

OFFERING CIRCULAR

DEUTSCHE BANK AG LONDON 

**Issue in 2005 of
EUR200,000,000 Subordinated Notes due 2035
linked to the Dow Jones iTraxx® Europe Index and the Dow Jones CDX® North America (IG)
Index**

Issue in 2005 of
Issue Price of Notes: 100 per cent.

Deutsche Bank Aktiengesellschaft (**Deutsche Bank AG**) acting through its London Branch (**Deutsche Bank AG London** or the **Issuer**) will issue EUR200,000,000 Subordinated Notes due 2035 (the **Notes**) linked to the Dow Jones iTraxx Europe® Index (Series 2) and the Dow Jones CDX® North America (IG) Index (Series 3) (together the **Global iTraxx Indices**).

Each Note pays the Coupon Amount on each Coupon Amount Payment Date. The Coupon Amount will comprise the Fixed Coupon Amount and, in respect of each Coupon Amount Accrual Period (each a **Credit Linked Coupon Period**) commencing on and after 23rd February, 2010, the Additional Coupon Amount (if any). The Fixed Coupon Amount will comprise an amount in euro calculated by the Calculation Agent equal to the product of (i) EUR1,000 (ii) the Coupon Amount Fraction and (iii) the Coupon Rate, in each case for the relevant Coupon Amount Accrual Period. The Additional Coupon Amount will comprise an amount (if any) in euro calculated by the Calculation Agent equal to the product of (i) EUR1,000 (ii) the Coupon Amount Fraction for the relevant Coupon Amount Accrual Period and (iii) the Additional Coupon Rate. The Coupon Rate in respect of each Coupon Amount Accrual Period up to and including the Coupon Amount Accrual Period ending on (but excluding) 23rd February, 2010 is 6.00 per cent. per annum and the Coupon Rate in respect of each Credit Linked Coupon Period is 3.00 per cent. per annum. The Additional Coupon Rate in respect of each Credit Linked Coupon Period is 3 per cent. per annum if the Number of Relevant Coupon Credit Events is equal to zero, 2.25 per cent. per annum if the Number of Relevant Coupon Credit Events is equal to one, 1.50 per cent. per annum if the Number of Relevant Coupon Credit Events is equal to two, 0.75 per cent. per annum if the Number of Relevant Coupon Credit Events is equal to three and 0 per cent. if the Number of Relevant Coupon Credit Events is equal to four or more.

Terms used above and not otherwise defined shall have the meanings given them in "*Terms and Conditions of the Notes*".

Unless redeemed earlier each Note will be redeemed at par on 23rd February, 2035 (the **Maturity Date**).

Investors should note that the Notes differ from ordinary debt securities in that the Additional Coupon Amount (if any) payable by the Issuer in respect of each Credit Linked Coupon Period will be credit-linked to each Reference Entity in the Global iTraxx Indices as of the Issue Date. If a Credit Event has occurred in respect of one or more of the Reference Entities comprising the Global iTraxx Indices as of the Issue Date the Additional Coupon Amount payable in respect of each Note in respect of the Credit Linked Coupon Periods will be reduced and if the Number of Relevant Coupon Credit Events is equal to four or more will be zero.

Prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition. The return on the Notes involves a high degree of risk during the Credit Linked Coupon Periods and potential investors should be prepared to receive a return on their investment limited to 3 per cent. per annum. It is the responsibility of prospective purchasers to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Notes and are not relying on the advice of the Issuer or Deutsche Bank AG London (in its capacity as manager the *Manager*). See "*Risk Factors relating to Notes*" on page 9.

It is expected that on issue of the Notes the Notes will be rated at least "A+" by Fitch Ratings (*Fitch*) and "A+" by Standard & Poor's Ratings Services, a division of the McGraw Hill Companies, Inc. (*Standard &*

Poor's and, together with Fitch, the Rating Agencies and each a Rating Agency). Prospective purchasers of the Notes should note that in certain circumstances the rating of any Note may be lower than the rating specified above. See "Risk Factors relating to the Notes" on page 9.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time.

The Issuer is not obliged to gross up any payments in respect of the Notes and shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Note and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

Application has been made to list the Notes on the Luxembourg Stock Exchange and to admit the Notes to trading and official quotation on the Official Segment of the Stock Market of Euronext Amsterdam N.V. (**Euronext Amsterdam**).

This Offering Circular constitutes a prospectus for the purposes of the listing and issuing rules (*Fondsenreglement*) of Euronext Amsterdam.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the **Securities Act**) and may not be offered or sold in the United States or to, or for the benefit of, U.S. persons unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.

Each Note will initially be represented by a Temporary Global Note, without coupons, which will be deposited with a common depository on behalf of Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) and Euroclear Bank S.A./N.V. as operator of the Euroclear System (**Euroclear**) on or about 23rd February, 2005 (the **Issue Date**). Each Temporary Global Note will be exchangeable for interests in a Permanent Global Note, without coupons, on or after a date which is expected to be 4th April, 2005, upon certification as to non-U.S. beneficial ownership. Each Permanent Global Note will be exchangeable for definitive Notes in bearer form only in the limited circumstances set out in this Offering Circular.

Deutsche Bank

The date of this Offering Circular is 23rd February, 2005.

Subject as set out below, the Issuer accepts responsibility for the information contained in this Offering Circular and to the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information contained herein with regard to the Dow Jones iTraxx® Europe Index (Series 2) and the Dow Jones CDX® North America (IG) Index (Series 3) consists of extracts from or summaries of information contained in publicly available sources. The Issuer accepts responsibility for accurately reproducing such extracts or summaries. The Issuer accepts no further or other responsibility in respect of such information.

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The Index Parties make no representation whatsoever, whether express or implied, as to the advisability of purchasing any Dow Jones CDX Linked Securities, the ability of the CDX Index to track relevant markets' performances, or otherwise relating to the CDX Index or any transaction or product with respect thereto, or of assuming any risks in connection therewith. The Index Parties have no obligation to take the needs of any party into consideration in determining, composing or calculating the CDX Index. No party purchasing any Dow Jones CDX Linked Securities, nor any Index Party shall have any liability to any party for any act or failure to act by the Index Parties in connection with the determination, adjustment, calculation or maintenance of the CDX Index. Each investor in any Dow Jones CDX Linked Securities is deemed to acknowledge that the issuer of such Dow Jones CDX Linked Securities or one of its affiliates may be, or may be affiliated with an Index Party and, as such, may be able to affect or influence the determination, adjustment or maintenance of the CDX Index. Each of the Index Parties and their respective affiliates may deal in any obligations of any of the companies that compose the CDX Index, and may, where permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, such companies or affiliates of such companies and may

act with respect to such business as if the CDX Index did not exist, regardless of whether such action might adversely affect the CDX Index or any Dow Jones CDX Linked Securities.

Each of the Index Parties and their respective affiliates may be in possession of information relating to companies that compose the CDX Index that may or may not be publicly available or known to any other party, and there is no obligation on the part of any Index Party or its affiliates to disclose any such information, and each party purchasing any Dow Jones Linked Securities is deemed to agree that such Dow Jones Linked Securities do not create any obligation on the part of the Index Party or its affiliates to disclose any such information.

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This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" below). This Offering Circular shall be read and construed on the basis that such documents are incorporated in and form part of this Offering Circular.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Manager.

Neither this Offering Circular nor any other information supplied in connection with the Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or the Manager that any recipient of this Offering Circular or any other information supplied in connection with the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the issue of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Manager to any person to subscribe for or to purchase the Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof. The Manager does not expressly undertake to review the financial condition or affairs of the Issuer or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Offering Circular when deciding whether or not to purchase the Notes.

The Notes are in bearer form and are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and the regulations promulgated thereunder.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. Neither the Issuer nor the Manager represent that this Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Manager which would permit a public offering of the Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on

the distribution of this Offering Circular and the offer or sale of Notes in the United States, the United Kingdom, the Netherlands and Switzerland (see "*Purchase and Sale*" on page 75).

In making an investment decision, investors must rely on their own examination of the Issuer, the Global iTraxx Indices and the terms of the Notes, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. Any representation to the contrary is unlawful.

Neither the Manager nor the Issuer makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

All references in this document to "*USD*" and "\$" refer to United States dollars and all references in this document to "*euro*" and "*EUR*" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

For so long as the Notes are not listed on Euronext Amsterdam, or it is unlikely that the Notes will soon be listed on Euronext Amsterdam, the Notes may only be offered, sold, or delivered in or from the Netherlands as part of their initial distribution or as part of any re-offering, and this Offering Circular and any other document in respect of the offering may only be distributed or circulated in the Netherlands, to individuals or legal entities that include, but are not limited to banks, brokers, dealers and institutional investors and undertakings with a treasury department, who or which trade or invest in securities in the conduct of their business or profession.

The Notes may be sold by the Issuer or the Manager at such times and at such prices as the Issuer or the Manager may select. There is no obligation upon the Issuer or the Manager to sell all of the Notes. The Notes may be offered or sold from time to time in one or more transactions, in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer (see "*Purchase and Sale*").

IN CONNECTION WITH THE ISSUE OF THE NOTES, DEUTSCHE BANK AG LONDON (THE "STABILISING MANAGER") OR ANY PERSON ACTING FOR THE STABILISING MANAGER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE ISSUE DATE. HOWEVER THERE MAY BE NO OBLIGATION ON THE STABILISING MANAGER OR ANY PERSON ACTING FOR IT TO DO THIS. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME (BUT WILL IN ANY EVENT BE DISCONTINUED 30 DAYS AFTER THE ISSUE DATE OF THE NOTES). SUCH STABILISING SHALL BE IN COMPLIANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES INCLUDING ARTICLE 32 OF THE FURTHER REGULATIONS ON MARKET CONDUCT SUPERVISION ON THE SECURITIES TRADE (NADERE REGELING GEDRAGSTOEZICHT EFFECTENVERKEER 2002) AS AMENDED.

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DOCUMENTS INCORPORATED BY REFERENCE

The audited consolidated annual financial statements for the year ended 31st December, 2003 and 2002, the unaudited consolidated interim quarterly financial statements as of 30th September, 2004 and, for the purposes of Listing the Notes on Euronext Amsterdam N.V., the Articles of Association of Deutsche Bank AG shall be deemed to be incorporated in, and to form part of, this Offering Circular.

The Issuer will, upon request, provide without charge, a copy of any or all of the documents deemed to be incorporated herein by reference. Requests for such documents should be directed to the Issuer at its office set out at the end of this Offering Circular. In addition, such documents will be available for inspection and obtainable, free of charge from the office of the Paying Agent in Luxembourg, Deutsche Bank Luxembourg S.A. (the **Luxembourg Listing Agent**) and from the office of the Paying Agent in the Netherlands, Deutsche Bank AG Amsterdam (the **Amsterdam Listing Agent**).

RISK FACTORS RELATING TO NOTES

An investment in the Notes involves certain risks. Prospective investors should carefully consider the following factors, in addition to the matters set forth elsewhere in this Offering Circular, prior to investing in the Notes.

Terms not otherwise defined in this section shall have the meaning given to them in "*Terms and Conditions of the Notes*".

The purchase of Notes involves substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Before making an investment decision, prospective purchasers of Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider carefully, in the light of their own financial circumstances, financial condition and investment objectives, all the information set forth in this Offering Circular.

Investment in the Notes is only suitable for investors who:

- (1) have the requisite knowledge and experience in financial and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in this Offering Circular and the merits and risks of an investment in the Notes in the context of such investors' financial position and circumstances; and
- (2) are capable of bearing the economic risk of an investment in the Notes until their Maturity Date.

Further, each prospective purchaser of the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes (i) is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

Credit Exposure of the Reference Entities

Each Note pays the Coupon Amount on each Coupon Amount Payment Date. The Coupon Amount will comprise the Fixed Coupon Amount and, in respect of each Credit Linked Coupon Period, the Additional Coupon Amount (if any).

Investors should note that the Notes are credit-linked notes which differ from ordinary debt securities in that the Additional Coupon Amount (if any) payable by the Issuer in respect of each Note in respect of the Credit Linked Coupon Periods is linked to the performance of each Reference Entity comprised in the Dow Jones iTraxx® Europe Index (Series 2) and Dow Jones CDX® North America (IG) Index (Series 3) as of the Issue Date (each an **Index** and together the **Global iTraxx Indices**). The Additional Coupon Amount is dependent on whether a Credit Event in respect of one or more of the Reference Entities comprising the Global iTraxx Indices has occurred during the Reference Period (the period from (and including) the Issue Date to (but excluding) 23rd February, 2010).

The Additional Coupon Amount will comprise an amount (if any) in euro calculated by the Calculation Agent equal to the product of (i) EUR1,000 (ii) the Coupon Amount Fraction for the relevant Coupon Amount Accrual Period and (iii) the Additional Coupon Rate. In the event that one

or more Credit Events occur during the Reference Period the Additional Coupon Rate which is used to calculate the Additional Coupon Amount (if any) payable in respect of each Note in respect of the Credit Linked Coupon Periods will be reduced. The Additional Coupon Rate in respect of each Credit Linked Coupon Period is 3 per cent. per annum if the Number of Relevant Coupon Credit Events is equal to zero, 2.25 per cent. per annum if the Number of Relevant Coupon Credit Events is equal to one, 1.50 per cent. per annum if the Number of Relevant Coupon Credit Events is equal to two, 0.75 per cent. per annum if the Number of Relevant Coupon Credit Events is equal to three and 0 per cent. if the Number of Relevant Coupon Credit Events is equal to four or more. If the Additional Coupon Rate in respect of the Credit Linked Coupon Periods is zero, the Coupon Amount payable in respect of each Note in respect of the Credit Linked Coupon Periods will be limited to the Fixed Coupon Amount which (during the Credit Linked Coupon Periods) is 3 per cent. per annum.

Market Value of Notes

The market value of the Notes will be affected by a number of factors in addition to the creditworthiness of the Issuer, including, but not limited to the creditworthiness of the Reference Entities, market interest and yield rates, the time remaining to any redemption date or the maturity date and economic, financial and political events in one or more jurisdictions, including factors affecting capital markets generally.

Depending on market interest rates the reduction of the Additional Coupon Amount, together with the length of the remaining term, may reduce the price at which an investor is able to sell the Notes in the market to an amount that is well below par.

Investors should consider that the fixed rate of 6 per cent. per annum at which Coupon Amounts are payable during the first five years of the Notes includes the premium for the aforementioned risk.

The Global iTraxx Indices

The Additional Coupon Amount payable on the Notes is linked to the Reference Entities comprised in the Global iTraxx Indices as of the Issue Date. As such the Additional Coupon Amount is linked to a static portfolio of Reference Entities which is set out in "Portfolio of Reference Entities comprising the Global iTraxx Indices" below, subject to the "Successor" provisions in the Terms and Conditions.

Information on the Global iTraxx Indices and the Reference Entities comprising the Global iTraxx Indices is set out in "Information on the Dow Jones iTraxx® Europe Index", "Information on the Dow Jones CDX® North America (IG) Index" and "Portfolio of the Reference Entities comprising the Global iTraxx Indices as of the Issue Date".

Conflicts of Interest

General

The Issuer and the Manager may be in possession of information in relation to the Global iTraxx Indices or a Reference Entity that is or may be material in the context of the Notes and may or may not be publicly available to Noteholders. There is no obligation on the Issuer or the Manager to disclose to Noteholders any such information.

Issuer

The Issuer and/or any of its Affiliates may invest and/or deal, for their own respective accounts or for accounts for which they have investment discretion, in securities or in obligations of Reference Entities or in credit derivatives (whether as protection buyer or seller) or other instruments enabling

credit and/or other risks in respect of the Reference Entities to be traded. The Issuer and/or any of its Affiliates may act as, may be lenders to, and may have other ongoing relationships with the issuers or obligors of obligations of any Reference Entities. The Issuer may at certain times be simultaneously seeking to purchase or sell investments and/or protection under credit derivatives or other instruments enabling credit and/or other risks to be traded for any entity for which it serves as manager in the future.

Various potential and actual conflicts of interest may arise from the overall activities of the Issuer and/or any of its Affiliates. Without prejudice to the generality of the foregoing, the Issuer, its Affiliates and the directors, officers, employees and agents of the Issuer and its Affiliates may, among other things: (a) serve as directors (whether as supervisory or managing), partners, officers, employees, agents, nominees or signatories for any Reference Entity; (b) receive fees for services of any nature rendered to any Reference Entity or any Affiliate thereof; (c) be a secured or unsecured creditor of, or hold an equity interest in any Reference Entity; (d) invest for its own account in any Reference Entity; (e) serve as a member of any "creditors' committee" with respect to any Reference Entity which has defaulted; (f) act as the manager or investment adviser to any other person, entity or fund; and (g) maintain other relationships with any Reference Entity or any of its Affiliates.

Calculation Agent

As the Issuer acts as Calculation Agent, potential conflicts of interest may exist between the Calculation Agent and Noteholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Terms and Conditions that may influence the Coupon Amount on the Notes.

The Calculation Agent and/or any of its Affiliates may have existing or future business relationships with any of the Reference Entities (including but not limited to, lending, depositary, risk management, advisory and banking relationships), and will pursue actions and take steps that they or it deems necessary or appropriate to protect their and/or its interests arising therefrom without regard to the consequences for the Noteholders.

Limited Information with respect to Reference Entities

This Offering Circular does not provide any information on the creditworthiness or the likelihood of the occurrence of a Credit Event with respect to any Reference Entity. As the occurrence of a Credit Event will result in the return on the Notes during the Credit Linked Coupon Periods being reduced or, in certain circumstances, being limited to 3 per cent. per annum, each prospective investor is advised to make its own assessment of the likelihood of the occurrence of a Credit Event in respect of any Reference Entities comprising the Global iTraxx Indices.

Credit Ratings

Credit ratings of debt securities represent the Rating Agencies' opinions regarding their credit quality and are not a guarantee of future credit performance of such securities. Rating Agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value. Therefore, the ratings assigned to securities by rating agencies may not fully reflect the true risks of an investment. Also, the Rating Agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an issuer's current financial condition may be better or worse than a rating indicates.

Limited Liquidity

There is currently no secondary market for the Notes and there can be no assurance given that such a market will develop. Application has been made to list the Notes on the Luxembourg Stock Exchange and on Euronext Amsterdam.

Representations

By investing in the Notes each investor is deemed to represent that:

- (a) **Non-Reliance.** It is acting for its own account, and it has made its own independent decisions to invest in the Notes and as to whether the investment in the Notes is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer or the Manager as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the terms and conditions of the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from the Issuer or the Manager shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Notes.
- (b) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the Notes. It is also capable of assuming, and assumes, the risks of the investment in the Notes.
- (c) **Status of Parties.** Neither the Issuer nor the Manager is acting as a fiduciary for or adviser to it in respect of the investment in the Notes.

