset accumulation, financing, retirement provision and insurance. Private Banking's offering comprises individual asset management for high net worth private clients, including retirement provision and financing concepts, as well as financial and asset planning. Business Banking offers its business clients integrated advice on their personal and business finances. For clients with substantial, complex assets, Private Wealth Management offers support and end-to-end advisory services provided by research teams and a global network of experts. Corporate Banking operates in the area of traditional commercial business with corporate clients. Its range of services includes lending and deposits, foreign commercial business, securities and payments, including related e-business activities. Private & Corporate Clients operates in both Germany and major European financial centres.
- Investment Banking combines the capital markets business activities of the former Dresdner Kleinwort division and the business with large publicly-traded companies and groups with capital market potential previously handled by the former Corporate Banking division. Under its Dresdner Kleinwort brand name, Investment Banking offers a wide range of investment banking services in its two areas of Global Banking and Capital Markets. Global Banking advises corporate clients, financial investors and public-sector clients. Its services offering includes strategic consulting, mergers & acquisitions, equity finance, credit finance, structured and securitised finance, trade finance and cash management. Capital Markets offers its expertise in placements, trading and research primarily to institutional clients, including pension funds, asset managers and alternative asset managers.
- Business Services consists of Information Technology, Operations, Administration, Human Resources and Legal business support service units. Apart from restructuring charges, the costs incurred by these service units are allocated to the divisions using product- and volume-related algorithms.
- Corporate Functions consists of the costs of those functional areas that have a Group management role (Finance/Compliance, Risk Management/Risk Control and the units reporting



directly to the CEO, such as Group Coordination, Internal Audit and Corporate Communication). These costs, apart from restructuring charges, are allocated in full to the divisions during internal cost allocation. In addition, the segment includes the profit from capital management and Treasury operations as well as the Bank's financial investment portfolio. The segment also comprises consolidation adjustments and specific reconciliation items to the overall Group earnings measures. Among other things, these include gains and losses from the application of the accounting standard IAS 39 to the banking book and expenses for certain projects affecting the Bank as a whole.

In March 2008, Dresdner Bank resolved to operate its business with private and corporate clients in a separate legal entity in order to provide the bank with the flexibility to facilitate future strategic options.

### Key Data by Division / Segment

The following table sets forth Dresdner Bank Group's operating income, operating profit as well as profit before tax by division for the years ended December 31, 2007 and 2006:

	Year Ended December 31,					
	2007 (audited)			2006 <sup>(2)</sup> (audited)		
	Operating Income <sup>(1)</sup>	Operating Profit	Profit before tax	Operating Income <sup>(1)</sup>	Operating Profit	Profit before tax
	€ m	€ m	€ m	€ m	€ m	€ m
Private & Corporate Clients	3,625	884	878	3,624	783	698
Investment Banking	1,628	(659)	(759)	3,111	549	422
Business Services	(4)	(20)	(35)	16	(64)	(66)
Corporate Functions	197	505	759	62	82	150
Total	5,446	710	843	6,813	1,350	1,204

(1) Consists of net interest income, net fee and commission income, net trading income and other operating income. Operating income is a measure used by management to calculate and monitor the activities and operating performance of divisions and segments. This measure is used by other banks, but other banks may calculate operating income on a different basis and accordingly their use of the term may not be comparable to operating income as used herein.

(2) The reporting reflects the organisational changes within Dresdner Bank that took effect beginning in 2007. Prior year balances have been adjusted accordingly to reflect the organisational and methodological changes and to allow for comparability across periods.

## Key Data by Geographic Region

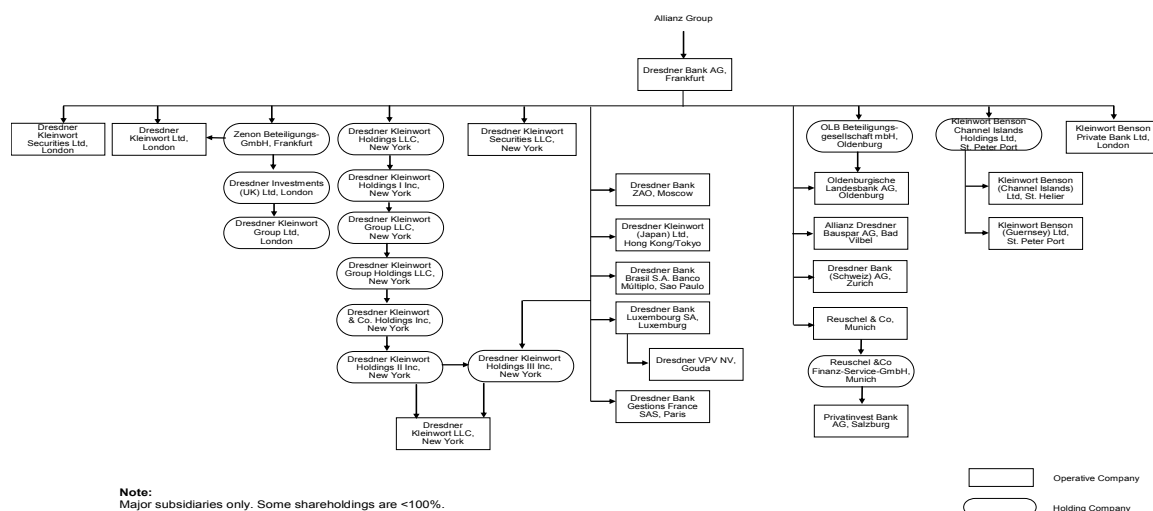
The following table sets forth the Group's operating income, operating profit and profit before tax by geographic region for the years ended December 31, 2007 and 2006:

	Year Ended December 31,					
	2007 (unaudited)			2006 (unaudited)		
	Operating Income <sup>(1)</sup>	Operating Profit	Profit before tax	Operating Income <sup>(1)</sup>	Operating Profit	Profit before tax
	€ m	€ m	€ m	€ m	€ m	€ m
Germany	4,438	1,590	1,815	4,313	841	585
Rest of	343	(1,061)	(1,112)	1,728	176	313
NAFTA <sup>(2)</sup>	433	74	31	560	251	225
Rest of	232	107	109	212	82	81
Total	5,446	710	843	6,813	1,350	1,204

(1) Consists of net interest income, net fee and commission income, net trading income and other operating income. Operating income is a measure used by management to calculate and monitor the activities and operating performance of divisions and segments. This measure is used by other banks, but other banks may calculate operating income on a different basis and accordingly their use of the term may not be comparable to operating income as used herein.

(2) Comprising countries that are party to the North American Free Trade Agreement (the United States, Canada and Mexico).

## Major Subsidiaries of Dresdner Bank Group



## Competition

The Group is subject to competition from both banks and other financial services companies and, in some of its activities, from government agencies. Substantial competition exists among a large number of commercial banks, savings banks, other public sector banks, brokers and dealers, investment banking firms, insurance companies, investment advisors, mutual funds and hedge funds to provide the types of banking products and services that the Group offers in its operations.

## No Material Adverse Change in the Prospects

Since December 31, 2007, the date of the Group's last published audited financial statements, there has been no material adverse change in the prospects of the Group or the Issuer.

## Contingent Liabilities and Other Commitments

The table below shows the Group's contingent liabilities and other commitments as of December 31, 2007 and December 31, 2006:

	December 31, 2007	December 31, 2006
	€ m	€ m
<b>Contingent liabilities</b>	18,683	18,632
<i>Of which: on guarantees and warranties</i>	18,683	18,632
<b>Other commitments</b>	37,637	46,347
<i>Of which: irrevocable loan commitments</i>	37,635	46,344

More information on the Group's contingent liabilities and other commitments as well as other financial commitments can be found in Notes 43 and 44, respectively, to the consolidated financial statements of Dresdner Bank Group for fiscal year 2007.

## Capital and Shares

The subscribed capital of the Bank as of December 31, 2007 amounted to EUR 1,502,972,205.80 divided into 578,066,233 ordinary shares in registered form, with a notional no-par value. The right of shareholders to certification for their shares is excluded.

Dresdner Bank's subscribed capital is fully paid-up.

Dresdner Bank has no outstanding securities representing a conversion right or option on Dresdner Bank shares. In particular, no warrants or convertible bonds have been issued.

Dresdner Bank's entire share capital is owned by the Allianz Group. In July 2007, Dresdner Bank repurchased 40,809,084 of its own shares, reducing the number of outstanding shares to 537,257,149. The own shares acquired do not carry voting rights (see also Note 35 to the consolidated financial statements of Dresdner Bank Group for fiscal year 2007).

## Audit of the Financial Statements

The financial statements of the Bank and the consolidated financial statements for the financial years 2006 and 2007 were audited by KPMG, Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Marie-Curie-Strasse 30, 60439 Frankfurt/Main (Germany). Unqualified auditor's reports were issued on the financial statements of Dresdner Bank as well as on the consolidated financial statements of Dresdner Bank Group. KPMG is member of the Institut der Wirtschaftsprüfer e.V., Dusseldorf, (Germany) (the "IDW") and the Wirtschaftsprüferkammer.

## General Meetings of Shareholders

The general meetings of shareholders are convened by the Board of Managing Directors

(Vorstand) or by the Supervisory Board (Aufsichtsrat). Each share, except for own shares held by Dresdner Bank, is entitled to one vote at the general meeting.

The resolutions of the general meeting of shareholders are passed, unless the Articles of Association or mandatory provisions of the German Stock Corporation Act (Aktiengesetz) provide otherwise, by a simple majority of votes cast. A particular exception is a resolution to dissolve the Bank which requires a majority of four-fifths of the votes cast and a majority of three-quarters of the subscribed capital.