The considerations set out above are not, and are not intended to be, a comprehensive list of all considerations relevant to a decision to purchase or hold any Notes.

SUMMARY OF TERMS

The following summary does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Offering Circular and related documents referred to herein.

The Issuer	Deutsche Bank AG London
The Notes	The Issuer will issue EUR200,000,000 in aggregate principal amount of Notes.
Use of Proceeds	The net proceeds of the issue of the Notes, amounting to approximately EUR200,000,000 will be applied by the Issuer in the ordinary course of its banking business.
Status of the Notes	<p>The obligations under the Notes constitute unsecured and subordinated obligations of the Issuer ranking <i>pari passu</i> among themselves and <i>pari passu</i> with all other subordinated obligations of the Issuer. Any claims for repayment of the Notes (a each Repayment Claim) shall be subordinated in the event of insolvency or liquidation of the Issuer to the claims of all other creditors which are not also subordinated and shall, in any such event, only be satisfied after all claims against the Issuer which are not subordinated have been satisfied. Any right to set off any Repayment Claim against claims of the Issuer shall be excluded. No collateral is or will be given for any Repayment Claim and collateral that may have been or may in future be given in connection with other indebtedness shall not secure any Repayment Claim.</p> <p>The subordination provided for above cannot be subsequently restricted, and the term to maturity of the Notes or the notice period provided for in Condition 5.2 cannot subsequently be shortened. Pursuant to § 10 subparagraph (5a) of the German Banking Act (<i>KWG</i>) the amount of any repurchase or other redemption prior to the Maturity Date must be replaced, notwithstanding any agreement to the contrary, unless a statutory exemption (replacement of the amounts redeemed or paid by paying in other, at least equivalent regulatory banking capital (<i>haftendes Eigenkapital</i>) or prior approval of the German Federal Authority for Financial Services Supervision (<i>Bundesanstalt für Finanzdienstleistungsaufsicht</i>) to the early redemption) applies.</p>

Coupon Amount Payments

Each Note pays the Coupon Amount on each Coupon Amount Payment Date. The Coupon Amount in respect of each Coupon Amount Accrual Period up to and including the Coupon Amount Accrual Period ending (but excluding) 23rd February, 2010 will be an amount equal to the Fixed Coupon Amount. The Coupon Amount in respect of each Credit Linked Coupon Period will be an amount equal to the sum of the Fixed Coupon Amount and the Additional Coupon Amount (if any). The Fixed Coupon Amount will be an amount in euro calculated by the Calculation Agent equal to the product of (i) EUR1,000 (ii) the Coupon Amount Fraction and (iii) the Coupon Rate, in each case for the relevant Coupon Amount Accrual Period. The Additional Coupon Amount will be an amount (if any) in euro calculated by the Calculation Agent equal to the product of (i) EUR1,000 (ii) the Coupon Amount Fraction for the relevant Coupon Amount Accrual Period and (iii) the Additional Coupon Rate. The Coupon Rate in respect of each Coupon Amount Accrual Period up to and including the Coupon Amount Accrual Period ending on (but excluding) 23rd February, 2010 is 6.00 per cent. and the Coupon Rate in respect of each Credit Linked Coupon Period is 3.00 per cent. The Additional Coupon Rate in respect of each Credit Linked Coupon Period is 3 per cent. per annum if the Number of Relevant Coupon Credit Events is equal to zero, 2.25 per cent. per annum if the Number of Relevant Coupon Credit Events is equal to one, 1.50 per cent. per annum if the Number of Relevant Coupon Credit Events is equal to two, 0.75 per cent. per annum if the Number of Relevant Coupon Credit Events is equal to three and 0 per cent. if the Number of Relevant Coupon Credit Events is equal to four or more.

Principal Payments

Unless previously redeemed or purchased and cancelled and subject as provided below, each Note will be redeemed at par on the Maturity Date.

Rating of the Notes

It is expected that on issue of the Notes the Notes will be rated at least "A+" by Fitch and at least "A+" by Standard & Poor's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision,

suspension or withdrawal at any time. Prospective purchasers should note however that in certain circumstances the rating of the Notes may be lower than the rating specified above.

Denominations of the Notes

The Notes shall be issued in denominations of EUR 1,000, Provided That, for so long as the Notes are represented by a Global Note and Clearstream, Luxembourg and/or Euroclear, as the case may be, so permit, the Notes shall be tradeable in minimum nominal amounts of EUR10,000 and integral multiples of EUR1,000 thereafter.

In the event that definitive Notes are issued in exchange for interests in a Global Note, they will be issued in denominations of EUR1,000.

Form of the Global Notes

Each Note will initially be represented by a Temporary Global Note, without coupons, which will be deposited with a common depository on behalf of Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) and Euroclear Bank S.A./N.V. as operator of the Euroclear System (**Euroclear**) on or about the Issue Date. The Temporary Global Note will be exchangeable for interests in a Permanent Global Note, without coupons, on or after a date which is expected to be 4th April, 2005, upon certification as to non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable for definitive Notes in bearer form only in the limited circumstances set out in this Offering Circular.

Governing Law

The Notes are governed by, and shall be construed in accordance with, English law, except that Condition 2 is governed by and shall be construed in accordance with German Law.

Listing

Application has been made to list the Notes on the Luxembourg Stock Exchange and on Euronext Amsterdam.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes which, subject to modification, will be endorsed upon each Note in definitive form:

The EUR 200,000,000 Subordinated Notes due 2035 linked to the Dow Jones iTraxx Europe® Index (Series 2) and the Dow Jones CDX® North America (IG) Index (Series 3) (together the **Global iTraxx Indices**) (the **Notes**, which expression shall in these Terms and Conditions (these **Conditions**), unless the context otherwise requires, include any further notes issued pursuant to Condition 15 and forming a single series with the Notes of Deutsche Bank Aktiengesellschaft, acting through its London Branch (the **Issuer**) are issued subject to and with the benefit of an Agency Agreement dated 23rd February, 2005 (such agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer, Deutsche Bank AG London in its capacity as principal paying agent (the **Principal Paying Agent**, which expression includes any successor principal paying agent appointed from time to time in connection with the Notes) and in its capacity as calculation agent (the **Calculation Agent**, which expression includes any successor calculation agent appointed from time to time in connection with the Notes) and the other initial paying agents named in the Agency Agreement (together with the Principal Paying Agent, the **Paying Agents**, which expression includes any successor paying agent appointed from time to time in connection with the Notes). The Paying Agents and the Calculation Agent are in these Conditions together referred to as the **Agents** and each an **Agent**.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours by the holders of the Notes (the **Noteholders**) and the holders of the coupons for payments of the Coupon Amounts (as defined in Condition 3 below) and the talons (**Talons**) for further such coupons appertaining to the Notes (the **Couponholders** and the **Coupons** (which expression shall in these Conditions, unless the context otherwise requires, include the holders of the Talons and the Talons) respectively) at the specified office of each of the Paying Agents.

The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them.

In these Conditions:

Definitions

Accreted Amount means, with respect to an Accreting Obligation, an amount equal to (a) the sum of (i) the original issue price of such obligation and (ii) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (b) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in (a)(ii) above), in each case calculated as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the last day of the Reference Period. If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such Obligation's yield to maturity is not specified in, nor implied from, the terms of such Obligation, then, for the purposes of (a)(ii) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such Obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the last day of the

Reference Period. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

Accreting Obligation means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (a) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (b) periodic cash interest is also payable.

Additional Coupon Amount means, in respect of each Coupon Amount Payment Date falling after 23rd February, 2010, an amount in EUR calculated by the Calculation Agent equal to the product of (a) EUR1,000 (b) the Coupon Amount Fraction in respect of the Coupon Amount Accrual Period ending on (but excluding) such Coupon Amount Payment Date and (c) the Additional Coupon Rate.

Additional Coupon Rate means:

- (a) if the Number of Relevant Coupon Credit Events is equal to zero, 3.00 per cent.;
- (b) if the Number of Relevant Coupon Credit Events is equal to one, 2.25 per cent.;
- (c) if the Number of Relevant Coupon Credit Events is equal to two, 1.50 per cent.;
- (d) if the Number of Relevant Coupon Credit Events is equal to three, 0.75 per cent.; and
- (e) if the Number of Relevant Coupon Credit Events is equal to four or more, zero.

Affiliate means, in relation to any entity (the **First Entity**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes **control** means ownership of a majority of the voting power of an entity.

Bankruptcy means a Reference Entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof;

- (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or
- (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has any analogous effect to any of the events specified in clauses (a) to (g) (inclusive).

Best Available Information means:

- (a) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information and, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of the definition of "Successor", other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or
- (b) in the case of a Reference Entity which does not file with its primary securities regulators or primary stock exchange, or which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (a) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of "Successor".

Information which is made available more than fourteen calendar days after the legally effective date of the Succession Event shall not constitute "Best Available Information".

Bond means any obligation of a type included in the "Borrowed Money" Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money.

Business Day means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place.

CDX North America Reference Entity means each Reference Entity specified in Part B of the Portfolio and any Successors to a CDX North America Reference Entity as determined pursuant to the definition of "Successor".

Conditions to Settlement means the delivery by the Calculation Agent to the Issuer of a Credit Event Notice and a Notice of Publicly Available Information. Subject as provided in "Successor" below, Conditions to Settlement may only be satisfied on one occasion in respect of a Reference Entity.

Convertible Obligation means any obligation that is convertible, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the Issuer or of (or for the benefit of) the holders of such obligation).

Coupon Amount means, in respect of a Coupon Amount Payment Date, the sum of the Fixed Coupon Amount and, in respect of each Coupon Amount Payment Date falling after 23rd February, 2010, the Additional Coupon Amount (if any), in each case in respect of such Coupon Amount Payment Date.

Coupon Amount Accrual Period means the period from (and including) the Issue Date to (but excluding) the first occurring Coupon Amount Payment Date and each period from (and including) a Coupon Amount Payment Date to but excluding the next Coupon Amount Payment Date.

Coupon Amount Fraction means, in respect of a Coupon Amount Accrual Period, the number of days in such Coupon Amount Accrual Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of such Coupon Amount Accrual Period is the 31st day of a month but the first day of such Coupon Amount Accrual Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of such Coupon Amount Accrual Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)).

Coupon Amount Payment Date means 23rd February in each year from and including 23rd February, 2006 to and including 23rd February, 2035.

Coupon Rate means:

- (a) in respect of each Coupon Amount Accrual Period up to (and including) the Coupon Amount Accrual Period ending on (but excluding) 23rd February, 2010, 6.00 per cent.; and
- (b) in respect of each Coupon Amount Accrual Period commencing on and after 23rd February, 2010, 3.00 per cent.

Credit Event means the occurrence of any one or more of Bankruptcy, Failure to Pay or Restructuring, in each case, as determined by the Calculation Agent.

If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;

- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

Credit Event Notice means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred at or after 12.01 a.m. Greenwich Mean Time on the Issue Date and at or prior to 11.59 p.m., Greenwich Mean Time, on the last day in the Reference Period.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective. A Credit Event Notice shall be subject to the requirements regarding notices set out in Condition 13.

Credit Event Weighting means, in respect of a Reference Entity, 100 per cent. , provided that (on and with effect from the legally effective date of any Succession Event) the Credit Event Weighting in respect of a Successor following the occurrence of such Succession Event shall be a percentage determined by the Calculation Agent equal to the sum of the Credit Event Weighting(s) applicable immediately prior to the occurrence of the Succession Event of each Reference Entity to which the Succession Event relates, divided by the number of Successors resulting from such Succession Event.

Notwithstanding the foregoing provisions, if the Calculation Agent determines in accordance with the definition of Successor that a Reference Entity shall be deemed to be a Reference Entity more than once, the Calculation Agent may adjust the Credit Event Weighting in respect of such Reference Entity in such manner as it determines appropriate to reflect that such Reference Entity is a Reference Entity more than once.

Default Requirement means its USD10,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Credit Event.

Downstream Affiliate means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50 per cent. owned, directly or indirectly, by the Reference Entity. **Voting Shares** shall mean those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

Equity Securities means:

- (a) in the case of a Convertible Obligation, equity securities (including options and warrants) of the issuer of such obligation or depositary receipts representing equity securities of the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time; and
- (b) in the case of an Exchangeable Obligation, equity securities (including options and warrants) of a person other than the issuer of such obligation or depositary receipts representing those equity securities of a person other than the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time.

EUR means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

Exchangeable Obligation means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

Failure to Pay means after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure.

Fixed Coupon Amount means, in respect of a Coupon Amount Payment Date, an amount in EUR calculated by the Calculation Agent equal to the product of (a) EUR1,000 (b) the Coupon Amount Fraction and (c) the Coupon Rate, in each case in respect of the Coupon Amount Accrual Period ending on (but excluding) such Coupon Amount Payment Date.

Governmental Authority means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

Grace Period means:

- (a) subject to paragraph (b) below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred;
- (b) if, at the later of the Trade Date and the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that such deemed Grace Period shall expire no later than the end of the Reference Period.

Grace Period Business Day means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified, in the jurisdiction of the Obligation Currency.

Issue Date means 23rd February, 2005.

iTraxx Europe Reference Entity means each Reference Entity specified in Part A of the Portfolio and any Successors to an iTraxx Europe Reference Entity as determined pursuant to the definition of "Successor".

Loan means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money.

Maturity Date means 23rd February, 2035.

Monoline Reference Entity means each Reference Entity determined in good faith and a commercially reasonable manner by the Calculation Agent to carry on the business of a monoline insurance company (or to be a holding company thereof).

Multiple Holder Obligation means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six-and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event.

Notice of Publicly Available Information means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that cites Publicly Available Information confirming the occurrence of the Credit Event described in the Credit Event Notice. The notice given must contain a copy or description in reasonable detail, of the relevant Publicly Available Information. If a Credit Event Notice contains Publicly Available Information, such Credit Event Notice will also be deemed to be a Notice of Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices in Condition 13.

Number of Relevant Coupon Credit Events means a number equal to the sum of the Relevant Coupon Credit Event Amounts.

Obligation means:

- (a) any obligation of a Reference Entity (either directly or (i) with respect to any CDX North America Reference Entity, as provider of a Qualifying Affiliate Guarantee or (ii) with respect to any iTraxx Europe Reference Entity, as provider of any Qualifying Guarantee) determined pursuant to the method described in "Method for Determining Obligations" below; and
- (b) each Reference Obligation.

Method for Determining Obligations. For the purposes of paragraph (a) of the definition of "Obligation", the term "Obligation" may be defined as each obligation of each Reference Entity described by the "Obligation Category" specified below, in each case, as at the date of the event which constitutes the Credit Event which is the subject of the Credit Event Notice.

Obligation Category means Borrowed Money, where:

Borrowed Money means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit).

Interpretation of Provisions

In the event that an Obligation is a Qualifying Guarantee, the following will apply:

- (i) For purposes of the application of the Obligation Category, the Qualifying Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation.
- (ii) The terms "Outstanding Principal Balance" (as they are used in these Conditions), when used in connection with Qualifying Guarantees are to be interpreted to be the then "Outstanding

Principal Balance" of the Underlying Obligation which is supported by a Qualifying Guarantee.

Obligation Currency means the currency or currencies in which the Obligation is denominated.

Offering Circular means the Offering Circular dated 23rd February, 2005 issued by the Issuer in respect of the Notes.

Optional Redemption Date means each Coupon Amount Payment Date falling on and after 23rd February, 2010.

Outstanding Principal Balance means:

- (a) with respect to any Accreting Obligation, the Accreted Amount thereof; and
- (b) with respect to any other obligation, the outstanding principal balance of such obligation,

Provided That with respect to any Exchangeable Obligation that is not an Accreting Obligation, "Outstanding Principal Balance" shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

Payment Requirement means USD1,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay.

Permitted Currency means (i) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership), or (ii) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Co-operation and Development and has a local currency long term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of the McGraw-Hill Companies, Inc. or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof.

Portfolio means the Portfolio specified in the Offering Circular in "Portfolio of Reference Entities comprising the Global iTraxx Indices as of the Issue Date".

Presentation Date means a day which:

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a euro account as referred to in Condition 4, is a TARGET Settlement Day.

Publicly Available Information means:

- (a) information that reasonably confirms any of the facts relevant to the determination that the Credit Event described in a Credit Event Notice has occurred and which:

- (i) has been published in or on not less than two Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information provided that, if either the Calculation Agent or the Issuer or any of their respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless either the Calculation Agent or the Issuer or any of their Affiliates is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation;
 - (ii) is information received from or published by (A) a Reference Entity or (B) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; or
 - (iii) is information contained in any petition or filing instituting a proceeding described in paragraph (d) of the definition of Bankruptcy against or by a Reference Entity; or
 - (iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.
- (b) In the event that the Calculation Agent is (i) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation and (ii) a holder of the Obligation with respect to which a Credit Event has occurred, the Calculation Agent shall be required to deliver to the Issuer a certificate signed by a Managing Director (or other substantially equivalent title) of the Calculation Agent, which shall certify the occurrence of a Credit Event with respect to a Reference Entity.
- (c) In relation to any information of the type described in paragraphs (a) (ii), (iii) and (iv) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the entity disclosing such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to third parties.
- (d) Publicly Available Information need not state:
- (i) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and
 - (ii) that such occurrence:
 - (A) has met the Payment Requirement or Default Requirement;
 - (B) is the result of exceeding any applicable Grace Period; or
 - (C) has met the subjective criteria specified in certain Credit Events.

Public Source means each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

Qualifying Affiliate Guarantee means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.

Qualifying Guarantee means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **Underlying Obligation**) for which another party is the obligor (the **Underlying Obligor**). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment).

Reference Entity means each entity specified as such in the Portfolio and any Successors to a Reference Entity determined pursuant to the definition of "Successor".

Reference Obligation means, with respect to a Reference Entity, the Reference Obligation (if any) specified as such in relation to such Reference Entity in the Portfolio and any Substitute Reference Obligation.

Reference Period means the period from (and including) the Issue Date to (but excluding) 23rd February, 2010.

Relevant Coupon Credit Event Amount means, in respect of a Relevant Event, a number calculated by the Calculation Agent equal to the product of (a) one and (b) the Credit Event Weighting in respect of the Reference Entity to which the Relevant Event relates.

Relevant Date means the date on which such payment first becomes due, except that, if the full amount of the moneys so payable has not been duly received by the Principal Paying Agent prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

Relevant Event means the satisfaction of Conditions to Settlement during the Reference Period.

Relevant Obligations means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

Restructuring means, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between a Reference Entity or a Governmental Authority and a sufficient number of holders of the Obligation to bind all the holders of such Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred:

- (a) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (b) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (c) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest or (ii) the payment of principal or premium;
- (d) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- (e) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.