### **Financial Year**

The financial year is the calendar year.

### **Management**

In accordance with the German Stock Corporation Act, the Bank has a Supervisory Board and a Board of Managing Directors. The two Boards are separate and no individual may be a member of both at any one time.

According to the Articles of Association, the Board of Managing Directors must consist of two or more members. The actual number of Managing Directors is determined by the Supervisory Board. There are nine members, as listed below:

<b><u>Member</u></b>	<b><u>Responsibility</u></b>
Dr. Herbert Walter	Chairman of the Board of Managing Directors, CEO Functions
Dr. Andreas Georgi	Private & Corporate Clients, (Advisory & Sales)
Franz Herrlein	COO, Chief Operating Officer
Dr. Stefan Jentzsch	Investment Banking
Wulf Meier	CHRO, Human Resources
Andree Moschner	Private & Corporate Clients, (Clients & Products); Banking Services, Group Legal
Klaus Rosenfeld	CFO, Finance / Controlling, Compliance, Corporate Investments
Otto Steinmetz	CRO, Risk Management / Risk Control
Dr. Friedrich Wöbking	CITO, Information Technology

The Board of Managing Directors must report regularly to the Supervisory Board, in particular on proposed business policy and strategy, on profitability and on the current business of the Bank as well as on any exceptional matters which may arise from time to time.

According to the Articles of Association, the Supervisory Board consists of 20 members. The members are:

Michael Diekmann	Chairman of the Board of Managing Directors of Allianz SE, Munich, Chairman
Claudia Eggert-Lehmann	Dresdner Bank AG, Dortmund, Deputy Chairman*)
Dr. Olaf Berlien	Member of the Board of Managing Directors of ThyssenKrupp AG, Dusseldorf
Gunnar de Buhr	Dresdner Bank AG, Hamburg*)
Thomas Fröhlich	Dresdner Bank AG, Frankfurt am Main*)
Christian Höhn	Dresdner Bank AG, Munich*)
Stefan Jennes	Dresdner Bank AG, Dusseldorf*)
Prof. Dr. Edward G. Krubasik	Munich
Dr. Dietmar Kuhnt	RWE AG, Essen
Frank Lehmhagen	ver.di Vereinte Dienstleistungsgewerkschaft, Berlin*)
Dr. Hartmut Mehdorn	Chairman of the Board of Managing Directors of Deutsche Bahn AG, Berlin
Prof. Hans Georg Näder	Managing Partner of Otto Bock Holding GmbH & Co. KG, Duderstadt
Dr. Helmut Perlet	Member of the Board of Managing Directors of Allianz SE, Munich
Dr. Bernd Pischetsrieder	Volkswagen AG, Wolfsburg
Konrad Remmele	Dresdner Bank AG, Frankfurt*)
Wolfgang Spauszus	Dresdner Bank AG, Goettingen*)
Margit Schoffer	Dresdner Bank AG, Aalen*)
Professor Dennis J. Snower, Ph.D.	President of the Kiel Institute for the World Economy, Kiel
Uwe Spitzbarth	ver.di Vereinte Dienstleistungsgewerkschaft, Berlin*)
Dr. Bernd W. Voss	Frankfurt am Main

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\*) Members of the Supervisory Board representing the employees.

A member of the Supervisory Board elected by the shareholders may be removed by the shareholders by a majority of at least three quarters of the votes cast at a general meeting of shareholders. A member of the Supervisory Board elected by the employees may be removed by a majority of at least three quarters of the votes cast by the employees entitled to vote. The Supervisory Board appoints a Chairman and a Deputy Chairman from amongst its members. At least half of the members of the Supervisory Board must be present to constitute a quorum. Unless otherwise provided for by law or the Articles of Association, resolutions are passed by a simple majority of the Supervisory Board. In the event of a tie, another vote is held and the Chairman (who is, in practice, always a representative of the shareholders) then has a casting vote.

### **Conflicts of Interest**

Some members of Dresdner Bank's Executive Board and Supervisory Board also serve on the management boards or supervisory bodies of other companies. A non-exhaustive list of such duties can be found in the notes to the consolidated financial statements of Dresdner Bank Group for fiscal year 2007 under Item 54 for the members of the Supervisory Board and Item 55 for the members of the Executive Board. This means that potential conflicts between these members' obligations to Dresdner Bank and their private interests or other obligations cannot be completely ruled out. Dresdner Bank is confident that its internal corporate governance practices and the relevant statutory provisions ensure that any conflicts of interest of the type described above are disclosed.

The business address of the Bank's members of the Board of Managing Directors and Supervisory Board is: Dresdner Bank AG, Jürgen-Ponto-Platz 1, 60301 Frankfurt am Main (Germany).