Notwithstanding the above provisions, none of the following shall constitute a Restructuring:

- (i) the payment in euro of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- (ii) the occurrence of, agreement to or announcement of any of the events described in (a) to (e) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (iii) the occurrence of, agreement to or announcement of any of the events described in (a) to (e) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

For purposes of the definition of Restructuring, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting (i) with respect to any CDX North America Reference Entity, as provider of a Qualifying Affiliate Guarantee or (ii) with respect to any iTraxx Europe Reference Entity, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in the definition of Restructuring and the definition of Subordination shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in the second paragraph of this definition of Restructuring shall continue to refer to the Reference Entity.

Except in the case of a Monoline Reference Entity, notwithstanding the foregoing, the occurrence of, agreement to or announcement of any of the events described in (a) to (e) above shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation provided that any Obligation that is a Bond shall be deemed to satisfy the requirement in (ii) of the definition of "Multiple Holder Obligation".

Specified Denomination means EUR1,000.

Subordination means, with respect to an obligation (the **Subordinated Obligation**) and another obligation of the Reference Entity to which such obligation is being compared (the **Senior Obligation**), a contractual, trust or other similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of

their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. **Subordinated** will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account.

Substitute Reference Obligation means one or more obligations of the Reference Entity (either directly or (i) with respect to any CDX North America Reference Entity, as provider of a Qualifying Affiliate Guarantee or (ii) with respect to any iTraxx Europe Reference Entity, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations, identified by the Calculation Agent in accordance with the following procedures:

- (a) In the event that:
 - (i) a Reference Obligation is redeemed in whole; or
 - (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (B) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.
- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (1) ranks *pari passu* (or, if no such Obligation exists, then, at the Issuer's option, an Obligation that ranks senior) in priority of payment with such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the later of (A) the Trade Date and (B) the date on which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such later date), (2) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent of the delivery and payment obligations of the Issuer and (3) is an obligation of a Reference Entity (either directly or (i) with respect to any CDX North America Reference Entity, as provider of a Qualifying Affiliate Guarantee or (ii) with respect to any iTraxx Europe Reference Entity, as provider of any Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.
- (c) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Reference Entity, any of the events set forth in paragraph (a) above has occurred with respect to one or more but not all of the Reference Obligations, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- (d) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Reference Entity, any of the events set forth in paragraph (a) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then

each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.

- (e) If:
- (i) more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Reference Entity, any of the events set forth in paragraph (a) above has occurred with respect to all of the Reference Obligations and the Calculation Agent determines that no Substitute Reference Obligation is available for any of the Reference Obligations; or
 - (ii) only one specific Reference Obligation is identified as a Reference Obligation in relation to a Reference Entity, any of the events set forth in paragraph (a) above has occurred with respect to such Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the end of the Reference Period.
- (f) For the purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

Succession Event means an event such as a merger, de-merger, consolidation, amalgamation, transfer of assets or liabilities, spin off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement. Notwithstanding the foregoing, **Succession Event** shall not include an event in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, demerger, consolidation, amalgamation, transfer of assets or liabilities, spin-off or other similar event.

Successor means the entity or entities, if any, determined as set forth below:

- (a) if one entity directly or indirectly succeeds to seventy-five per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor in respect of such Reference Entity;
- (b) if only one entity directly or indirectly succeeds to more than twenty-five per cent. (but less than seventy-five per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent. of the Relevant Obligations will be the sole Successor in respect of such Reference Entity;
- (c) if more than one entity each directly or indirectly succeed to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent. of the Relevant Obligations will each be a Successor;
- (d) if one or more entity each directly or indirectly succeed to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more

than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor;

- (e) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of the Succession Event; and
- (f) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the legally effective date of the Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under (f) above, as applicable. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under (f) above, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information.

Where one or more Successors have been identified in respect of a Reference Entity that has been subject to the relevant Succession Event (the **Affected Entity**), (i) the Affected Entity will no longer be a Reference Entity (unless it is a Successor) and (ii) each Successor will be deemed a Reference Entity.

If a Successor is already a Reference Entity at the time these provisions are applied and, as a result of the relevant Succession Event, such Reference Entity would have more than one Reference Obligation (a) there shall be deemed to be a separate Reference Entity hereunder associated with each such Reference Obligation, and (b) the Conditions to Settlement may be satisfied separately for each such Reference Entity.

For the purposes of this definition of "Successor", **succeed** means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to this definition of "Successor" shall be made, in the case of an exchange offer, on the basis of the Outstanding Principal Balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the Outstanding Principal Balance of Bonds for which Relevant Obligations have been exchanged.

Where:

- (A) A Reference Obligation has been specified with respect to a Reference Entity.
- (B) one or more Successors to the Reference Entity have been identified; and
- (C) any one or more such Successors have not assumed the Reference Obligation,

a Substitute Reference Obligation will be determined in accordance with the definition of "Substitute Reference Obligation" above with respect to each relevant Reference Entity.

TARGET Settlement Day means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

Trade Date means 18th January, 2005.

Provisions in respect of Monoline Reference Entities The following provisions will apply in respect of Monoline Reference Entities:

- (a) **Obligation.** Paragraph (a) of the definition of "Obligation" is amended by adding "or (iii) with respect to any Monoline Reference Entity, Qualifying Policy" after "or as provider of a Qualifying Guarantee".
- (b) **Interpretation of Provisions.** In the event that an Obligation is a Qualifying Policy, the section entitled "Interpretation of Provisions" in the definition of "Obligation" will apply, with references to the Qualifying Guarantee and the Underlying Obligation deemed to include the Qualifying Policy and the Insured Instrument, respectively, except that:
 - (i) the Obligation Category Borrowed Money shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest and the terms "obligation" and "obligor" as used herein in respect of such an Insured Instrument shall be construed accordingly; and
 - (ii) with respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "Outstanding Principal Balance" shall mean the outstanding Certificate Balance.
- (c) **Provisions for Determining a Successor.** The paragraph commencing "For the purposes of this definition of "Successor" ..." in the definition of "Successor" is hereby amended by adding "or insurer" after "or guarantor".
- (d) **Substitute Reference Obligation.** The first paragraph of the definition of "Substitute Reference Obligation" and paragraph (b) thereof is hereby amended by adding "or (iii) with respect to any Monoline Reference Entity, Qualifying Policy" after "or as provider of any Qualifying Guarantee". For purposes of sub-paragraph (a)(ii)(B) the definition of "Substitute Reference Obligation" references to the "Qualifying Guarantee" and the "Underlying Obligation" shall be deemed to include the "Qualifying Policy" and the "Insured Instrument", respectively.
- (e) **Restructuring.**
 - (i) With respect to an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest or a Qualifying Policy with respect thereto,

paragraphs (a) to (e) inclusive of the definition of "Restructuring" are hereby amended to read as follows:

- (A) a reduction in the rate or amount or the Instrument Payments in clause (A)(x) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
 - (B) a reduction in the amount of the Instrument Payments described in clause (A)(y) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
 - (C) a postponement or other deferral of a date or dates for either (A) the payment or accrual of the Instrument Payments described in clause (A)(x) of the definition thereof or (B) the payment of the Instrument Payments described in clause (A)(y) of the definition thereof, in each case that are guaranteed or insured by the Qualifying Policy;
 - (D) a change in the ranking in priority of payment of (A) any Obligation under a Qualifying Policy in respect of Instrument Payments, causing the Subordination of such Obligation to any other Obligation or (B) any Instrument Payments, causing the Subordination of such Insured Instrument to any other instrument in the form of a pass-through certificate or similar funded beneficial interest issued by the Insured Obligor, it being understood that, for this purpose, Subordination will be deemed to include any such change that results in a lower ranking under a priority of payments provision applicable to the relevant Instrument Payments; or
 - (E) any change in the currency or composition of any payment of Instrument Payments that are guaranteed or insured by the Qualifying Policy to any currency which is not a Permitted Currency.
- (ii) Paragraph (iii) of the definition of "Restructuring" in is hereby amended by adding "or, in the case of a Qualifying Policy and an Insured Instrument, where (A) the Qualifying Policy continues to guarantee or insure, as applicable, that the same Instrument Payments will be made on the same dates on which the Qualifying Policy guaranteed or insured that such Instrument Payments would be made prior to such event and (B) such event is not a change in the ranking in the priority of payment of the Qualifying Policy" after "Reference Entity".
- (iii) The definition of "Restructuring" is hereby amended by the insertion of the following paragraph after the final paragraph thereof:
- "For purposes of the definition of "Restructuring", the term Obligation shall be deemed to include Insured Instruments for which the Reference Entity is acting as provider of a Qualifying Policy. In the case of a Qualifying Policy and an Insured Instrument, references to the Reference Entity in the definition of "Restructuring" shall be deemed to refer to the Insured Obligor and the reference to the Reference Entity in paragraphs (i) to (iii) inclusive in the definition of "Restructuring" shall continue to refer to the Reference Entity."
- (f) Other Provisions. For purposes of the definition of "Credit Event", references to the "Underlying Obligation" and the "Underlying Obligor" shall be deemed to include "Insured Instruments" and the "Insured Obligor", respectively.

(g) Additional Definitions.

Qualifying Policy means a financial guaranty insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all Instrument Payments of an instrument that constitutes Borrowed Money (modified as provided above) (the **Insured Instrument**) for which another party (including a special purpose entity or trust) is the obligor (the **Insured Obligor**). Qualifying Policies shall exclude any arrangement (i) structured as a surety bond, letter of credit or equivalent legal arrangement or (ii) pursuant to the express contractual terms of which the payment obligations of the Reference Entity can be discharged or reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than the payment of Instrument Payments).

Instrument Payments means (A) in the case of any Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, (x) the specified periodic distributions in respect of interest or other return on the Certificate Balance on or prior to the ultimate distribution of the Certificate Balance and (y) the ultimate distribution of the Certificate Balance on or prior to a specified date and (B) in the case of any other Insured Instrument, the scheduled payments of principal and interest, in the case of both (A) and (B) (1) determined without regard to provisions limiting recourse in respect of an Insured Instrument to the proceeds of specified assets (including proceeds subject to a priority of payments) or reducing the amount of any Instrument Payments owing under such Insured Instrument, provided that such provisions are not applicable to the Qualifying Policy by the terms thereof and the Qualifying Policy continues to guarantee or insure, as applicable, the Instrument Payments that would have been required to be made absent any such limitation or reduction provisions of the type described above and (2) excluding sums in respect of default interest, indemnities, tax gross-ups, make-whole amounts, early redemption premiums and other similar amounts (whether or not guaranteed or insured by the Qualifying Policy).

Certificate Balance means, in the case of an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, the unit principal balance, certificate balance or similar measure of unreimbursed principal investment.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the Specified Denomination with Coupons and one Talon attached on issue.

1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

1.3 Holder Absolute Owner

The Issuer, the Calculation Agent and any Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon).

2. STATUS

- 2.1 The obligations under the Notes and the Coupons constitute unsecured and subordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other subordinated obligations of the Issuer.
- 2.2 Any claims for repayment of the Notes (each a **Repayment Claim**) shall be subordinated in the event of insolvency or liquidation of the Issuer to the claims of all other creditors which are not also subordinated and shall, in any such event, only be satisfied after all claims against the Issuer which are not subordinated have been satisfied. Any right to set off any Repayment Claim against claims of the Issuer shall be excluded. No collateral is or will be given for any Repayment Claim and collateral that may have been or may in future be given in connection with other indebtedness shall not secure any Repayment Claim.
- 2.3 The subordination provided for in this Condition 2 cannot be subsequently restricted, and the term to maturity of the Notes or the notice period provided for in Condition 5.2 cannot subsequently be shortened. Pursuant to § 10 subparagraph (5a) of the German Banking Act (*KWG*) the amount of any repurchase or other redemption prior to the Maturity Date must be replaced, notwithstanding any agreement to the contrary, unless a statutory exemption (replacement of the amounts redeemed or paid by paying in other, at least equivalent regulatory banking capital (*haftendes Eigenkapital*) or prior approval of the German Federal Authority for Financial Services Supervision (*Bundesanstalt für Finanzdienstleistungsaufsicht*) to the early redemption) applies.

3. COUPON AMOUNT

3.1 Coupon Amount

Each Note pays the Coupon Amount (if any) on each Coupon Amount Payment Date. Each Coupon Amount payable under the Notes represents an amount payable by the Issuer as consideration (i) for the use of the Issue Price by the Issuer and (ii) as compensation for and in recognition that in certain circumstances the Coupon Amount payable on other Coupon Amount Payment Dates may be limited to 3.00 per cent.

3.2 Accrual of Coupon Amounts

- (a) In the event that the Notes are redeemed prior to the Maturity Date, the final Coupon Amount payable in respect of each Note will be calculated as provided in the definitions of "Fixed Coupon Amount" and (if applicable) "Additional Coupon Amount" on the basis that the final Coupon Amount Accrual Period ended on the due date of redemption of the Notes.
- (b) In the event that on the due date for redemption of any Note upon due presentation or surrender thereof, payment in full of the sums due on redemption is improperly withheld or refused, such Note will accrue additional Fixed Coupon Amount and (if applicable) Additional Coupon Amount (as well after as before judgment) calculated as provided in the definition of "Fixed Coupon Amount" and (if applicable) "Additional Coupon Amount" on the basis of an additional Coupon Amount Accrual Period in respect of such Note commencing on the due date for redemption of such Note and ending on whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in

respect of such Note and a Coupon Rate equal to the Coupon Rate for the Coupon Amount Accrual Period ending on the due date for redemption.

3.3 Publication of Additional Coupon Rate and Additional Coupon Amount

The Principal Paying Agent shall cause the Additional Coupon Rate and the Additional Coupon Amount for each Coupon Amount Accrual Period commencing on and after 23rd February, 2010 to be notified to the Issuer, the Noteholders in accordance with Condition 13 and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed on, or as soon as practicable after, 23rd February, 2010.

3.4 Notifications, etc. to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3, whether by the Principal Paying Agent or the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent, the other Agents and the Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4. PAYMENTS

4.1 Payments in respect of Notes

Payments of principal and Coupon Amount in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of Coupon Amount due on a Coupon Amount Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) of any of the Paying Agents.

4.2 Method of Payment

Payments will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by euro cheque.

4.3 Missing Unmatured Coupons

Upon the date on which any Note becomes due and repayable, all unmatured Coupons appertaining to the Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.

4.4 Payments subject to Applicable Laws

Payments in respect of principal and Coupon Amount on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment.

4.5 Payment only on a Presentation Date

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 3.2, be entitled to any further Coupon Amount or other payment if a Presentation Date is after the due date.

5. REDEMPTION AND PURCHASE

5.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at par on the Maturity Date.

5.2 Redemption at the option of the Issuer (Issuer Call)

The Issuer may having given not less than 30 days' notice to the Principal Paying Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes then outstanding at par on the next occurring Optional Redemption Date, provided that such right of redemption shall be conditional upon the amount to be paid on such redemption having been replaced by other at least equivalent regulatory banking capital (*haftendes Eigenkapital*) within the meaning of the German Banking Act (*KWG*) prior to such redemption or the prior approval of such redemption by the German Federal Authority for Financial Services Supervision (*Bundesanstalt für Finanzdienstleistungsaufsicht*).

5.3 Purchases

The Issuer or any Affiliate of the Issuer may, subject to paragraph 10 sub-paragraph 5(a) of the German Banking Act, at any time purchase Notes (provided that all unmatured Coupons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

5.4 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 5.4 above (together with all unmatured Coupons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

6. TAXATION

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any note and all payments made by the Issuer shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

7. EVENTS OF DEFAULT

The Notes may not be prematurely repaid at the request of the Noteholders. If the Issuer is dissolved, liquidated or wound-up for any reason, the Issuer shall promptly give notice to the Noteholders in accordance with Condition 13 of such event and, so long as such dissolution, liquidation or winding-up is continuing, each Note shall, subject to Condition 2, become due and payable at par, together with Coupon Amount accrued to (but excluding) the date of repayment without any further action or formality of the relevant Noteholder.

8. PRESCRIPTION

The Notes and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of Coupon Amount) after the Relevant Date therefor. There shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue under this Condition or Condition 4.3.

9. REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of any Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

10. SUBSTITUTION OF THE ISSUER OR BRANCH

10.1 Substitution of Issuer

The Issuer (or any previously substituted company from time to time) shall, without the consent of the Noteholders, be entitled at any time to substitute for the Issuer any other company (the **Substitute**) as principal debtor in respect of all obligations arising from or in connection with the Notes provided that (i) at the time of the substitution the Substitute would be able to fulfil all payment obligations arising from or in connection with the Notes without any taxes or duties being imposed on such payments; (ii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Notes represent valid, legally binding and enforceable obligations of the Substitute have been taken, fulfilled and done and are in full force and effect; (iii) the Substitute shall have assumed all obligations arising from or in connection with the Notes and shall have become a party to the Agency Agreement, with any consequential amendments; (iv) the obligations of the Substitute in respect of the Notes shall be unconditionally and irrevocably guaranteed by the Issuer; (v) the Luxembourg Stock Exchange shall have confirmed that following the proposed substitution of the Substitute the Notes would continue to be listed on the Luxembourg Stock Exchange; (vi) Euronext Amsterdam shall have confirmed that following the proposed substitution of the Substitute the Notes would continue to be listed on Euronext Amsterdam N.V. and (vii) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Noteholders in accordance with Condition 13.

10.2 Substitution of Branch

The Issuer shall have the right upon notice to the Noteholders in accordance with Condition 13 to change the branch through which it is acting for the purpose of the Notes, the date of

such change to be specified in such notice provided that no change can take place prior to the giving of such notice.

11. PAYING AGENTS AND CALCULATION AGENT

11.1 Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) so long as the Notes are listed on the Luxembourg Stock Exchange, there will at all times be a Paying Agent (which may be the Principal Paying Agent) with a specified office in such place as may be required by the rules and regulations of the Luxembourg Stock Exchange; and
- (c) so long as the Notes are listed on Euronext Amsterdam N.V. and the rules of Euronext Amsterdam N.V. so require, there will at all times be a Paying Agent (which may be the Principal Paying Agent) with a specified office in Amsterdam; and
- (d) there will at all times be a Calculation Agent.

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders.

11.2 Calculation Agent

The Calculation Agent has agreed to act as Calculation Agent in respect of the Notes.

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to the Conditions shall (in the absence of manifest error) be final and binding on the Issuer and the Noteholders. In performing its duties pursuant to the Notes, the Calculation Agent shall act in its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and neither the Calculation Agent nor the Issuer shall, in the absence of wilful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

The Issuer reserves the right at any time to vary or terminate the appointment of the Calculation Agent and to appoint a successor calculation agent, Provided That there shall at all times be a Calculation Agent. Notice of any change in Calculation Agent shall be given to the Noteholders in accordance with Condition 13.

11.3 General

The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

12. EXCHANGE OF TALONS

On and after the Coupon Amount Payment Date on which the final Coupon comprised in the Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet, subject to the provisions of Condition 8.

13. NOTICES

13.1 Notices to Noteholders and Couponholders

All notices to the Noteholders will be deemed to be validly given if published (i) in a leading English language daily newspaper of general circulation in London, (ii) if and for so long as the Notes are listed on the Luxembourg Stock Exchange and for so long as the rules of the Luxembourg Stock Exchange so require, in a daily newspaper of general circulation in Luxembourg and (iii) if and for so long as the Notes are listed on Euronext Amsterdam N.V. and for so long as the rules of Euronext Amsterdam N.V. so require, in the Euronext Amsterdam Daily Official List and in a Dutch daily newspaper with a national or wide circulation. It is expected that such publication will be made in the Financial Times in London, the Luxemburger Wort in Luxembourg and Het Financieele Dagblad in the Netherlands. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange (or any other relevant authority) on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

13.2 Notices from the Calculation Agent

In relation to the delivery by the Calculation Agent to the Issuer of any notice pursuant to these Conditions, a notice delivered on or prior to 4:00 p.m. (London time) on a Business Day in London will be effective on such Business Day in London. A notice delivered after 4:00 p.m. (London time) on a Business Day in London will be deemed effective on the next following Business Day in London, regardless of the form in which it is delivered. Notwithstanding the foregoing, a notice delivered by the Calculation Agent to the Issuer after 4:00 p.m. (London time) on 22nd February, 2010, will be deemed effective on 22nd February, 2010. For purposes of this Condition 13.2, a notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one Business Day in London of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or upon the request in writing of Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is two or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons (including modifying the date of maturity of the Notes or any date for payment of Coupon Amount thereon, reducing or cancelling the amount of principal or the Coupon Amount in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be two or more persons holding or representing not less than three-quarters in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one quarter in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

- (a) any modification (except as mentioned above) of the Notes, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

15. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of Coupon Amount thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

17. GOVERNING LAW AND SUBMISSION TO JURISDICTION

17.1 Governing law

The Agency Agreement, the Notes and the Coupons are governed by, and shall be construed in accordance with, English law, except that Condition 2 is governed by and shall be construed in accordance with German Law.

17.2 Submission to Jurisdiction

The Issuer agrees, for the exclusive benefit of the Noteholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and/or the Coupons and that accordingly any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Notes and the Coupons may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

17.3 Other documents

The Issuer has in the Agency Agreement submitted to the jurisdiction of the English courts in terms substantially similar to those set out above.

USE OF PROCEEDS

The net proceeds of the issue of the Notes, amounting to approximately EUR 200,000,000, will be applied by the Issuer in the ordinary course of its banking business.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

*The following is a summary of the provisions to be contained in the Temporary Global Note and the Permanent Global Note (together the **Global Notes**) which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Notes.*

1. Exchange

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only if:

- (a) the Issuer is dissolved, liquidated or wound-up for any reason (as set out in Condition 7) and such event is continuing; or
- (b) the Issuer has been notified that both Clearstream, Luxembourg and/or Euroclear have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or
- (c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form,

each such event or occurrence an **Exchange Event**.

The Issuer will promptly give notice to Noteholders if an Exchange Event occurs. In the case of (a) or (b) above, the holder of the Permanent Global Note, acting on the instructions of one or more of the Accountholders (as defined below), may give notice to the Issuer and the Principal Paying Agent and, in the case of (c) above, the Issuer may give notice to the Principal Paying Agent of its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Note may or, in the case of (c) above, shall surrender the Permanent Global Note to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of Coupon Amount which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Agency Agreement. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, **Exchange Date** means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given, being a day on which banks are open for general business in the place in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

2. Payments

On and after 4th April, 2005, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and Coupon Amount in respect of Notes represented by a Global Note will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of such Global Note to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Principal Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Notes. Payments of Coupon Amount on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. Notices

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Clearstream, Luxembourg and/or Euroclear, notices to Noteholders may be given by delivery of the relevant notice to Clearstream, Luxembourg and/or Euroclear (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 13, provided that, so long as the Notes are listed on the Luxembourg Stock Exchange, notice will also be given by publication in a daily newspaper published in Luxembourg if and to the extent that the rules of the Luxembourg Stock Exchange so require and so long as the Notes are listed on Euronext Amsterdam, notice will also be given by publication in the Euronext Amsterdam Daily Official List and in a Dutch daily newspaper with a national or wide circulation if and to the extent that the rules of Euronext Amsterdam so require. Any such notice shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to Clearstream, Luxembourg and/or Euroclear, as the case may be, as aforesaid.

4. Accountholders

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Clearstream, Luxembourg and/or Euroclear, each person (other than Clearstream, Luxembourg and/or Euroclear) who is for the time being shown in the records of Clearstream, Luxembourg and/or Euroclear as the holder of a particular principal amount of Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Clearstream Luxembourg and/or Euroclear as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of that principal amount for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notices to the Issuer pursuant to Condition 13) other than with respect to the payment of principal and Coupon Amount, the right to which shall be vested, as against the Issuer solely in the bearer of the relevant Global Note in accordance with and subject to its terms. Each Accountholder must look solely to Clearstream, Luxembourg and/or Euroclear, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

5. Prescription

Claims against the Issuer in respect of principal and Coupon Amount on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of Coupon Amount) from the Relevant Date (as defined in the Definitions).

6. Cancellation

Cancellation of any Note represented by a Global Note and required by the Terms and Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

7. Clearstream, Luxembourg and/or Euroclear

Notes represented by a Global Note are transferable in accordance with the rules and procedures for the time being of Clearstream, Luxembourg and/or Euroclear, as appropriate. References in the Global Notes and this summary to Clearstream Luxembourg, and/or Euroclear shall be deemed to include references to any other clearing system through which interests in the Notes are held.

RATINGS OF THE NOTES

It is expected that on issue of the Notes the Notes will be rated at least, "A+" by Fitch and at least "A+" by Standard & Poor's. Prospective purchasers of the Notes should note that in certain circumstances the rating of the Notes may be lower than the rating specified above. See "*Risk Factors relating to the Notes*" on page 9.

Any ratings assigned to the Notes by Fitch and Standard & Poor's address the ultimate payment of Coupon Amount, and the ultimate payment of the principal of such Notes. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time.

The ratings assigned to each Note by each Rating Agency are based upon its assessment of the average default rates of the Reference Entities, based largely upon such Rating Agency's statistical analysis of historical default rates on corporate debt obligations and the ratings of the Reference Entities.

There can be no assurance that the performance of the Notes will match that assumed by the Rating Agencies in their analysis. None of Fitch, Standard & Poor's, the Issuer or the Manager makes any representation as to the performance of the Notes and as to the expected timing of any defaults that may occur. Investors are advised to make their own assessments with respect to default assumptions.

INFORMATION ON THE DOW JONES iTRAXX® EUROPE INDEX

The information contained herein with regard to the Dow Jones iTraxx® Europe Index consists of extracts from or summaries of information contained in publicly available sources. The Issuer accepts responsibility for accurately reproducing such extracts or summaries. The Issuer accepts no further or other responsibility in respect of such information.

General

Dow Jones (DJ) iTraxx credit default swap (CDS) indices were launched in 2004, in conjunction with a consortium of leading global investment banks and are the result of the merger of the iBoxx Limited and DJ TRAC-X credit derivative index products. International Index Company (IIC) was created at the time of such merger to manage and administer the combined index offerings.

Dow Jones iTraxx® Europe Index

The Dow Jones iTraxx® Europe Index consists of a static portfolio of 125 equally weighted credit default swaps on European entities and is administered by IIC. A new series of DJ iTraxx® Europe is issued every six months. Information regarding the Dow Jones iTraxx® Europe Index is available from www.itraxx.com.

The following banks are licensed market makers for the DJ iTraxx indices:

ABN AMRO Bank N.V., Barclays Bank plc, Banco Bilbao Vizcaya Argentaria S.A., Bear Stearns International Limited, BNP Paribas, Citigroup N.A. (London Branch), Commerzbank AG, Credit Suisse First Boston International, Deutsche Bank AG London, Dresdner Bank AG London Branch, Goldman Sachs International, HSBC Bank plc, Lehman Brothers International (Europe), Merrill Lynch International, J.P. Morgan Securities Ltd., Morgan Stanley & Co. International Limited, Nomura International plc, The Royal Bank of Scotland plc, Société Générale and UBS Limited.

Calculation of the Dow Jones iTraxx® Europe Index

- Each market maker submits a list of 200 to 250 names, by Bloomberg Corporate Ticker, based on the following criteria:
 - incorporated in Europe;
 - those names with the highest CDS trading volume, as measured over the previous six months;
 - volumes for financial names are derived from Subordinated (Lower Tier 2) transactions; and
 - exclude all internal transactions from the volume statistics.
- Volumes for names which fall under the same Bloomberg Corporate Ticker, but trade separately in the CDS market, are summed to arrive at an overall volume for each issuer.
- The list is ranked according to trading volumes, i.e. the issuer with the highest trading volume first, and identified by their Bloomberg Corporate Ticker only.
- IIC (as the administrator) collates all submitted lists and removes any names related Baa3/BBB- and with negative outlook.

- Each issuer is assigned an appropriate Dow Jones sector.
- Each issuer is then mapped to an iTraxx sector and ranked within its sector by averaging the votes cast by the market makers.
- The final portfolio comprises 125 issuers, and is constructed by selecting the highest ranking issuers in each sector below:
 - 25 Financials (Senior & Subordinated);
 - 20 Energy;
 - 20 Industrial;
 - 20 Telecommunications, Media and Technology;
 - 15 Consumer cyclical;
 - 15 Consumer non-cyclical; and
 - 10 Autos and Auto parts.
- For each issuer (Bloomberg Corporate Ticker) the most liquid CDS reference entity is assigned.

INFORMATION ON THE DOW JONES CDX® NORTH AMERICA (IG) INDEX

The information contained herein with regard to the Dow Jones CDX® North America (IG) Index consists of extracts from or summaries of information contained in publicly available sources. The Issuer accepts responsibility for accurately reproducing such extracts or summaries. The Issuer accepts no further or other responsibility in respect of such information.

Dow Jones CDX® North America (IG) Index

The Dow Jones CDX® North America (IG) Index consists of a static portfolio of 125 equally weighted credit default swaps on North American Investment Grade entities as administered by DJ CDX Ltd. The Dow Jones CDX® North America (IG) Index is re-balanced every six months. Information regarding the Dow Jones CDX® North America (IG) Index is available from www.Mark-it.com.

The Reference Entities included in the Dow Jones CDX® North America (IG) Index (the **CDX Index**) as of the Issue Date are listed in Part B of "Portfolio of Reference Entities comprising the Global iTraxx Indices as of the Issue Date" below.

Portfolio Rules

Each market maker for the CDX Index submitted a list of 150 entities, based on the following criteria:

- (i) investment grade entities;
- (ii) entities with liquid outstanding debt; and
- (iii) entities with active trading in credit default swaps.

Affiliates of an entity included in the CDX Index that are already guaranteed by that entity are not included. Non-guaranteed wholly-owned subsidiaries of an entity are eligible.

Those entities receiving the greatest number of votes are included in the CDX Index until the CDX Index totals 125 entities.

If, for example, there are two places to fill in the portfolio but 15 possible entities (with the same number of votes) to choose from, each market maker will give an order of preference for that list of entities to be included in the CDX Index.

Those entities preferred by the greatest number of market makers are added to the CDX Index until the CDX Index totals 125.

Index Composition

One week prior to the re-balancing-date, each market maker will submit to the Administrator a list of entities from the current CDX Index which in their judgment should no longer be included, based on the following criteria:

- (i) entities downgraded below investment grade by either S&P or Moody's;
- (ii) entities for which a merger or corporate action has occurred, rendering it no longer suitable;
- (iii) entities whose Credit Default Swaps has become materially less liquid.

The Administrator will eliminate

- all entities submitted with respect to (i)
- all entities submitted with respect to (ii) which receive a majority of votes from the group of market makers
- all entities submitted with respect to (iii) which receives a majority of votes from the group of market makers

Each market maker will then submit to the Administrator a list of entities which in their judgement should be added to the CDX Index. This list shall include twice the number of entities required.

Affiliates of entities guaranteed by entities already in the index are ineligible. Non-guaranteed affiliates are eligible.

The Administrator will add to the CDX Index those entities receiving the greatest number of votes until the CDX Index totals 125 entities.

- If for example, there are two places to fill in the portfolio but 15 possible entities (with the same number of votes) to choose from, the Administrator will request each market maker's order of preference for that list of entities to be included in the CDX Index.
- The Administrator will add those entities preferred by the greatest number of market makers to the CDX Index until the CDX Index totals 125.

Three business days prior to the re-balancing date, the Administrator will publicise the composition of the CDX Index.

As of the date of this Offering Circular, each of Reference Entities in the CDX Index is subject to the reporting requirements of the United States Securities Exchange Act of 1934, as amended (the **Exchange Act**). Reports and other information filed by such Reference Entities with the Securities and Exchange Commission (the **Commission**) pursuant to the information requirements of the Exchange Act can be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can also be obtained upon written request addressed to the Commission, Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. The Commission maintains a Web site at <http://www.sec.gov> containing reports, proxy statements and other information regarding registrants that file electronically with the Commission.

There can be assurance, however, that each Reference Entity will continue to be a reporting company subject to the reporting requirements of the Exchange Act during the term of the Notes or that any given Reference Entity will comply with such requirements. Further, no Reference Entity will cease to be a Reference Entity solely as a result of such Reference Entity either ceasing to continue to be a reporting company subject to the reporting requirements of the Exchange Act during the term of the Notes or failing to comply with such requirements.