### **Legal Proceedings**

Except as stated below neither Dresdner Bank nor its subsidiaries are involved in any other governmental, administrative, legal or arbitration proceedings which could have, or have had in the last twelve months, a significant adverse effect on Dresdner Bank's and/or Dresdner Bank Group's financial position or profitability and, to the best of Dresdner Bank's knowledge, no such proceedings are pending or threatened.

#### *Class Actions*

In the United States of America class action lawsuits have been filed against Dresdner Bank, further credit institutions and other enterprises in connection with the purported support of the former Apartheid regime in South Africa. Dresdner Bank is a defendant in two such lawsuits which, together with other cases, have been consolidated in December 2002 and June 2003, respectively, in the United States District Court, Southern District of New York. The plaintiffs allege that the defendant credit institutions and other enterprises provided funds, technology and equipment to a system known as Apartheid enabling it to commit crimes against humanity between 1948 and 1993. The plaintiffs seek unspecified compensatory and punitive damages and other relief from the defendants such as the establishment of an independent historical commission. The court proceedings are ongoing.

In December 2004 descendants of Armenian nationals filed a class action against Dresdner Bank and another German credit institution in California. The class action focused on the business

activities of the former Deutsche Orientbank AG in the Ottoman Empire at the end of the 19th/beginning of the 20th century. Deutsche Orientbank AG was later merged into Dresdner Bank AG. The plaintiffs allege that the Deutsche Orientbank AG failed to return deposits of Armenian nationals to its customers and accepted gold deposits from the then Turkish government knowing that the gold was stolen from members of the Armenian ethnic group. The claim was dismissed at first instance in August 2005 and refiled in California in January 2006.

#### *SAirGroup*

The liquidator of SAirGroup filed actions to rescind payments of SAirGroup to Dresdner Bank in summer 2001 in an aggregate amount of EUR 76 million. To the extent known to Dresdner Bank the payments of SAirGroup have not been made with the intent to give preference to Dresdner Bank and to prejudice other creditors. As of today the claim seems to be without merit.

#### *Philipp Holzmann AG*

In 2002 Philipp Holzmann AG filed an insolvency petition. The insolvency administrator alleged extra-judicial claims against a banking syndicate in which Dresdner Bank holds a participation of less than 6%. The banking syndicate and insolvency administrator settled the claims in 2007 and Dresdner Bank made its settlement payment in December 2007. The settlement payment had no material impact on the situation or performance, financial or otherwise, of the Dresdner Bank Group.

### **No Significant Adverse Change in the Financial Position**

Since December 31, 2007, the last day of the financial period in respect of which the most recent audited financial statements of the Dresdner Bank Group have been published, there has been no significant adverse change in the financial position of the Group, save as disclosed under "Recent Developments – First Quarter Ended March 31, 2008 Compared to First Quarter Ended March 31, 2007".

### **Outlook**

#### *Macroeconomic Development*

2008 is expected to be dominated by pronounced expansive and recessive economic forces. While significant positive momentum is expected to emanate from emerging markets in 2008, the pronounced weakness of the U.S. economy and the ongoing turbulence on the financial markets are slowing down the world economy. In the first half of 2008, growth in the U.S. is likely to almost come to a complete halt and even a slight contraction cannot be ruled out. The economic recovery programme launched by the U.S. government is expected to start taking effect during the second quarter. As a result of financial stimuli and the successive interest rate cuts, the American economy could gradually stabilise again in the second half of 2008.

Economic expansion in Europe and Germany is expected to continue in 2008, albeit at a reduced rate of 1.5 to 2%. This is an encouraging development given the negative factors such as the liquidity crisis and loss of confidence in the financial markets, high oil prices and the expensive euro. Momentum from exports will likely continue to lessen. However, prospects for a pick-up in domestic demand within European countries are good, especially in Germany. According to the



Group's expectations, private consumption should become the economic driver for the German economy in 2008, despite the impact of increased energy costs. This expectation is based on the labour market: the Group expects that unemployment will fall to 3.3 million this year. This would be approximately 500,000 fewer unemployed individuals than in 2007 and 1.2 million fewer than in 2006 – a bright spot in what is likely to be a difficult global economic environment.

Uncertainties, especially regarding economic development in the U.S., mean that high volatility is likely to continue in the financial markets. A lasting recovery of stock markets can only be expected once worries of a recession subside. More upbeat economic forecasts could lead to a slight narrowing of the spreads for corporate bonds, which have widened substantially. However, the Group expects that the low spreads seen before the beginning of the financial market crisis are not likely to occur again in the foreseeable future.

Risk avoidance measures have increased the demand for government bonds and driven up their prices. The associated low yields are expected to continue as long as the economic outlook is subdued. However, the Group is expecting an upturn in yields later in the year – especially as the risks to price stability will not lessen. Although the Group expects that last year's strong price increases will subside in 2008, the more expansive monetary policy and increasing prices in the emerging markets could lead to a global upturn in inflation rates in the longer term.