**PORTFOLIO OF REFERENCE ENTITIES COMPRISING THE GLOBAL iTRAXX
INDICES AS OF THE ISSUE DATE**

PART A

Reference Entity	Reference Obligation ISIN	Reference Obligation Maturity	Reference Obligation Coupon	Sector
Aktiebolaget Volvo	XS0157960815	26-Jan-2010	5.375%	Autos
Bayernische Motoren Werke Aktiengesellschaft	XS0162732951	20-Feb-2013	4.625%	Autos
Compagnie Financiere Michelin	XS0145903406	16-Apr-2009	6.125%	Autos
Continental Aktiengesellschaft	XS0139722069	05-Dec-2008	6.875%	Autos
DaimlerChrysler AG	US233835AA55	01-Sep-2009	7.200%	Autos
GKN HOLDINGS PLC	XS0147740335	14-May-2012	7.000%	Autos
PEUGEOT SA	FR0000487159	27-Sep-2011	5.875%	Autos
RENAULT	FR0000474843	28-May-2010	4.625%	Autos
VALEO	FR0000486573	13-Jul-2006	5.625%	Autos
VOLKSWAGEN AKTIENGESELLSCHAFT	XS0168882495	22-May-2013	4.875%	Autos
ACCOR	FR0000486409	05-Jul-2006	5.750%	Consumer Cyclical
BOOTS GROUP PLC	XS0097335318	26-May-2009	5.500%	Consumer Cyclical
COMPASS GROUP PLC	XS0148362501	29-May-2012	6.375%	Consumer Cyclical
Deutsche Lufthansa Aktiengesellschaft	XS0140276618	04-Jan-2012	1.250%	Consumer Cyclical
DIXONS GROUP PLC	XS0157632562	15-Nov-2012	6.125%	Consumer Cyclical
GUS PLC	XS0099323999	16-Jul-2009	6.375%	Consumer Cyclical
HILTON GROUP PLC	XS0145190681	17-Jul-2009	6.500%	Consumer Cyclical
KINGFISHER PLC	XS0100937324	23-Mar-2010	6.875%	Consumer Cyclical
Koninklijke Philips Electronics N.V.	XS0129477633	16-May-2011	6.125%	Consumer Cyclical
LVMH MOET HENNESSY LOUIS VUITTON	FR0000474223	29-Apr-2010	5.000%	Consumer Cyclical
MARKS AND SPENCER p.l.c.	XS0138137285	07-Nov-2011	6.375%	Consumer Cyclical
PINALUT-PRINTEMPS-REDOUTE	FR0010068486	29-Mar-2011	5.250%	Consumer Cyclical
SIX CONTINENTS PLC	XS0178293196	20-Oct-2010	4.750%	Consumer Cyclical
SODEXHO ALLIANCE	FR0000488603	25-Mar-2009	5.875%	Consumer Cyclical
THOMSON	FR0000188369	01-Jan-2008	1.000%	Consumer Cyclical
ALLIED DOMECO PLC	XS0149165986	12-Jun-2009	5.875%	Consumer Non-cyclical
BRITISH AMERICAN TOBACCO p.l.c.	XS0094703799	25-Feb-2009	4.875%	Consumer Non-cyclical
CADBURY SCHWEPES PUBLIC LIMITED COMPANY	XS0149902834	26-Jun-2007	5.000%	Consumer Non-cyclical
CARREFOUR	FR0000480691	26-May-2010	6.125%	Consumer Non-cyclical
CASINO GUICHARD-PERRACHON	FR0000485807	06-Mar-2008	6.000%	Consumer Non-cyclical
DIAGEO PLC	US25243EAA10	01-Nov-2009	7.250%	Consumer Non-cyclical
Gallaher Group PLC	XS0089315930	06-Aug-2008	5.875%	Consumer Non-cyclical
Henkel Kommanditgesellschaft auf Aktien	DE0006641962	10-Jun-2013	4.250%	Consumer Non-cyclical
IMPERIAL TOBACCO GROUP PLC	US453144AA55	01-Apr-2009	7.125%	Consumer Non-cyclical
J SAINSBURY PLC	XS0132124735	11-Jul-2008	5.625%	Consumer Non-cyclical
METRO AG	DE0002017217	13-Feb-2008	5.125%	Consumer Non-cyclical
SAFeway LIMITED	XS0110106365	12-Apr-2010	6.500%	Consumer Non-cyclical
TATE & LYLE PUBLIC LIMITED COMPANY	XS0150130879	28-Jun-2012	6.500%	Consumer Non-cyclical
TESCO PLC	XS0146634521	07-May-2008	5.250%	Consumer Non-cyclical
Unilever N.V.	US904764AG27	01-Nov-2010	7.125%	Consumer Non-cyclical
BP P.L.C.	XS0145526934	02-Oct-2006	4.750%	Energy
E.ON AG	XS0148578262	29-May-2009	5.750%	Energy
EDISON S.P.A.	XS0181582056	10-Dec-2010	5.125%	Energy
EDP - Electricidade de Portugal, S.A.	XS0126990778	28-Mar-2011	5.875%	Energy
ELECTRICITE DE FRANCE SERVICE NATIONAL	FR0000481152	25-Oct-2010	5.750%	Energy
ENDESA, S.A.	XS0162878903	21-Feb-2013	5.375%	Energy
ENEL S.P.A.	XS0170342868	12-Jun-2013	4.250%	Energy
Energie Baden-Wuerttemberg Aktiengesellschaft	XS0143722451	28-Feb-2012	5.875%	Energy
Fortum Oyj	XS0180180985	19-Nov-2010	4.625%	Energy
IBERDROLA, SOCIEDAD ANONIMA	XS0097762065	25-May-2009	4.500%	Energy
NATIONAL GRID TRANSO PLC	XS0133729771	23-Aug-2011	6.125%	Energy
REPSOL YPF S.A.	XS0110487062	05-May-2010	6.000%	Energy
RWE Aktiengesellschaft	XS0147030554	26-Oct-2012	6.125%	Energy
SCOTTISH POWER UK PLC	XS0100248896	14-Jan-2010	6.625%	Energy
SUEZ	FR0000495848	13-Oct-2009	5.875%	Energy
TECHNIP	FR0010085795	26-May-2011	4.625%	Energy
UNION FENOSA, S.A.	XS0150117264	26-Jun-2007	5.875%	Energy
UNITED UTILITIES PLC	US91311QAA31	01-Apr-2008	6.450%	Energy
Vattenfall Aktiebolag	XS0109778190	31-Mar-2010	6.000%	Energy
VEOLIA ENVIRONNEMENT	XS0142249555	01-Feb-2012	5.875%	Energy
ABBEY NATIONAL PLC	XS0093160439	30-Dec-2009	5.375%	Financial Senior
ABN AMRO Bank N.V.	NL0000122588	08-Sep-2009	5.375%	Financial Senior
Aegon N.V.	XS0166560622	16-Apr-2008	4.625%	Financial Senior
Allianz Aktiengesellschaft	DE0002306008	25-Mar-2008	5.000%	Financial Senior
ASSICURAZIONI GENERALI - SOCIETA PER AZIONI	XS0114161796	20-Jul-2010	6.150%	Financial Senior
AVIVA PLC	XS0066877258	20-Jun-2010	9.500%	Financial Senior
AXA	XS0130738213	18-Jun-2013	6.000%	Financial Senior
BANCA INTESA S.P.A.	XS0107999707	01-Mar-2010	6.250%	Financial Senior
BANCA MONTE DEI PASCHI DI SIENA S.P.A.	XS0173287516	30-Jul-2013	4.375%	Financial Senior
Banco Comercial Portugues, S.A.	XS0143475423	28-Feb-2007	FRN	Financial Senior
BANCO SANTANDER CENTRAL HISPANO, S.A.	XS0083812593	12-Feb-2008	5.375%	Financial Senior
BARCLAYS BANK PLC	XS0131039330	26-Jun-2006	4.875%	Financial Senior
Bayerische Hypo- und Vereinsbank Aktiengesellschaft	DE0002829645	15-Jan-2010	5.625%	Financial Senior
CAPITALIA, SOCIETA PER AZIONI	XS0177447637	06-Oct-2008	FRN	Financial Senior
COMMERZBANK Aktiengesellschaft	DE0007026882	25-Oct-2011	5.500%	Financial Senior
Credit Suisse Group	XS0118111599	05-Oct-2005	5.750%	Financial Senior
DEUTSCHE BANK AKTIENGESELLSCHAFT	DE0002798253	28-Jul-2009	4.250%	Financial Senior
DRESDNER BANK Aktiengesellschaft	DE0002798204	19-Jan-2007	4.000%	Financial Senior
Hannover Rueckversicherung AG	No Ref Ob			Financial Senior
HSBC BANK PLC	XS0127766672	12-Apr-2006	FRN	Financial Senior
Muenchener Rueckversicherungs-Gesellschaft Aktiengesellschaft in Muenchen	DE0002452547	09-Jun-2005	1.000%	Financial Senior
Swiss Reinsurance Company	XS0134194850	30-Aug-2005	5.625%	Financial Senior
The Governor and Company of the Bank of Scotland	XS0161467492	23-Jan-2008	3.750%	Financial Senior
THE ROYAL BANK OF SCOTLAND PUBLIC LIMITED COMPANY	XS0063816853	07-Dec-2006	8.750%	Financial Senior
Zurich Insurance Company	CH0009216745	22-Jul-2008	3.500%	Financial Senior
Adeco S.A.	XS0126005429	15-Mar-2006	6.000%	Industrials
AKZO Nobel N.V.	XS0170265341	14-Jun-2011	4.250%	Industrials
Anglo American plc	XS0169443784	5-Jun-2008	3.625%	Industrials
ARCELOR FINANCE	XS0176671732	24-Sep-2010	5.125%	Industrials
AVENTIS	XS0176128675	15-Sep-2010	4.250%	Industrials
BAA PLC	XS0181263202	27-Nov-2013	5.750%	Industrials
BAE SYSTEMS PLC	GB0001272664	24-Nov-2014	10.750%	Industrials
Bayer Aktiengesellschaft	XS0145758040	10-Apr-2012	6.000%	Industrials
COMPAGNIE DE SAINT-GOBAIN	FR0000494973	9-Jul-2009	4.750%	Industrials
European Aeronautic Defence and Space Company EADS N.V.	XS0163822488	3-Mar-2010	4.625%	Industrials
FINMECCANICA S.P.A.	XS0182242247	12-Dec-2018	5.750%	Industrials

Reference Entity	Reference Obligation ISIN	Reference Obligation Maturity	Reference Obligation Coupon	Sector
HANSON PLC	US411352AA50	27-Sep-2010	7.875%	Industrials
IMPERIAL CHEMICAL INDUSTRIES PLC	US449909AL48	1-Dec-2013	5.625%	Industrials
Investor Aktiefbolag	XS0143736162	5-Mar-2012	6.125%	Industrials
LAFARGE	FR0010032730	4-Dec-2013	5.448%	Industrials
Linde Aktiengesellschaft	DE0002465952	14-Jun-2007	6.375%	Industrials
ROLLS-ROYCE plc	XS0188009004	16-Mar-2011	4.500%	Industrials
Siemens Aktiengesellschaft	XS0131224155	4-Jul-2011	5.750%	Industrials
Stora Enso Oyj	XS0113081474	29-Jun-2007	6.375%	Industrials
UPM-Kymmene Oyj	XS0142044824	23-Jan-2012	6.125%	Industrials
Bertelsmann AG	XS0169240164	03-Jun-2010	4.625%	TMT
BRITISH TELECOMMUNICATIONS public limited company	XS0123684887	15-Feb-2011	6.875%	TMT
Deutsche Telekom AG	XS0148956559	29-May-2012	8.125%	TMT
FRANCE TELECOM	FR0000471948	28-Jan-2013	7.250%	TMT
HELLENIC TELECOMMUNICATIONS ORGANISATION SOCIETE ANONYME	XS0173549659	05-Aug-2013	5.000%	TMT
Koninklijke KPN N.V.	US780641AG12	01-Oct-2010	8.000%	TMT
MMO2 PLC	XS0141874726	25-Jan-2012	7.625%	TMT
Nokia Oyj	No Ref Ob			TMT
PEARSON plc	XS0106750655	01-Feb-2007	6.125%	TMT
REED ELSEVIER PLC	XS0133458728	31-Jul-2008	5.750%	TMT
REUTERS GROUP PLC	XS0180277393	19-Nov-2010	4.625%	TMT
STMicroelectronics N.V.	XS0173918011	05-Jul-2013	0.000%	TMT
TDC A/S	XS0146556385	19-Apr-2012	6.500%	TMT
TELECOM ITALIA SPA	XS0142531903	01-Feb-2012	6.250%	TMT
TELEFONICA, S.A.	XS0162867880	14-Feb-2013	5.125%	TMT
TeliaSonera Aktiefbolag	XS0101443538	10-Sep-2010	5.500%	TMT
VNU N.V.	XS0137852793	29-Oct-2008	6.750%	TMT
VODAFONE GROUP PUBLIC LIMITED COMPANY	US92857TAG22	15-Feb-2010	7.750%	TMT
Wolters Kluwer N.V.	XS0181273342	27-Jan-2014	5.125%	TMT
WPP Group plc	XS0131030032	18-Jun-2008	6.000%	TMT

PART B

Reference Entity	Sub-Index	Reference Obligation	CUSIP
ACE LIMITED	Financials	ACE 6% 4/1/07	004408AB6
Aetna Inc.	Financials	AET 7.875% 03/01/11	00817YAB4
Albertson's, Inc.	Consumer Products and Retail	ABS 7.5% 02/15/11	013104AJ3
Alcan Inc.	Basic Industrials	AL 4.875% 9/15/12	013716AR6
Alcoa Inc.	Basic Industrials	AA 6.5% 06/01/11	013817AD3
The Allstate Corporation	Financials	ALL 7.2% 12/1/09	020002AK7
ALLTEL Corporation	TMT	AT 7% 7/1/12	020039DB6
Altria Group, Inc.	Consumer Products and Retail	MO 7.75% 01/15/27	718154CF2
AMERICAN ELECTRIC POWER COMPANY, INC.	Energy	AEP 5.375% 03/15/10	025537AD3
American Express Company	Financials	AXP 5.5% 09/12/06	025816AN9
American International Group, Inc.	Financials	AIG 0% 11/09/31	026874AP2
Amgen Inc.	Consumer Products and Retail	AMGN 0% 03/01/32	031162AE0
Anadarko Petroleum Corporation	Energy	APC 6.125% 03/15/12	032511AT4
Arrow Electronics, Inc.	TMT	ARW 6.875% 06/01/18	042735AL4
AutoZone, Inc.	Consumer Products and Retail	AZO 5.875% 10/15/12	053332AC6
Baxter International Inc.	Consumer Products and Retail	BAX 6.625% 02/15/28	071813AM1
BellSouth Corporation	TMT	BLS 6% 10/15/11	079860AB8
Boeing Capital Corporation	Basic Industrials	BA 6.1% 3/1/11	097014AD6
BOMBARDIER INC.	Basic Industrials	BOMB 6.75% 05/01/12	097751AG6
Bristol-Myers Squibb Company	Consumer Products and Retail	BMJ 5.75% 10/1/11	110122AG3
Burlington Northern Santa Fe Corporation	Basic Industrials	BNI 6.75% 7/15/11	12189TAT1
Campbell Soup Company	Consumer Products and Retail	CPB 4.875% 10/01/13	134429AS8
Capital One Bank	Financials	COF 6.7% 05/15/08	14040EEE8
Cardinal Health, Inc.	Consumer Products and Retail	CAH 6.75% 02/15/11	14149YAF5
CARNIVAL CORPORATION	Consumer Products and Retail	CCL 2% 04/15/21	143658AN2
Caterpillar Inc.	Basic Industrials	CAT 6.55% 05/01/11	149123BH3
Cendant Corporation	Consumer Products and Retail	CD 7.375% 01/15/13	151313AP8
Centex Corporation	Basic Industrials	CTX 7.875% 2/1/11	152312AG9
CenturyTel, Inc.	TMT	CTL 8.375% 10/15/10	156700AA4
The Chubb Corporation	Financials	CB 6% 11/15/11	171232AF8
CIGNA Corporation	Financials	CI 7.875% 5/15/27	125509AZ2
Cingular Wireless LLC	TMT	CNG 6.5% 12/15/11	17248RAF3
CIT Group Inc.	Financials	CIT 7.75% 04/02/12	125581AB4
Clear Channel Communications, Inc.	TMT	CCU 7.65% 09/15/10	184502AK8
Comcast Cable Communications, LLC	TMT	CMCSA 6.75% 01/30/11	20029PAL3
Computer Sciences Corporation	TMT	CSC 7.375% 06/15/11	205363AE4
ConAgra Foods, Inc.	Consumer Products and Retail	CAG 6.75% 9/15/11	205887BA9
CONOCOPHILLIPS	Energy	COP 4.75% 10/15/12	20825CAE4
Constellation Energy Group, Inc.	Energy	CEG 7% 4/1/12	210371AH3
Countrywide Home Loans, Inc.	Financials	CFC 5.625% 07/15/09	22237LMY5
Cox Communications, Inc.	TMT	COX 7.75% 11/01/10	224044AY3
CSX Corporation	Basic Industrials	CSX 6.75% 03/15/11	126408AP8
CVS Corporation	Consumer Products and Retail	CVS 5.625% 3/15/06	126650AD2
Deere & Company	Basic Industrials	DE 6.95% 04/25/14	244199BB0
Delphi Corporation	Basic Industrials	DPH 6.5% 05/01/09	247126AB1
Devon Energy Corporation	Energy	DVN 6.875% 9/30/11	25179SAC4
Dominion Resources, Inc.	Energy	D 6.25% 06/30/12	25746UJ8
The Dow Chemical Company	Basic Industrials	DOW 6% 10/01/12	260543BR3
Duke Energy Corporation	Energy	DUK 6.25% 1/15/12	264399DW3
E. I. du Pont de Nemours and Company	Basic Industrials	DD 6.875% 10/15/09	263534BJ7
Eastman Chemical Company	Basic Industrials	EMN 7% 4/15/12	277432AE0
Eastman Kodak Company	TMT	EK 3.625% 05/15/08	27746QAE4
EOP Operating Limited Partnership	Financials	EOP 7% 7/15/11	268766BU5
Federal Home Loan Mortgage Corporation	Financials	FHLMC 5.5% 09/15/11	3134A4HF4
Federal National Mortgage Association	Financials	FNMA 4.375% 09/15/12	31359MPF4
Federated Department Stores, Inc.	Consumer Products and Retail	FD 6.625% 04/01/11	31410HAS0
FirstEnergy Corp.	Energy	FE 6.45% 11/15/11	337932AB3
FORD MOTOR CREDIT COMPANY	Basic Industrials	F 7.25% 10/25/11	345397TY9
General Electric Capital Corporation	Financials	GE 5.875% 02/15/12	36962GXS8
General Mills, Inc.	Consumer Products and Retail	GIS 6% 02/15/12	370334AS3
General Motors Acceptance Corporation	Basic Industrials	GM 6.875% 08/28/12	370425SE1
Goodrich Corporation	Basic Industrials	GR 7.625% 12/15/12	382388AP1
HALLIBURTON COMPANY	Energy	HAL 5.5% 10/15/10	406216AR2
Harrah's Operating Company, Inc.	Consumer Products and Retail	HET 7.5% 1/15/09	413627AE0
The Hartford Financial Services Group, Inc.	Financials	HIG 7.9% 6/15/10	416515AE4
Hewlett-Packard Company	TMT	HPQ 6.5% 7/1/12	428236AG8
Honeywell International Inc.	Basic Industrials	HON 7.5% 03/01/10	438516AK2
Ingersoll-Rand Company	Basic Industrials	IR 9% 08/15/21	456866AG7
International Business Machines Corporation	TMT	IBM 4.25% 09/15/09	459200AZ4

Reference Entity	Sub-Index	Reference Obligation	CUSIP
International Lease Finance Corporation	Financials	AIG 6.375% 3/15/09	459745EZ4
International Paper Company	Basic Industrials	IP 6.75% 09/01/11	460146BN2
Jones Apparel Group, Inc.	Consumer Products and Retail	JNY 0% 2/1/21	4800081AD0
KERR-McGEE CORPORATION	Energy	KMG 6.875% 9/15/11	492386AS6
Kraft Foods Inc.	Consumer Products and Retail	KFT 5.625% 11/01/11	50075NAB0
THE KROGER CO.	Consumer Products and Retail	KR 5.5% 2/1/13	501044CE9
Lennar Corporation	Basic Industrials	LEN 5.95% 03/01/13	526057AG9
Liberty Media Corporation	TMT	L 7.875% 7/15/09	530715AB7
Lockheed Martin Corporation	Basic Industrials	LMT 8.2% 12/1/09	539830AL3
Loews Corporation	Financials	LTR 8.875% 4/15/11	540424AE8
Marriott International, Inc.	Consumer Products and Retail	MAR 7.875% 09/15/09	571900AQ2
The May Department Stores Company	Consumer Products and Retail	MAY 8% 07/15/12	57778BN2
Maytag Corporation	Consumer Products and Retail	MYG 6.875% 12/1/06	57859HBT0
MBIA Insurance Corporation	Financials		
MBNA Corporation	Financials	KRB 7.5% 03/15/12	55263ECE3
McDonald's Corporation	Consumer Products and Retail	MCD 6% 04/15/11	58013MDM3
McKesson Corporation	Consumer Products and Retail	MCK 7.75% 02/01/12	58155QAA1
MeadWestvaco Corporation	Basic Industrials	MWV 6.85% 4/1/12	583334AA5
MetLife, Inc.	Financials	MET 6.125% 12/1/11	59156RAC2
Motorola, Inc.	TMT	MOT 7.625% 11/15/10	620076AR0
National Rural Utilities Cooperative Finance Corporation	Energy	NRUC 7.25% 03/01/12	637432CU7
Newell Rubbermaid Inc.	Consumer Products and Retail	NWL 4.625% 12/15/09	651229AC0
News America Incorporated	TMT	NCP 6.625% 01/09/08	652482AR1
Nordstrom, Inc.	Consumer Products and Retail	JWN 5.625% 01/15/09	655664AG5
NORFOLK SOUTHERN CORPORATION	Basic Industrials	NSC 7.7% 5/15/17	655844AE8
Northrop Grumman Corporation	Basic Industrials	NOC 7.125% 2/15/11	666807AT9
Omnicom Group Inc.	TMT	OMC 0% 07/31/32	681919AM8
Progress Energy, Inc.	Energy	PGN 7.1% 3/1/11	743263AD7
Pulte Homes, Inc.	Basic Industrials	PHM 7.875% 8/1/11	745867AL5
Raytheon Company	Basic Industrials	RTN 8.3% 03/01/10	755111BH3
Rohm and Haas Company	Basic Industrials	ROH 7.4% 7/15/09	775371AR8
Safeway Inc.	Consumer Products and Retail	SWY 5.8% 08/15/12	786514BF5
SBC Communications Inc.	TMT	SBC 5.875% 08/15/12	78387GAK9
Sears Roebuck Acceptance Corp.	Consumer Products and Retail	S 7% 02/01/11	812404BG5
Sempra Energy	Energy	SRE 6% 02/01/13	816851AF6
Simon Property Group, L.P.	Financials	SPG 7.75% 01/20/11	828807AH0
Southwest Airlines Co.	Consumer Products and Retail	LUV 6.5% 3/1/12	844741AV0
Sprint Corporation	TMT	FON 8.375% 03/15/12	852060AS1
SUPERVALU INC.	Consumer Products and Retail	SVU 7.5% 5/15/12	868536AR4
Target Corporation	Consumer Products and Retail	TGT 5.875% 03/01/12	87612EAH9
Textron Financial Corporation	Basic Industrials	TXT 6% 11/20/09	883199AQ4
Time Warner Inc.	TMT	TWX 6.875% 05/01/12	00184AAF2
Transocean Inc.	Energy	RIG 6.625% 04/15/11	893830AE9
Tyson Foods, Inc.	Consumer Products and Retail	TSN 8.25% 10/1/11	902494AM5
Union Pacific Corporation	Basic Industrials	UNP 6.125% 1/15/12	907818CN6
Valero Energy Corporation	Energy	VLO 6.875% 04/15/12	91913YAD0
Verizon Global Funding Corp.	TMT	VZ 7.25% 12/01/10	92344GAL0
Viacom Inc.	TMT	VIA 7.7% 07/30/10	925524AJ9
Wal-Mart Stores, Inc.	Consumer Products and Retail	WMT 6.875% 8/10/09	931142BE2
The Walt Disney Company	TMT	DIS 6.375% 03/01/12	25468PBX3
Washington Mutual, Inc.	Financials	WM 4.375% 01/15/08	939322AH6
Wells Fargo & Company	Financials	WFC 3.5% 04/04/08	949746EX5
Weyerhaeuser Company	Basic Industrials	WY 6.75% 03/15/12	962166BP8
Whirlpool Corporation	Consumer Products and Retail	WHR 8.6% 5/1/10	963320AK2
Wyeth	Consumer Products and Retail	WYE 5.25% 3/15/13	983024AA8
XL CAPITAL LTD	Financials	XL 0% 05/23/21	98372PAB4

The information set out in Part A and Part B above is provided by Markit Group Limited. Investors should note that EDP-Electricidade de Portugal, S.A. has changed its name to EDP-Energias de Portugal, S.A. and Aventis has, as a result of a merger, become Sanofi-Aventis.