#### *Sector Developments*

Banks will continue to feel the impact of the crisis in the financial markets in 2008. Systematic handling of the crisis is vital for restoring confidence and thus for a return to normalcy in the markets. However, banks are no longer simply faced with the task of remeasuring their portfolios of U.S. mortgage loans. The repricing of risk now affects a large number of assets due to the deterioration in the economic outlook, the crisis at the monoline insurance companies, as well as the slump of stock markets in the beginning of 2008. However, the Group expects that the markets will recognise the efforts made by banks as well as the supporting measures implemented by central banks and governments, and that the considerable uncertainty that still dominated in the first quarter of 2008 will subside as the year progresses.

Market conditions are not expected to return to previous years' levels in the near future. The correction to risk premium – in itself a welcome development – is expected to continue. The securitisation markets will also take some time to win back investors' lost trust. Overall, capital market activities in 2008 are likely to be significantly below previous years' levels, including securitisations, mergers & acquisitions advisory business and LBO finance activities. This is likely to affect business in Investment Banking in particular.

In contrast, the Group expects the rest of the lending and deposits business to again be relatively robust in 2008. This should apply to Germany in particular, which remained unaffected by the exuberance of the real estate and credit markets. Accordingly, borrowers' financial conditions generally remain solid. This business is also likely to remain robust because the uncertainty dominating the capital markets has increased the attractiveness of conservative forms of investment.

### *Business Developments at Dresdner Bank*

As an international financial services company, the business activities of the Group are highly dependent on capital and credit market conditions. This is clearly reflected in the significant write-downs due to the financial market crisis. The Group expects the effects of this crisis to carry over into the current year. This will entail risks for business and earnings development in 2008. Nonetheless, the Group believes the state of the credit markets will ease again towards the end of the year.

The Group's assessments of its future business development are based on projections and forecasts. These incorporate comprehensive and current information, such as publicly available market data and macroeconomic parameters, as well as economic forecasts by respected economic institutes and associations. As a matter of principle, it cannot be ruled out that ongoing uncertainties or unforeseeable volatility on the financial markets will have a corresponding effect on the income of the Group. This includes, among other things, a deterioration in certain indices (ABX Index, credit risk index, etc.), the ongoing illiquidity of certain product groups and possible difficulties regarding credit and bond insurance companies (monoliners). An unexpected worsening of the macroeconomic environment could also lead to less positive business and earnings development. It is not yet possible to fully assess the repercussions of the crisis affecting the credit markets. Furthermore, it must also be noted that national and international changes in legislation, particularly in relation to tax regulations, may also lead to deviations from the forecasts.

Against the background of the uncertainties and risks described, fiscal year 2008 is difficult to predict for the Group.

### **Recent Developments**

In March 2008, Dresdner Bank resolved to operate its business with private and corporate clients in a separate legal entity in order to provide the bank with the flexibility to facilitate future strategic options.

On March 18, 2008, Dresdner Bank and K2 Corporation ("K2") entered into agreements through which Dresdner Bank will provide support facilities to the structured investment vehicle, K2. The agreements, which provide for a U.S.\$1,500,000,000 committed revolving mezzanine credit facility and a 'backstop' facility, follow the announcement by Dresdner Bank on February 21, 2008 that it intended to offer support to K2.

The mezzanine credit facility provides K2 with immediate additional liquidity, allowing K2 to draw-down funds for terms up to the maturity date of its longest dated senior debt obligations. Under the terms of the backstop facility, Dresdner Bank has undertaken to provide to K2 firm prices at which it will purchase assets from K2 in the event that K2 is unable to obtain better prices for such assets on the open market. The aggregate of such prices provided by Dresdner Bank will at all times equate to an amount that ensures K2 has sufficient funds to repay its senior debt in full. Both facilities may be utilised in certain credit-related events. In connection with the provision of the support facilities, the Dresdner Bank Group consolidated K2 as of March 18, 2008. For more information concerning the structured investment vehicle K2, see Financial Report of the Dresdner Bank Group for fiscal year 2007 – Management Report – section "Effects of the Financial Crisis".

**First Quarter Ended March 31, 2008 Compared to First Quarter Ended March 31, 2007**

The following table shows the Dresdner Bank Group's unaudited interim consolidated income statement for the three months ended March 31, 2008 and March 31, 2007.