The Issuer shall make available, at the office of the Paying Agent in Luxembourg, information containing (1) the country of incorporation of each Reference Entity and (2) the stock exchange (if any) on which the shares of each Reference Entity are, primarily listed.

DESCRIPTION OF DEUTSCHE BANK AG AND THE DEUTSCHE BANK GROUP

Incorporation, Registered Office and Objectives

Deutsche Bank Aktiengesellschaft (**Deutsche Bank AG** or the **Bank**) originated from the reunification of Norddeutsche Bank Aktiengesellschaft, Hamburg, Rheinisch – Westfälische Bank Aktiengesellschaft, Düsseldorf and Süddeutsche Bank Aktiengesellschaft, Munich; pursuant to the Law on the Regional Scope of Credit Institutions, these had been disincorporated in 1952 from Deutsche Bank which was founded in 1870. The merger and the name were entered in the Commercial Register of the District Court Frankfurt am Main on 2nd May, 1957. Deutsche Bank AG is a banking institution and a stock corporation incorporated under the laws of Germany under registration number HRB 30 000. The Bank has its registered office in Frankfurt am Main, Germany. It maintains its head office at Taunusanlage 12, 60325 Frankfurt am Main and branch offices in Germany and abroad including in London, New York, Sydney, Tokyo and an Asia-Pacific Head Office in Singapore which serve as hubs for its operations in the respective regions.

The Bank is the parent company of a group consisting of banks, capital market companies, fund management companies, a property finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies (the **Deutsche Bank Group**).

The objects of Deutsche Bank AG, as laid down in its Articles of Association, include the transaction of all kinds of banking business, the provision of financial and other services and the promotion of international economic relations. The Bank may realise these objectives itself or through subsidiaries and affiliated companies. To the extent permitted by law, the Bank is entitled to transact all business and to take all steps which appear likely to promote the objects of the Bank, in particular: to acquire and dispose of real estate, to establish branches at home and abroad, to acquire, administer and dispose of participations in other enterprises, and to conclude enterprise agreements.

Deutsche Bank AG London

The Notes will be issued by Deutsche Bank AG, acting through its London branch. On 12th January, 1973, Deutsche Bank Aktiengesellschaft filed in the United Kingdom the documents required pursuant to section 407 of the Companies Act 1948 to establish a place of business within Great Britain. On 14th January, 1993, Deutsche Bank Aktiengesellschaft registered under Schedule 21A to the Companies Act 1985 as having established a branch (Registration No. BR000005) in England and Wales. Deutsche Bank AG London is an authorised person for the purposes of section 19 of the Financial Services and Markets Act 2000. In the United Kingdom, it conducts wholesale banking business and through its Private Wealth Management division, it provides holistic wealth management advice and integrated financial solutions for wealthy individuals, their families and selected institutions.

Share Capital

As of 30th September, 2004, the issued share capital of the Bank amounted to Euro 1,392,266,869.76 consisting of 543,854,246 ordinary shares of no par value. The shares are fully paid up and in registered form. The Shares are listed for trading and official quotation on all the German stock exchanges. They are also listed on the Stock Exchanges in Amsterdam, Brussels, London, Luxembourg, New York, Paris, Tokyo, Vienna and Zurich.

CAPITALISATION AND INDEBTEDNESS STATEMENT OF DEUTSCHE BANK GROUP

As of 30th September, 2004, the capitalisation of the Deutsche Bank Group (unaudited) on the basis of United States Generally Accepted Accounting Principles (U.S. GAAP) was as follows:

	As of 30th September, 2004 (in Euro million)
Deposits	337,068
Trading liabilities	165,197
Central bank funds purchased and securities sold under repurchase agreements	107,183
Securities loaned	18,194
Other short-term borrowings	17,897
Acceptances outstanding	81
Insurance policy claims and reserves	8,386
Accrued interest payable	4,769
Pending securities transactions past settlement date	12,715
Other liabilities	44,259
Long-term debt	99,980
Obligation to purchase common shares	3,058
Total liabilities	818,787
Common shares, no par value, nominal value of Euro 2.56	1,392
Additional paid-in capital	11,147
Retained earnings	19,635
Common shares in treasury, at cost	(953)
Equity classified as obligation to purchase common shares	(3,058)
Share awards	1,204
Accumulated other comprehensive income (loss)	
Deferred tax on unrealised net gains on securities available for sale relating to 1999 and 2000 tax rate changes in Germany	(2,708)
Unrealised net gains on securities available for sale, net of applicable tax and other	1,234
Unrealised net (losses) on derivatives hedging variability of cash flows, net of tax	(16)
Foreign currency translation, net of tax	(1,611)
Total accumulated other comprehensive loss	(3,101)
Total shareholders' equity	26,266
Total liabilities and shareholders' equity	845,053

There has been no material change in the capitalisation of the Deutsche Bank Group since 30th September, 2004.

MANAGEMENT

In accordance with German law, Deutsche Bank AG has both a Supervisory Board (*Aufsichtsrat*) and a Board of Managing Directors (*Vorstand*). These Boards are separate; no individual may be a member of both. The Supervisory Board appoints the members of the Board of Managing Directors and supervises the activities of this Board. The Board of Managing Directors represents Deutsche Bank AG and is responsible for its management.

The **Board of Managing Directors** (*Vorstand*) consists of:

Dr. Josef Ackermann	Spokesman of the Board of Managing Directors
Dr. Clemens Börsig	Chief Financial Officer (CFO) and Chief Risk Officer (CRO)
Dr. Tessen von Heydebreck	Chief Administrative Officer (CAO)
Hermann-Josef Lamberti	Chief Operating Officer (COO)

The **Supervisory Board** (*Aufsichtsrat*) consists of the following 20 members:

Dr. Rolf-E. Breuer	Chairman Frankfurt am Main
Heidrun Förster*	Deputy Chairperson Deutsche Bank Privat- und Geschäftskunden AG Berlin
Dr. rer-oeec. Karl-Hermann Baumann	Chairman of the Supervisory Board of Siemens Aktiengesellschaft Munich
Dr. Karl-Gerhard Eick	Deputy Chairman of the Board of Management of Deutsche Telekom AG Bonn
Klaus Funk*	Deutsche Bank Privat- und Geschäftskunden AG Frankfurt am Main
Ulrich Hartmann	Chairman of the Supervisory Board of E.ON AG Düsseldorf
Sabine Horn*	Deutsche Bank AG Frankfurt am Main
Rolf Hunck*	Deutsche Bank AG Hamburg
Sir Peter Job	London
Prof. Dr. Henning Kagermann	Chairman and CEO of the Board of Management of SAP AG Walldorf/Baden
Ulrich Kaufmann*	Deutsche Bank AG Düsseldorf

Prof. Dr. Paul Kirchhof	Director of the Institute for Finance and Tax Law and Head of the Research Group "Federal Tax Code of Germany" at the University of Heidelberg
Henriette Mark*	Deutsche Bank AG Munich
Margret Mönig-Raane*	Vice President of the Unified Services Union Berlin
Gabriele Platscher*	Deutsche Bank Privat- und Geschäftskunden AG Braunschweig
Karin Ruck*	Deutsche Bank AG Bad Soden am Taunus
Tilman Todenhöfer	Managing Partner of Robert Bosch Industrietreuhand KG Stuttgart
Dipl.-Ing. Dr.-Ing. E.h. Jürgen Weber	Chairman of the Supervisory Board of Deutsche Lufthansa AG Hamburg
Dipl.-Ing. Albrecht Woeste	Chairman of the Supervisory Board and the Shareholders' Committee of Henkel KGaA Düsseldorf
Leo Wunderlich*	Deutsche Bank AG Mannheim

* elected by the staff in Germany

The members of the Board of Managing Directors accept membership on the Supervisory Boards of other corporations within the limits prescribed by law.

The business address of each member of the Board of Managing Directors of Deutsche Bank AG is Taunusanlage 12, D-60325 Frankfurt am Main, Germany.

Financial Year

The financial year of Deutsche Bank AG is the calendar year.

Recent Developments and Outlook

Key Financial Figures for 2004

On 3rd February, 2005 Deutsche Bank AG published key figures for the fourth quarter and the full year 2005 for its consolidated group. These figures are preliminary and unaudited. Deutsche Bank AG announced that the annual report for 2004 will be published on 24th March, 2005.

Deutsche Bank AG reported income before income taxes for the fourth quarter of 2004 of Euro 418 million after reorganisation charges of Euro 574 million. These charges included restructuring expenses of Euro 400 million related to the Bank's Business Realignment Program, which was launched in the fourth quarter of 2004 and Euro 174 million related to additional efficiency measures. In the prior year fourth quarter, income before income taxes was Euro 676 million. For the full year to 31st December, 2004 income before income taxes was Euro 4.1 billion, a rise of 50% compared to 2003.

Net income was Euro 269 million for the fourth quarter of 2004, compared to Euro 436 million in the prior year period. For the full year, net income was Euro 2.5 billion, up 87% from Euro 1.4 billion in 2003.

Pre-tax return on average active equity for the year to 31st December, 2004 was 17% compared to 10% in 2003. Full year diluted earnings per share were Euro 4.67, up 102% from Euro 2.31 in 2003. The Board of Managing Directors recommends a dividend increase of 13% to Euro 1.70 per share.

Pre-tax return on average active equity

	FY 2003	FY 2004	FY2004 vs. FY2003
	<i>(in Euro million.)</i>		
Average total shareholders' equity	28,940	27,200	(6)%
Add (deduct)			
Average unrealised net gains on securities available for sale, net of tax and average deferred taxes relating to 1999/2000 tax rate changes in Germany	(810)	(1,601)	98%
Average dividends	(756)	(815)	8%
Average active equity	27,374	24,784	(9)%
Pre-tax return on average shareholders' equity	9.5%	15.2%	5.7ppt
Pre-tax return on average active equity	10.1%	16.7%	6.6ppt

Figures may not add up due to rounding differences.

Deutsche Bank AG also announced details of its Business Realignment Program which covers a series of initiatives aimed at revenue growth and cost efficiency. The program, together with additional efficiency measures in the fourth quarter of 2004, is expected to result in a reduction of approximately 6,400 in full-time equivalent headcount. Of these 1,600 are covered by the restructuring and severance charges in the fourth quarter of 2004. Restructuring charges for the remaining 4,800 will be taken in 2005. This headcount reduction includes the Efficiency and Investment Plan for Germany announced in December 2004. However, the Business Realignment Program and the additional efficiency

measures include smart sourcing (i.e., transferring jobs to lower cost locations) which will add 1,200 headcount, leading to a net reduction of 5,200 headcount.

Total expenses related to the Business Realignment Program and other efficiency measures recorded in the fourth quarter of 2004 and expected in 2005 are estimated to be Euro 1.3 billion. Deutsche Bank AG expects to reduce its operating cost base by Euro 1.2 billion in 2005, of which Euro 0.8 billion will relate to the Business Realignment Program. The annualised run-rate of cost savings related to the Business Realignment Program is targeted at Euro 1.1 billion.

Group Highlights

Income before income taxes for the fourth quarter 2004 was Euro 418 million, after reorganisation charges of Euro 574 million. Of these, Euro 400 million were recorded as restructuring charges related to the Business Realignment Program. Additional charges of Euro 82 million were related to office space which became excess as a consequence of staff reduction and Euro 92 million to additional severance not qualifying as restructuring charges under U.S. GAAP. For the full year, income before income taxes was Euro 4.1 billion, compared to Euro 2.8 billion in 2003, a rise of 50%.

Net income for the quarter was Euro 269 million, compared to Euro 436 million for the fourth quarter 2003. Net income for the full year to 31st December, 2004 was Euro 2.5 billion, a rise of 87% versus 2003. The annual effective tax rate for 2004 was 39%, compared to 56% in 2003, both including the tax reversal effect for the sale of industrial holdings. Excluding this reversal effect the effective tax rates were 36% and 48%, respectively.

Revenues for the fourth quarter of 2004 were Euro 5.3 billion, up 2% compared to the prior year quarter. Revenues in Debt Sales and Trading and in Origination and Advisory both registered gains compared to the prior year quarter, and Equity Sales and Trading Revenues strongly recovered from the levels of the second and third quarters of 2004. These increases were in part offset by the impact of the stronger Euro. For the full year to 31st December, 2004, reported revenues were Euro 21.9 billion, compared to Euro 21.3 billion in 2003. Revenues benefited from a record performance in Debt Sales and Trading, with particular strengths in higher-value structured products, derivatives and securitisation, while revenues in Equity Sales and Trading were below 2003 levels.

Non-interest expenses for the fourth quarter of 2004 were Euro 4.9 billion, compared to Euro 4.3 billion in the prior year fourth quarter. The fourth quarter 2004 was impacted by two specific effects: Euro 574 million reorganisation charges and approximately Euro 200 million due to the reduction of the proportion of deferred share awards used in the Deutsche Bank Group's compensation model. The latter decision was taken by management in order to lower the cost of equity commitments in future years. The prior year fourth quarter included Euro 211 million severance charges.

The *operating cost base* (which excludes restructuring charges) for 2004 was Euro 16.9 billion and includes the two mentioned effects of Euro 174 million reorganisation charges and Euro 200 million from the change in the compensation model. In 2003 the operating cost base was Euro 17.3 billion. The reduction in 2004 was the result of lower severance charges and the strengthening of the Euro, partly offset by increased performance-related compensation, from both improved operating results and the change in the compensation model.

Operating cost base

	FY 2003	FY 2004	FY2004 vs.
		(in Euro million)	FY2003
Reported non-interest expenses	17,399	17,400	0 %
Add (deduct)			

Restructuring activities	29	(400)	N/M
Goodwill impairment / impairment of intangibles	(114)	(19)	(83)%
Goodwill amortisation	-	-	N/M
Minority interest	3	(3)	N/M
Policyholder benefits and claims*	(110)	(143)	30%
Provision for off-balance sheet positions**	50	65	31%
Operating cost base	17,257	16,900	(2)%
Therein: severance payments	702	282	(60)%

* Policyholder benefits and claims are reclassified from "Non-interest expenses" to "Underlying revenues".

** Provision for off-balance sheet positions is reclassified from "Non-interest expenses" to "Total provision for credit losses".

Figures may not add up due to rounding differences.

Provisions for credit losses were Euro 24 million in the fourth quarter of 2004, compared to Euro 189 million in the prior year quarter. Ongoing improvements in the credit environment, together with rigour in Deutsche Bank AG's credit risk management activities and a release following the restructuring of a previously impaired loan resulted in lower provisions for credit losses and in an improvement of the quality of the loan book. For the year to 31st December, 2004, provisions for credit losses were Euro 307 million (2003: Euro 1.1 billion). Furthermore, at the end of 2004, problem loans were Euro 4.8 billion (end of 2003: Euro 6.6 billion).

Provision for credit losses

	4Q 2003	4Q 2004	FY 2003	FY 2004
	(in Euro million)			
Reported provision for loan losses	219	11	1,113	372
Provision for off-balance sheet positions*	(30)	13	(50)	(65)
Provision for credit losses	189	24	1,063	307

* Provisions for off-balance sheet positions is reclassified from "Non-interest expenses" to "Total provision for credit losses".

Figures may not add up due to rounding differences.

After financing investments in growth and maintaining capital strength the bank was able both to recommend a dividend increase and to continue its *third share buyback program*. By the end of 2004, Deutsche Bank AG had repurchased 26,152,000 shares or 4.8% of shares issued under this program.

Business Segment Review

Corporate and Investment Bank Group Division

The Corporate and Investment Bank's (CIB) fourth quarter of 2004 underlying pre-tax profit was Euro 567 million, an increase of Euro 129 million, or 29%, from Euro 438 million in the fourth quarter 2003. Underlying revenues of Euro 3.2 billion increased Euro 190 million, or 6%, versus the

same period in 2003. Underlying pre-tax profit for the full year was Euro 3.0 billion, ahead of Euro 2.9 billion in 2003; this performance was impacted by a more than 9% decline in the average value of the US-Dollar against the Euro over the year.

Sales and Trading (Debt and other products) generated over Euro 1.3 billion of underlying revenues in the fourth quarter, a 10% or Euro 117 million increase over the same period in 2003. Despite a seasonally quiet second half of December, the bank enjoyed a comparably strong fourth quarter, driven by continued outperformance in interest rate and credit derivatives, with high-yield and commercial mortgage backed securities also performing well. Foreign Exchange and Emerging Markets were also stronger performers compared with the fourth quarter 2003. On a full year basis, underlying revenues were a record Euro 6.3 billion, Euro 222 million higher than 2003. This performance was driven by market-leading positions in high value, structured products such as interest rate derivatives, securitised products, credit derivatives, high-yield and distressed debt. Significant volume growth in other products, particularly foreign exchange, helped offset ongoing margin erosion, with customer activity continuing to predominate.

Underlying revenues in Sales and Trading (Equity) totalled Euro 759 million in the quarter, a rebound of 90% from the previous quarter. This improvement was driven by recoveries in cash equities and proprietary trading revenues. Compared to the fourth quarter of 2003, underlying revenues were Euro 103 million lower and for the full year 2004 at Euro 2.5 billion, Euro 0.6 billion lower than recorded in 2003. Both reductions were largely attributable to a sharp fall in revenues from proprietary activities. Offsetting this decline was continued strong growth in structured equity products, in particular derivatives and prime services.

Origination and Advisory reported underlying revenues of Euro 519 million in the fourth quarter, up 15% compared to the same period in 2003. Full year underlying revenues of Euro 1.9 billion were Euro 146 million higher than in 2003. Equity Origination produced a solid performance. The focus of the business remains one of innovation while at the same time minimising unprofitable transactions. High-yield issuance and leveraged lending, particularly in the US, also performed well. In Advisory, the mergers and acquisitions market gained pace throughout the year, with announced volumes up globally and in all regions versus 2003. The fourth quarter was particularly strong for both the market and Deutsche Bank AG.

Loan Products underlying revenues of Euro 276 million for the fourth quarter of 2004 were Euro 108 million higher than the comparable period last year. The majority of this increase is attributable to lower mark-to-market losses on credit risk hedge positions. Deutsche Bank AG continued to reduce overall credit exposure of the loan portfolio and in particular it undertook a landmark securitisation of German MidCap loans in the fourth quarter. Over the full year, underlying revenues of Euro 1.1 billion were only marginally lower than 2003, partly as a consequence of further reductions in the average size of the loan portfolio over the period.

Transaction Services revenues in the fourth quarter of Euro 444 million were similar to the same period in 2003. In Cash Management Deutsche Bank AG strengthened its global franchise by gaining market share across customer segments, particularly in the Euro clearing business and corporate deals across Europe. In Trade Finance the bank executed landmark syndicated trade loan transactions, while the Trust & Securities Services business maintained strong impetus in structured finance services worldwide and domestic custody in Asia. In addition Deutsche Bank AG completed the successful integration of the former Dresdner Bank institutional custody business in Germany. On a full year basis, underlying revenues amounted to Euro 1.9 billion, only marginally below the full year to 31st December, 2003.

CIB recorded a net release of Euro 57 million in provision for credit losses in the fourth quarter compared to a charge of Euro 91 million in the same period last year. This continues to reflect the

improved credit environment witnessed throughout the year and enhanced credit discipline, as well as a release following the restructuring of a previously impaired loan. On a full year basis, provisions for credit losses amounted to Euro 24 million, compared to Euro 707 million in the same period in 2003.

CIB's operating cost base in the fourth quarter totalled Euro 2.7 billion, an 8% increase over the same period last year. This increase was almost entirely due to performance-related compensation, including the aforementioned change in the equity compensation model. Over the full year, the operating cost base was 3% higher at Euro 10.2 billion, again almost entirely due to performance-related compensation.

CIB's non-interest expenses in the fourth quarter included Euro 299 million restructuring charges representing its share of the Business Realignment Program.

Corporate and Investment Bank

	4Q 2003	4Q 2004	4Q2004 vs. 4Q2003	FY 2003	FY 2004	FY2004 vs. FY2003
	(in Euro million)			(in Euro million)		
Origination (equity)	186	178	(4)%	485	499	3%
Origination (debt)	136	180	32%	806	916	14%
Origination	322	358	11%	1,291	1,414	10%
Sales & Trading (equity)	862	759	(12)%	3,118	2,486	(20)%
Sales & Trading (debt and other products)	1,209	1,326	10%	6,077	6,299	4%
Sales & Trading	2,071	2,085	1%	9,194	8,785	(4)%
Advisory	129	161	24%	465	488	5%
Loan products*	168	276	65%	1,193	1,142	(4)%
Transaction services	434	444	2%	1,914	1,862	(3)%
Other	(94)	(121)	29%	136	(361)	N/M
Total net revenues Add (deduct)	3,031	3,203	6%	14,193	13,331	(6)%
Net (gains) losses from businesses sold/held for sale	(17)	0	N/M	(583)	(31)	(95)%
Underlying revenues	3,014	3,204	6%	13,610	13,299	(2)%
Provision for loan losses	119	(70)	N/M	752	89	(88)%
Provision for off-balance sheet positions**	(28)	13	N/M	(45)	(65)	45%
Total provision for credit losses	91	(57)	N/M	707	24	(97)%
Total non-interest expenses	2,457	3,006	22%	9,903	10,484	6%
Therein: Severance payments	65	37	(42)%	260	170	(35)%
Minority interest	(2)	7	N/M	13	5	(65)%
Restructuring activities	-	299	N/M	(29)	299	N/M
Goodwill impairment	-	-	N/M	-	-	N/M
Provision for off-balance sheet positions**	(28)	13	N/M	(45)	(65)	45%
Operating cost base	2,487	2,687	8%	9,963	10,245	3%
Income before income taxes Add (deduct)	455	267	(41)%	3,539	2,757	(22)%
Net (gains) losses from	(17)	0	N/M	(583)	(31)	(95)%

businesses sold/held for sale						
Restructuring activities	-	299	N/M	(29)	299	N/M
Underlying pre-tax profit	438	567	29%	2,926	3,026	3%

* Includes results from credit default swaps used to hedge the investment grade loan exposure of Euro (9) m in 1Q2003, Euro (101) m in 2Q2003, Euro (59) m in 3Q2003, Euro (116) m in 4Q2003, Euro (10) m in 1Q2004, Euro (52) m in 2Q2004, Euro (104) m in Euro and Euro (65) m in 4Q2004.

** Provisions for off-balance sheet positions is reclassified from "Non-interest expenses" to "Total provision for credit losses".

Figures may not add up due to rounding differences.

Private Clients and Asset Management Group Division

Private Clients and Asset Management's (PCAM) underlying pre-tax profit was Euro 363 million in the fourth quarter of 2004, 28% higher than the fourth quarter 2003. Underlying revenues were Euro 2.0 billion in fourth quarter 2004, 6% lower than the fourth quarter 2003. The operating cost base decreased by Euro 176 million, or 10%, to Euro 1.6 billion compared to the fourth quarter 2003. The provision for credit losses for the fourth quarter of 2004 was Euro 79 million, Euro 19 million below the fourth quarter of 2003.

For the full year, PCAM reported underlying pre-tax profit of Euro 1.5 billion, an increase of Euro 387 million, or 35%, compared to the full year 2003. The operating cost base decreased by Euro 487 million to Euro 6.2 billion from the full year 2003 primarily due to lower severance charges. Underlying revenues were Euro 8.0 billion compared to Euro 8.1 billion in 2003. The provision for credit losses for 2004 was Euro 263 million, Euro 58 million below 2003.

PCAM's non-interest expenses in the fourth quarter 2004 included Euro 98 million restructuring charges.

Private Clients and Asset Management

(in Euro million)

	4Q 2003	4Q 2004	4Q2004 vs.4Q2003	FY 2003	FY 2004	FY2004 vs.FY2003
	(in Euro million)			(in Euro million)		
Total net revenues Add (deduct)	2,150	2,063	(4)%	8,217	8,030	(2)%
Net (gains) losses from businesses sold/held for sale	4	(14)	N/M	(51)	(8)	(85)%
Policyholder benefits and claims*	6	(13)	N/M	(21)	(50)	138%
Underlying revenues	2,160	2,036	(6)%	8,145	7,973	(2)%
Provision for loan losses	100	78	(22)%	325	264	(19)%
Provision for off-balance Sheet positions**	(3)	0	N/M	(3)	(1)	(66)%
Total provision for credit losses	97	79	(19)%	321	263	(18)%
Total non-interest expenses	1,771	1,725	(3)%	6,731	6,378	(5)%
Therein: Severance payments	130	50	(61)%	395	101	(75)%
Minority interest	2	(8)	N/M	15	1	(94)%
Restructuring activities	-	98	N/M	(1)	98	N/M
Goodwill impairment /	-	19	N/M	-	19	N/M

impairment of intangibles						
Policyholder benefits and claims*	(6)	13	N/M	21	50	138%
Provision for off-balance sheet positions**	(3)	0	N/M	(3)	(1)	(66)%
Operating cost base	1,778	1,602	(10)%	6,699	6,212	(7)%
Income before income taxes	279	260	(7)%	1,162	1,387	19%
Add (deduct)						
Net (gains) losses from businesses sold/held for sale	4	(14)	N/M	(51)	(8)	(85)%
Restructuring activities	-	98	N/M	(1)	98	N/M
Goodwill impairment / impairment of intangibles	-	19	N/M	-	19	N/M
Underlying pre-tax profit	283	363	28%	1,109	1,497	35%

* Policyholder benefits and claims are reclassified from “Non-interest expenses” to “Underlying revenues”.

** Provisions for off-balance sheet positions is reclassified from “Non-interest expenses” to “Total provision for credit losses”.

Figures may not add up due to rounding differences.

Asset and Wealth Management

Asset and Wealth Management (AWM) reported an underlying pre-tax profit of Euro 99 million in the fourth quarter of 2004 compared to an underlying pre-tax profit of Euro 207 million in the fourth quarter of 2003, primarily due to lower underlying revenues. Underlying revenues of Euro 850 million were Euro 210 million below the fourth quarter 2003, which included significant revenues from the real estate business, including Euro 121 million in gains from the sale of private real estate equity assets to the Global Real Estate Opportunity Fund. The remaining decline was due to difficult market conditions affecting performance, the impact of the strengthening of the Euro, and the effect of invested asset net outflows. These negative effects could only be partially offset by higher brokerage fees driven by the successful distribution of investment products. AWM’s operating cost base was Euro 758 million in the fourth quarter of 2004, 11% lower than in the fourth quarter 2003. This decrease resulted largely from declines of performance-based compensation and non-compensation costs as well as the impact of the strengthening Euro.

For the full year to 31st December, 2004, AWM reported underlying pre-tax profit of Euro 490 million, a decrease of Euro 158 million. The operating cost base decreased by Euro 169 million to Euro 2.9 billion for the full year to 31st December, 2004. Underlying revenues of Euro 3.4 billion were 9% lower compared to the full year to 31st December, 2003, primarily due to the above-mentioned gain from the real estate transaction, which was Euro 194 million for the full year to 31st December, 2003.

Asset Management underlying revenues during the fourth quarter to 31st December, 2004 suffered from lower performance fees compared to the fourth quarter to 31st December, 2003 due to continued difficult market conditions, particularly in the Alternative Asset businesses and from the absence of significant gains from the sale of real estate investments. Compounding this decline was the impact of unfavorable foreign exchange developments and invested asset net outflows. Net asset outflows were Euro 20 billion during the fourth quarter 2004, largely in the UK Institutional, Continental Europe Retail (primarily short-term) and Americas Retail businesses, which accounted for 77% of the total. A review of the UK business is underway.

In Private Wealth Management underlying revenues increased compared to the fourth quarter 2003, predominantly due to an upswing in transaction-based revenues as well as new offerings of alternative investments and specialised structured products. The Asian business achieved strong revenues as it increased distribution of alternative investments to an active client base. The German markets continued to benefit from enhanced performance on discretionary products and new investment initiatives towards the year-end.

Private Clients and Asset Management

Asset and Wealth Management

	4Q 2003	4Q 2004	4Q2004 vs.4Q2003	FY 2003	FY 2004	FY2004 vs.FY2003
	(in Euro million)			(in Euro million)		
Total net revenues Add (deduct)	1,053	877	(17)%	3,830	3,491	(9)%
Net (gains) losses from businesses sold/held for sale	0	(14)	N/M	(55)	(32)	(42)%
Policyholder benefits and claims*	6	(13)	N/M	(21)	(50)	138%
Underlying revenues	1,059	850	(20)%	3,754	3,410	(9)%
Provision for loan losses	(1)	1	N/M	2	(6)	N/M
Provision for off-balance sheet positions**	(3)	0	N/M	(3)	(0)	(87)%
Total provision for credit losses	(3)	1	N/M	(1)	(6)	N/M
Total non-interest expenses	847	871	3%	3,125	3,082	(1)%
Therein: Severance payments	36	22	(39)%	78	51	(35)%
Minority interest	2	(8)	N/M	13	1	(94)%
Restructuring activities	-	88	N/M	(0)	88	N/M
Goodwill impairment / impairment of intangibles	-	19	N/M	-	19	N/M
Policyholder benefits and claims*	(6)	13	N/M	21	50	138%
Provision for off-balance sheet positions**	(3)	0	N/M	(3)	(0)	(87)%
Operating cost base	854	758	(11)%	3,094	2,925	(5)%
Income before income taxes Add (deduct)	207	6	(97)%	702	415	(41)%
Net (gains) losses from businesses sold/held for sale	0	(14)	N/M	(55)	(32)	(42)%
Restructuring activities	88	N/M	(0)	88	N/M	
Goodwill impairment /impairment of intangibles	-	19	N/M	-	19	N/M
Underlying pre-tax profit	207	99	(52)%	647	490	(24)%

* Policyholder benefits and claims are reclassified from "Non-interest expenses" to "Underlying revenues".

** Provisions for off-balance sheet positions is reclassified from "Non-interest expenses" to "Total provision for credit losses".

Figures may not add up due to rounding differences.

Private and Business Clients

Private and Business Clients (**PBC**) generated an underlying pre-tax profit of Euro 265 million in the fourth quarter of 2004, an increase of Euro 189 million compared to the fourth quarter of 2003. In the fourth quarter of 2004 underlying revenues increased by Euro 86 million, or 8%, compared to the fourth quarter of 2003 to a record Euro 1.2 billion - the highest since the establishment of Private and Business Clients. This increase was driven by higher sales of investment and insurance products, the latter supported by changes in German tax legislation. In addition, PBC recorded growth in both lending business, mainly consumer finance, and deposit volumes. The operating cost base of Euro 845 million was Euro 79 million lower compared to the fourth quarter 2003, with most of the reduction attributable to lower severance payments. Provisions for credit losses of Euro 77 million were Euro 23 million lower than in the fourth quarter 2003, which included higher provisions for German mortgage loans.

PBC achieved its full year underlying pre-tax profit target of Euro 1 billion, more than doubling underlying pre-tax profit compared to the full year to 31st December, 2003. Underlying revenues increased to Euro 4.6 billion, 4% higher compared to the full year to 31st December, 2003. The operating cost base declined 9% to Euro 3.3 billion due primarily to lower severance expenses, while provisions for credit losses of Euro 269 million were Euro 53 million lower reflecting better customer performance.

Private Clients and Asset Management

Private and Business Clients

	4Q 2003	4Q 2004	4Q2004 vs. 4Q2003	FY 2003	FY 2004	FY2004 vs. FY2003
	(in Euro million)			(in Euro million)		
Total net revenues Add (deduct)	1,097	1,187	8%	4,388	4,539	3%
Net (gains) losses from businesses sold/held for sale	4	0	(95)%	4	24	N/M
Policyholder benefits and claims*	-	-	N/M	-	-	N/M
Underlying revenues	1,100	1,187	8%	4,391	4,563	4%
Provision for loan losses	101	77	(23)%	322	270	(16)%
Provision for off-balance sheet positions**	(0)	0	N/M	(1)	(1)	55%
Total provision for credit losses	101	77	(23)%	322	269	(16)%
Total non-interest expenses	923	855	(7)%	3,606	3,296	(9)%
Therein: Severance payments	94	28	(70)%	317	50	(84)%
Minority interest	0	0	(57)%	2	0	(96)%
Restructuring activities	-	10	N/M	(1)	10	N/M
Goodwill impairment	-	-	N/M	-	-	N/M
Policyholder benefits and claims*	-	-	N/M	-	-	N/M
Provision for off-balance sheet positions**	(0)	0	N/M	(1)	(1)	55%
Operating cost base	924	845	(9)%	3,605	3,287	(9)%
Income before income taxes Add (deduct)	72	255	252%	459	973	112%
Net (gains) losses from businesses sold/held for sale	4	0	(95)%	4	24	N/M
Restructuring activities	-	10	N/M	(1)	10	N/M
Underlying pre-tax profit	76	265	248%	462	1,007	118%

- * Policyholder benefits and claims are reclassified from “Non-interest expenses” to “Underlying revenues”.
- ** Provisions for off-balance sheet positions is reclassified from “Non-interest expenses” to “Total provision for credit losses”.

Figures may not add up due to rounding differences.

Corporate Investments Group Division

Corporate Investments (CI) reported an underlying pre-tax loss of Euro 154 million in the fourth quarter of 2004, compared to a loss of Euro 42 million in last year’s fourth quarter. The underlying pre-tax loss for the full year to 31st December, 2004 was Euro 194 million compared to Euro 236 million in 2003.

Underlying revenues were negative Euro 1 million in the fourth quarter of 2004 compared to Euro 60 million in last year’s fourth quarter with the decline being mainly attributable to the deconsolidation of maxblue America in the first quarter of 2004. The major contributor to the difference between underlying and reported revenues (Euro 68 million in the fourth quarter 2004) was a gain of Euro 52 million from the sale of Deutsche Bank AG’s 49% stake in DSI Financial Solutions Pte Ltd in exchange for a 6% interest in HCL Technologies Ltd. From a full year perspective, underlying revenues decreased from Euro 448 million in 2003 to Euro 238 million in 2004. The decline was mainly attributable to deconsolidation effects (Telecolumbus and maxblue Americas) as well as to lower dividend income from the bank’s industrial holdings portfolio. The difference between underlying and reported revenues in 2004 was driven by Euro 176 million gains from its industrial holdings portfolio and Euro 48 million net gains from other investments. In 2003, charges related to the bank’s industrial holdings portfolio and to other investments totalled Euro 1.1 billion, including Euro 490 million for the complete write-off of its equity method investment in Gerling-Konzern Versicherungs-Beteiligungs-AG.

CI’s operating cost base was Euro 149 million in the fourth quarter 2004 and included Euro 82 million for the cost of eliminating excess space resulting from headcount reductions and the sale of businesses. Similar charges in the fourth quarter of 2003 amounted to Euro 11 million. The decrease in the operating cost base from Euro 681 million in 2003 to Euro 414 million in 2004 mainly results from the aforementioned deconsolidation effects as well as from lower project-related costs.

CI’s alternative assets decreased from Euro 2.9 billion at the end of 2003 to Euro 1.6 billion at 31st December, 2004. The decline by 45% reflects the bank’s strategy to de-risk.