	Three Months Ended March 31,	
	2008	2007
	€ m	€ m
Net interest and current income .....	683	929
Net fee and commission income .....	604	789
Net trading income .....	(509)	343
Other operating income .....	0	0
<b>Operating income</b> .....	<b>778</b>	<b>2,061</b>
Administrative expenses .....	(1,159)	(1,358)
Other operating expenses .....	(6)	2
<b>Operating expenses</b> .....	<b>(1,165)</b>	<b>(1,356)</b>
Loan impairment losses .....	(10)	7
<b>Operating profit/(loss)</b> .....	<b>(397)</b>	<b>712</b>
Net income from financial investments .....	43	126
Restructuring charges .....	16	(9)
<b>Profit/(loss) before tax</b> .....	<b>(338)</b>	<b>829</b>
Tax expense .....	(115)	(168)
<b>Profit/(loss) after tax</b> .....	<b>(453)</b>	<b>661</b>
Profit attributable to minority interests .....	(16)	(17)
<b>Profit/(loss) for the period</b> .....	<b>(469)</b>	<b>644</b>

**Consolidated Earnings**

The Dresdner Bank Group experienced an operating loss of EUR 397 million in the first quarter of 2008, a negative change of EUR 1,109 million compared to the operating profit recorded in the first quarter of 2007 (EUR 712 million). Operating income at the Dresdner Bank Group amounted to EUR 778 million in the first quarter (previous year: EUR 2,061 million). This includes valuation adjustments of EUR 845 million, mainly attributable to the Group's portfolio of structured products, such as CDOs and US RMBSs. At EUR 1,165 million (previous year: EUR 1,356 million), operating expenses (administrative expenses and other operating expenses) decreased significantly by 14.1%. In addition to the continued cost discipline in force in all business units, this development was due to lower performance-related remuneration. Loan impairment losses recorded a moderate net addition of EUR 10 million.

The non-operating profit for the period under review amounted to EUR 59 million (previous year: EUR 117 million) and reflects, among other things, the Group's proceeds from the sale of its equity investment in DEGI Deutsche Gesellschaft für Immobilienfonds mbH ("DEGI").

Loss before tax amounted to EUR 338 million compared with profit before tax of EUR 829 million in the previous year. Following tax expense of EUR 115 million (previous year: EUR 168 million), the Bank recorded a loss after tax of EUR 453 million in the first three months of 2008, primarily due to the continuing impact of the financial crisis. This represents a decrease of EUR 1,114 million compared to the prior-year period.

Details of the individual income and expense items are as follows:

At EUR 683 million, net interest and current income for the first three months of the current year was down approximately 27% from the prior-year figure (EUR 929 million). The decrease of EUR 246 million was partly due to one-time income of EUR 186 million from disposal gains at the Group's equity-accounted investment Kommanditgesellschaft Allgemeine Leasing GmbH & Co. ("KGAL") in the first quarter of the previous year. Net interest and current income were also impacted by a EUR 51 million reduction in the positive effect of IAS 39 compared to the prior-year period. Excluding these two effects, net interest and current income was at the same level as the previous year. Income from the Group's deposits business recorded growth in volume terms, although margins decreased.

At EUR 604 million, net fee and commission income did not match the strong prior-year figure (EUR 789 million). Income from the securities business saw a clear decline in the area of certificates and equities, reflecting the cautious attitude adopted by clients. In contrast, the Group's fund units and fixed-income securities business nearly matched the previous year's strong figures. At EUR 296 million, the Group's total securities business net fee and commission income was down by 28.2% year-on-year (previous year: EUR 412 million). Fees and commissions from the mergers and acquisitions and underwriting business declined by EUR 31 million from the prior-year figure to EUR 29 million. Income from underwriting business was EUR 13 million below the previous year due to a sharp decline in underwriting activities on the capital markets, while income from the Group's mergers and acquisitions business in the first three months (EUR 19 million) was just under half the figure for the prior-year period (EUR 38 million). Net fee and commission income from asset management also recorded a decline, with total income from this business unit amounting to EUR 41 million (previous year: EUR 84 million).

The sharp decline of approximately EUR 850 million in net trading income to a loss of EUR 509 million (previous year: income of EUR 343 million) was largely due to valuation adjustments recorded on structured credit products and performed in connection with the financial crisis. As a result, trading in credit products generated a loss; the item contained EUR 845 million in valuation adjustments, primarily on CDOs and US RMBSs, that were directly attributable to the financial crisis. Furthermore, income from trading in equities products was significantly below the prior-year figure. In contrast, income from bonds, foreign exchange and precious metals trading recorded year-on-year growth, which was attributable to increased volatility and higher trading volumes in these segments, among other things. Trading in interest rate products reached the same level as the previous year. In addition, net trading income includes negative effects of EUR 36 million from the application of IAS 39 (previous year: EUR -78 million).

Administrative expenses were cut by 14.7% to EUR 1,159 million (previous year: EUR 1,358 million). At EUR 722 million, total staff costs were down 18.7% from the prior-year figure (EUR 888 million). This was mainly due to a decline in performance-related remuneration, in line with earnings developments in Investment Banking in particular, and a decline in wages and salaries as a result of the decrease in the average annual number of full-time employees. At EUR 437 million, non-staff operating costs also declined in comparison to the previous year (EUR 470 million). Occupancy expenses and IT costs, as well as expenses for operating and office equipment also fell year-on-year.

A moderate net addition of EUR 10 million was reported for loan impairment losses in the first three months of 2008, following a net release of EUR 7 million in the previous year. The drivers for this development were a small increase in additions as well as a slight drop in recoveries on loans previously written off. As of March 31, 2008, the non-performing loan and potential problem loan portfolio amounted to EUR 1,915 million (year-end 2007: EUR 1,766 million). The coverage ratio, which represents the ratio of total loan impairment allowances and loan loss provisions to risk elements, stood at 48.1% (year-end 2007: 54.4%).

Net income from financial investments amounted to EUR 43 million in the period under review, after EUR 126 million in the comparable period of the previous year. Net income for the current year mainly related to the disposal gain generated in connection with Group's sale of its equity investment in the real estate fund management company, DEGI. This was partially offset by valuation adjustments on K2. The figure for the previous year primarily comprised gains on the disposal of Arcandor AG shares.

Restructuring charges in the amount of EUR 16 million were released in the period under review (previous year: additions of EUR 9 million). The release related to restructuring provisions that are no longer needed for workforce reduction measures as part of the "Neue Dresdner Plus" programme.

The tax expense for the first three months was EUR 115 million. The decline compared to the previous year (EUR 168 million) was due to decreases in taxable income independent of the financial crisis.

### ***Net Assets and Financial Position***

The Dresdner Bank Group's total assets rose by 15.4% compared to the prior year-end closing date to EUR 577.1 billion as at the reporting date of March 31, 2008.

This increase of EUR 76.9 billion was primarily related to collateralised money market transactions and resulted in increases to the "trading assets", "loans and advances to customers" and "loans and advances to banks" line items, as well as in increases to the corresponding liability line items. The balance sheet as of March 31, 2008 included impacts to assets and to liabilities and equity of approximately EUR 11 billion from the Group's initial consolidation of the structured investment vehicle K2, which was primarily recorded in the line items "financial assets designated at fair value" and "financial liabilities designated at fair value".

	March 31, 2008	December 31, 2007	Change	
	€ m	€ m	€ m	%
Total assets .....	577,097	500,209	76,888	15.4
Lending volume .....	111,097	113,026	(1,929)	(1.7)
Equity.....	11,540	12,406	(866)	(7.0)

### *Trading Assets/Liabilities*

Trading assets and trading liabilities comprise the Dresdner Bank Group's trading activities in relation to securities, derivatives and other trading assets and liabilities.

At the reporting date, trading assets amounted to EUR 189.4 billion. This represents a year-on-year increase of 18.5%. While debt instruments rose by EUR 11.3 billion to EUR 63.6 billion, equities and other variable-rate securities declined by EUR 7.2 billion to EUR 28.1 billion. The positive fair values of derivative financial instruments – especially credit derivatives – increased significantly by approximately 35%, to total EUR 97.7 billion. This development was due to changes in the spreads for credit default swaps.

Trading liabilities rose by a total of EUR 22.3 billion to EUR 141.3 billion. This resulted primarily from the negative fair values of derivative financial instruments, which increased by EUR 24.9 billion.

### *Financial Assets/Liabilities Designated at Fair Value*

Financial assets designated at fair value increased year on year by a total of EUR 7.5 billion to EUR 16.2 billion. While they rose in the case of debt instruments by EUR 9.1 billion, they declined in the case of equities and other variable-rate securities to almost zero.

The increase of EUR 8.6 billion in financial liabilities designated at fair value to EUR 10.9 billion was due almost entirely to securitised liabilities.

### *Loans and Advances to Banks and Customers*

Loans and advances to banks and loans and advances to customers rose by a total of EUR 42.1 billion compared to the prior year-end to EUR 343.5 billion as a result of the increase in collateralised money market transactions. All in all, the volume of collateralised money market transactions reported under loans and advances amounted to EUR 201.8 billion as of March 31, 2008.

The slight (EUR 1.9 billion) reduction in the lending volume to EUR 111.1 billion is largely due to exchange rate effects; the decrease was distributed almost equally between customer loans (down EUR 0.9 billion) and loans to banks (down EUR 1.0 billion).

### *Financial Investments*

At EUR 13.8 billion, financial investments were stable in comparison to year end 2007. Debt instruments rose slightly by EUR 0.4 billion to EUR 10.7 billion, while equities and other variable rate securities fell by a small margin (EUR 0.3 billion) as against the prior year figure.

### *Liabilities to Banks*

Liabilities to banks climbed EUR 19.9 billion to EUR 148.1 billion, primarily as a result of an increase in sums payable on demand, which jumped EUR 36.2 billion to EUR 55.2 billion. Conversely, term liabilities to banks declined by EUR 16.2 billion compared to the prior year-end, for a total of EUR 92.9 billion.

### *Liabilities to Customers*

Liabilities to customers rose sharply by EUR 32.7 billion to EUR 218.1 billion. Savings deposits remained almost unchanged year-on-year at EUR 4.5 billion, while demand deposits rose by EUR 30.2 billion to EUR 107.2 billion. Time deposits grew by a considerably smaller amount, rising EUR 2.5 billion compared to year-end 2007 to EUR 106.4 billion. Against this backdrop, the proportion of deposits and securitised liabilities accounted for by customer deposits increased to approximately 55% (previous year: 53%).

### *Securitised Liabilities*

Securitised liabilities declined by 16.1% as against the prior year figure for a total of EUR 29.1 billion. Debt instruments issued declined by EUR 2.7 billion and the volume of other securitised liabilities by EUR 2.8 billion; the latter related exclusively to money market instruments.

### *Equity*

The equity reported in the consolidated balance sheet as at March 31, 2008, including minority interests totalled EUR 11.5 billion. Excluding minority interests, equity fell by EUR 0.7 billion compared to the previous year to EUR 9.8 billion. This was primarily due to the earnings trend in the first quarter of 2008. Cumulative remeasurement gains from financial instruments amounted to EUR 1.2 billion (previous year: EUR 1.3 billion).

### *Regulatory Capital*

The Dresdner Bank Group's regulatory capital consists of core capital and supplementary capital.

Core capital as of March 31, 2008 amounted to EUR 9.9 billion, compared to EUR 11.2 billion at year-end, and primarily consists of subscribed capital, reserves and hybrid components that were recognised as silent participation certificates. The supplementary capital of EUR 5.0 billion primarily comprises profit-participation certificates and subordinated liabilities. Total regulatory capital amounted to approximately EUR 15.0 billion.

The main reason for the decline in core capital is the profit and loss impact of the financial crisis during the first quarter of 2008 as discussed above. In addition, the planned expiration of subordinated liabilities and the general decline on the equity markets, which affect the revaluation reserves that form part of the supplementary capital, further reduced the Group's total capital.

Risk-weighted assets in accordance with IFRS declined 12.3% to EUR 107.9 billion which is primarily due to the Group's adoption of a new method of calculating risk-weighted assets based on internal methods, as permitted by the new Solvabilitätsverordnung (Solvency Regulation/Basel II). The core capital ratio amounted to 9.2% at the end of the first quarter in March 2008, while the total capital ratio was 13.9%.

The introduction of internal procedures for calculating risk capital requirements offset the decline in the capital components and resulted in a slight reduction in risk capital requirements. However, the

Group's capital efficiency – the ratio of total operating income to risk capital requirements – fell due to the income trends described above.



## 6. DOCUMENTS INCORPORATED BY REFERENCE

The following documents containing mandatory information related to the issuer are incorporated by reference into this Base Prospectus pursuant to § 11 WpPG:

- Consolidated Financial Statements of Dresdner Bank AG as of December 31, 2007, which are included in the supplement dated 28 March 2008 (pages F-401 to F-586) to the Base Prospectus dated 22 June 2007 related to Certificates;
- Financial Statements (non-consolidated) of Dresdner Bank AG as of December 31, 2007 which are included in the supplement dated 28 March 2008 (pages F-587 to F-682) to the Base Prospectus dated 22 June 2007 related to Certificates;
- Consolidated Financial Statements of Dresdner Bank AG as of December 31, 2006 which are included in the Base Prospectus dated 3 September 2007 related to Warrants (Pages F-138 to F-291);
- Financial Statements (non-consolidated) of Dresdner Bank AG as of December 31, 2006 which are included in the Base Prospectus dated 3 September 2007 related to Warrants (Pages F-292 to F-368).

The aforementioned base prospectuses and supplement are available free of charge at Dresdner Bank Aktiengesellschaft, Securitized Products, Fax.-No. 069-71319841, Jürgen-Ponto-Platz 1, 60301 Frankfurt am Main and are also available for investors on <http://www.zertifikate.dresdner.com>.

## 7. DOCUMENTS ON DISPLAY

For the life of this Base Prospectus the following documents can be inspected at Dresdner Bank Aktiengesellschaft, Jürgen-Ponto-Platz 1, 60301 Frankfurt am Main:

- Articles of association of Dresdner Bank Aktiengesellschaft in its valid form;
- Consolidated Financial Statements of Dresdner Bank AG as of December 31, 2007;
- Financial Statements (non-consolidated) of Dresdner Bank AG as of December 31, 2007;
- Consolidated Financial Statements of Dresdner Bank AG as of December 31, 2006;
- Financial Statements (non-consolidated) of Dresdner Bank AG as of December 31, 2006.

**SIGNATURES**

Frankfurt am Main, 27 May 2008

Dresdner Bank Aktiengesellschaft

Günter Schärtl

Dr. Norbert Haun