Corporate Investments

	4Q 2003	4Q 2004	4Q2004 vs. 4Q2003	FY 2003	FY 2004	FY2004 vs.FY2003
	(in Euro million)			(in Euro million)		
Net revenues Add (deduct)	60	68	13%	(921)	621	N/M
Net (gains) losses on securities available for sale / industrial holdings including hedging	(130)	(0)	(100)%	184	(176)	N/M
Significant equity pick-ups / net (gains) losses from investments*	16	(92)	N/M	938	(148)	N/M
Net (gains) losses from businesses sold/held for	7	(7)	N/M	141	(38)	N/M

sale						
Net (gains) losses on sale of Premises	107	31	(71)%	107	(20)	N/M
Underlying revenues	60	(1)	N/M	448	238	(47)%
Provision for loan losses	0	3	N/M	36	19	(48)%
Provision for off-balance sheet positions**	(0)	0	N/M	(2)	0	N/M
Total provision for credit losses	0	3	N/M	35	19	(44)%
Total non-interest expenses	101	153	51%	761	416	(45)%
Therein: Severance payments	4	1	(72)%	20	1	(93)%
Minority interest	(10)	1	N/M	(31)	(1)	(95)%
Restructuring activities	3	N/M	-	3	N/M	
Goodwill impairment	-	N/M	114	-	N/M	
Provision for off-balance sheet positions**	(0)	0	N/M	(2)	0	N/M
Operating cost base	111	149	34%	681	414	(39)%
Income before income taxes Add (deduct)	(41)	(88)	112%	(1,719)	185	N/M
Net (gains) losses on securities available for sale / industrial holdings including hedging	(130)	(0)	(100)%	184	(176)	N/M
Significant equity pick-ups / net (gains) losses from investments*	16	(92)	N/M	938	(148)	N/M
Net (gains) losses from businesses sold/held for sale	7	(7)	N/M	141	(38)	N/M
Net (gains) losses on sale of Premises	107	31	(71)%	107	(20)	N/M
Goodwill impairment	-	-	N/M	114	-	N/M
Restructuring activities	-	3	N/M	-	3	N/M
Underlying pre-tax profit	(42)	(154)	N/M	(236)	(194)	(18)%

* Includes net gains/losses from significant equity method investments and other significant investments.

** Provisions for off-balance sheet positions is reclassified from “Non-interest expenses” to “Total provision for credit losses”.

Figures may not add up due to rounding differences.

Definitions used in this section “Recent Development and Outlook – Key Financial Figures for 2004”:

“Underlying revenues”: Net revenues less specific revenue items as referred to in the respective tables, net of policyholder benefits and claims (reclassified from non-interest expenses).

“Total provision for credit losses”: Provision for loan losses plus provision for off-balance sheet positions (reclassified from non-interest expenses), less change in measurement of other inherent loss allowance.

“Operating cost base”: Non-interest expenses less restructuring activities, goodwill impairment, impairment of intangibles minority interest, policyholder benefits and claims (reclassified to underlying revenues) and provision for off-balance sheet positions (reclassified to provision for credit losses).

“Underlying pre-tax profit”: Income before income taxes less restructuring activities, goodwill / intangibles impairment, and specific revenues items as referred to in the respective tables. Note that underlying pre-tax profit also equals underlying revenues, less operating cost base, total provision for credit losses and minority interest (which is excluded from the calculation of operating cost base).

“Average active equity”: The portion of adjusted average shareholders’ equity that has been allocated to a segment pursuant to the Group’s capital allocation framework. The overriding objective of this framework is to allocate adjusted average total shareholders’ equity based on the respective goodwill and other intangible assets with indefinite lifetimes as well as the economic capital of each segment. In determining the total amount of average active equity to be allocated, average total shareholders’ equity is adjusted to exclude average unrealised net gains on securities available for sale, net of applicable tax and other, and average dividends.

Changes in Management Responsibility

On 21st September, 2004, Deutsche Bank AG reassigned the responsibilities of the heads of its business divisions. It also stated that it expects the new structure to strengthen regional representation in senior management and to unlock synergies.

Other Information

In February 2003, the Düsseldorf Prosecutor filed charges against Dr. Ackermann and other former members of the Supervisory Board, members of the Board of Managing Directors and one manager of Mannesmann AG at the Düsseldorf District Court (*Landgericht Düsseldorf*). The complaint alleges a breach of trust in connection with payments to former members of the Board of Managing Directors and other managers of Mannesmann AG following the takeover of Mannesmann by Vodafone in spring 2000. On 22nd July, 2004 the Düsseldorf District Court acquitted every defendant of such charges. The Düsseldorf Prosecutor filed a notice of appeal to the Federal Supreme Court (*Bundesgerichtshof*). The Supervisory Board of Deutsche Bank AG has declared that it supports Dr. Ackermann’s defence.

TAXATION

General Taxation Information

The following information provided below does not purport to be a complete summary of the tax law and practice currently available. Potential purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of transactions involving Notes.

Purchasers and/or sellers of Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of transfer in addition to the issue price or purchase price (if different) of the Notes.

Transactions involving Notes (including purchases, transfer or redemption), the accrual or receipt of any Coupon Amount payable on the Notes and the death of a holder of any Note may have tax consequences for potential purchasers which may depend, amongst other things, upon the tax status of the potential purchaser and may relate to stamp duty, stamp duty reserve tax, income tax, corporation tax, capital gains tax and inheritance tax.

Condition 6 on pages 5-36 should be considered carefully by all potential purchasers of Notes.

UNITED KINGDOM TAXATION

The following information does not purport to be a complete summary of the tax law and practice currently applicable in the United Kingdom.

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

A. Coupon Amount on the Notes

1. *Payment of the Coupon Amount on the Notes*

- (a) Payments of Coupon Amounts on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes continue to be listed on a "recognised stock exchange", as defined in section 841 of the Act. The Luxembourg Stock Exchange and Euronext Amsterdam are each a recognised stock exchange. Under a United Kingdom Inland Revenue interpretation, the Notes will satisfy this requirement if they are listed by the competent authority in Luxembourg or the Netherlands and are admitted to trading by the Luxembourg Stock Exchange or on Euronext Amsterdam.
- (b) The Coupon Amount on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where the Coupon Amount on the Notes is paid to a person who belongs in the United Kingdom for United Kingdom tax purposes and, at the time the payment is made, the Issuer reasonably believes that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of the Coupon Amount, provided that the Inland Revenue has not given a direction

(in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of the Coupon Amount at the time the payment is made) that the Coupon Amount should be paid under deduction of tax.

In all other cases, an amount must generally be withheld from payments of the Coupon Amount on the Notes on account of United Kingdom income tax at the lower rate (currently 20%). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, or, where a Noteholder is associated with the Issuer, resident in a Member State of the EU and entitled in practice to the benefit of the European Council Directive 2003/49/EC, the Inland Revenue can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Noteholders who are individuals may wish to note that the Inland Revenue has power to obtain information (including the name and address of the beneficial owner of the Coupon Amount) from any person in the United Kingdom who either pays the Coupon Amount to or receives the Coupon Amount for the benefit of an individual. Any information obtained may, in certain circumstances, be exchanged by the Inland Revenue with the tax authorities of other jurisdictions.

2. *Proposed EU Savings Directive*

On 3rd June, 2003, the European Council of Economics and Finance Ministers adopted a Directive on the taxation of savings income. Under the Directive Member States will (if equivalent measures have been introduced by certain non-EU countries) be required, from 1st July, 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However for a transitional period, Belgium, Luxembourg and Austria will instead be required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

3. *Further United Kingdom Income Tax Issues*

The Coupon Amount on the Notes constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding.

However, Coupon Amounts received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the Coupon Amount is received or to which the Notes are attributable. There are exemptions for the Coupon Amount received by certain categories of agent (such as some brokers investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Noteholders.

B. United Kingdom Corporation Tax Payers

4. In general, Noteholders which are within the charge to United Kingdom corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the

Notes (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment.

C. Other United Kingdom Tax Payers

5. *Taxation of Chargeable Gains*

A disposal of the Notes by an individual Noteholder who is resident or ordinarily resident in the United Kingdom or who carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable, may give rise to a chargeable gain or allowable loss for the purposes of the United Kingdom taxation of chargeable gains.

6. *Accrued Income Scheme*

On a disposal of Notes by a Noteholder, any Coupon Amount which has accrued since the last Coupon Amount Payment Date may be chargeable to tax as income under the rules of the accrued income scheme as set out in Chapter II of Part XVII of the Act, if that Noteholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable.

D. Stamp Duty and Stamp Duty Reserve Tax (SDRT)

7. No United Kingdom stamp duty or SDRT is payable on a transfer by delivery of the Notes.

NETHERLANDS TAXATION

General

The following summary describes the principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of Notes, which term, for the purpose of this summary includes Coupons and Talons. This summary does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant to a decision to acquire, to hold, and to dispose of the Notes. Each prospective Noteholder should consult a professional adviser with respect to the tax consequences of an investment in the Notes. The discussion of certain Netherlands taxes set forth below is included for general information purposes only.

This summary is based on the Netherlands tax legislation, published case law, treaties, rules, regulations and similar documentation, in force as of the date of Offering Circular, without prejudice to any amendments introduced at a later date and implemented with retroactive effect.

This summary does not address the Netherlands tax consequences of a Noteholder who holds a substantial interest (aanmerkelijk belang) in the Issuer, within the meaning of Section 4.3 of the Income Tax Act 2001. Generally speaking, a Noteholder holds a substantial interest in the Issuer, if such Noteholder, alone or together with his or her partner (statutory defined term) or certain other related persons, directly or indirectly, holds (i) an interest of 5 per cent. or more of the total issued capital of the Issuer or of 5 per cent. or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer.

For the purpose of the principal Netherlands tax consequences described herein, it is assumed that the Issuer is neither a resident nor deemed to be a resident of the Netherlands for Netherlands tax purposes.

Withholding Tax

No Netherlands withholding tax is due upon payments on the Notes.

Corporate Income Tax and Individual Income Tax

If the Noteholder is subject to Netherlands corporate income tax and the Notes are attributable to its (deemed) business assets, income derived from the Notes and gains realised upon the redemption and disposal of the Notes are generally taxable in the Netherlands.

If the Noteholder is an individual, resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including the individual Noteholder who has opted to be taxed as a resident of the Netherlands), the income derived from the Notes and the gains realised upon the redemption and disposal of the Notes are taxable at the progressive rates of the Income Tax Act 2001, if:

- (i) the Noteholder has an enterprise or an interest in an enterprise, to which enterprise the Notes are attributable; or
- (ii) such income or gains qualify as "income from miscellaneous activities" (*resultaat uit overige werkzaamheden*) within the meaning of Section 3.4 of the Income Tax Act 2001, which include activities with respect to the Notes that exceed "regular, active portfolio management" (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the individual Noteholder, the actual income derived from the Notes and the actual gains realised with respect to the Notes will not be taxable. Instead, such Noteholder will be taxed at a flat rate of 30% on deemed income from "savings and investments" (*sparen en beleggen*) within the meaning of Section 5.1 of the Income Tax Act 2001. This deemed income amounts to 4% of the average of the individual's "yield basis" (*rendementsgrondslag*) within the meaning of article 5.3 of the Income Tax Act 2001 at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar as the average exceeds a certain threshold. The fair market value of the Notes will be included in the individual's yield basis.

Gift and Inheritance Taxes

Generally, gift and inheritance taxes will be due in the Netherlands in respect of the acquisition of the Notes by way of a gift by, or on the death of, a Noteholder who is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

An individual of the Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax, if he or she has been resident in the Netherlands during the ten years preceding the gift or his or her death. An individual of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax only if he or she has been residing in the Netherlands at any time during the twelve months preceding the time of the gift.

Treaties

Treaties may limit the Dutch sovereignty to levy gift and inheritance tax.

Other Taxes and Duties

No Netherlands VAT, capital duty, registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty, will be due in the Netherlands by a Noteholder in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Notes.

PURCHASE AND SALE

United States of America

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

The Notes are in bearer form and are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and regulations thereunder.

The Notes may not be offered, sold or delivered (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified to the Principal Paying Agent or the Issuer by the Manager within the United States or to, or for the account or benefit of, U.S. persons. The Manager will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

Until 40 days after the commencement of the offering of the Notes any offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

United Kingdom

- (a) The Notes have not been offered or sold and, prior to the expiry of the period of six months from the issue date of such Notes, the Notes will not be offered or sold to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);
- (b) Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by any person in connection with the issue or sale of any Notes has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in circumstances in which section 21(1) of the FSMA would not, apply to the Issuer; and
- (c) All applicable provisions of the FSMA have been and will be complied with in respect to anything done in relation to any Notes in, from or otherwise involving the United Kingdom.

Germany

The Notes have not been and will not be offered, sold or publicly promoted or advertised in Germany other than in compliance with the German Securities Selling Prospectus Act (*Wertpapier-*

Verkaufsprospektgesetz) of 13th December, 1990 (as amended), or any other laws applicable in Germany governing the issue, offering and sale of securities.

The Netherlands

For so long as the Notes are not listed on Euronext Amsterdam, or it is unlikely that the Notes will soon be listed on Euronext Amsterdam, the Notes may only be offered, sold, or delivered in or from the Netherlands as part of their initial distribution or as part of any re-offering, and this Offering Circular and any other document in respect of the offering may only be distributed or circulated in the Netherlands, to individuals or legal entities that include, but are not limited to banks, brokers, dealers and institutional investors and undertakings with a treasury department, who or which trade or invest in securities in the conduct of their business or profession.

Switzerland

The Notes will not be made subject to a public offering in Switzerland or to Swiss investors. Accordingly, this Offering Circular does not constitute a prospectus as that term is understood under Art. 652a and 1156 of the Swiss Federal Code of Obligations. This Offering Circular must not be distributed or copied to investors in Switzerland other than in circumstances that would not involve a public offering of securities as that term is understood under Swiss law.

Italy

The offering of the Notes has not been cleared by CONSOB (the Italian Securities Exchange Commission) and the Bank of Italy pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Offering Circular or any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to professional investors ("*operatori qualificati*"), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1st July, 1998, amended; or
- (ii) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No.58 of 24th February, 1998 (the **Financial Services Act**) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14th May, 1999 as amended.

Any offer, sale or delivery of the Notes or distribution copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- a. made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the **Financial Services Act** and Legislative Decree No.385 of 1st September, 1993 (the **Banking Act**), as amended; and
- b. in compliance with Article 129 of the **Banking Act** and the implementing guidelines of the Bank of Italy pursuant to which the issue or the offer of securities in the Republic of Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, *inter alia*, on the aggregate value of the securities issued or offered in the Republic of Italy and their characteristics; and
- c. in accordance with any other applicable laws and regulations.

General

The Issuer may issue and the Manager may sell the Notes at any such prices as they determine.

Other than with respect to the listing of the Notes on the Luxembourg Stock Exchange and on Euronext Amsterdam, no action has been or will be taken in any country or jurisdiction by the Issuer or the Manager that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Offering Circular comes are required by the Issuer and the Manager to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

Neither the Issuer nor the Manager represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Listing

Application has been made to list the Notes on the Luxembourg Stock Exchange and on Euronext Amsterdam.

The constitutional documents of the Issuer and the legal notice relating to the issue of the Notes are being lodged with the Luxembourg Trade and Companies Register in Luxembourg (*Registre de commerce et des sociétés Luxembourg*), where such documents may be examined and copies obtained.

For so long as the Notes are listed on the stock market of Euronext Amsterdam, the Issuer will comply with the provisions set forth in Article 2.1.20, sections a-g of Schedule B of the Listing and Issuing Rules (*Fondsenreglement*) of Euronext Amsterdam.

Yield to Maturity

There is no explicit yield to maturity. After 5 years, the Coupon Amount in respect of the Notes will be reduced if a Credit Event occurs in respect of a Reference Entity and may be limited to 3 per cent. per annum (as described in more detail in the Terms and Conditions of the Notes).

Authorisations

The issue of the Notes was authorised by the competent representatives of the Issuer. The issue of the Notes is considered to be in the ordinary course of the Issuer's business and authorised by the constitutional documents of the Issuer and therefore was not authorised by board resolutions. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Clearing of the Notes

The Notes have been accepted for clearance through Clearstream, Luxembourg and Euroclear. The Notes have the following the Common Code and International Securities Identification Number (ISIN):

Common Code: 021095303
ISIN: XS0210953039
German Security Code (WKN): AUDXQM

Litigation

Other than set out herein, Deutsche Bank AG is not or during the last two financial years has not been involved (whether as defendant or otherwise) in, nor does it have knowledge of any threat of any legal, arbitration, administrative or other proceedings the result of which may have, in the event of an adverse determination, a significant effect on its financial condition presented in this Offering Circular.

Research Analyst Independence Investigations

On 28th April, 2003, the U.S. Securities and Exchange Commission, the National Association of Securities Dealers, the New York Stock Exchange and state securities regulators (**U.S. Securities Regulators**) announced a final settlement with ten investment banks concerning investigations

relating to research analyst independence. Shortly before this date, Deutsche Bank Securities Inc. (**DBSI**), Deutsche Bank's U.S. SEC-registered broker dealer subsidiary, located certain e-mails that were inadvertently not produced during the course of the investigation. As a result, DBSI was not part of the group of investment banks settling on that day. On 26th August, 2004, after taking steps to ensure production of all responsive e-mail, DBSI reached a settlement with the U.S. securities regulators. DBSI neither admitted nor denied the allegations. DBSI agreed to pay: (i) \$50 million, of which \$25 million is a civil penalty and \$25 million is for restitution for investors, (ii) \$25 million over five years and starting in the first quarter of 2005 to provide third-party research to clients, (iii) \$5 million over five years to fund investor education programs, and (iv) \$7.5 million as a penalty in connection with the e-mail production issue. Deutsche Bank AG has provided for the current exposures in its financial statements. In addition, in settling the matter, DBSI agreed to adopt certain reforms designed to bolster analyst independence and promote investor confidence. DBSI has already voluntarily adopted most of these reforms.

IPO Allocation Litigation

DBSI and its predecessor firms, along with numerous other securities firms, have been named as defendants in over 80 putative class action lawsuits pending in the United States District Court for the Southern District of New York. These lawsuits allege violations of securities and antitrust laws in connection with the allocation of shares in a large number of initial public offerings (**IPOs**) by issuers, officers and directors of issuers, and underwriters of those securities. DBSI is named in these suits as an underwriter. The purported securities class actions allege material misstatements and omissions in registration statements and prospectuses for the IPOs and market manipulation with respect to aftermarket trading in the IPO securities. Among the allegations are that the underwriters tied the receipt of allocations of IPO shares to required aftermarket purchases by customers and to the payment of undisclosed compensation to the underwriters in the form of commissions on securities trades, and that the underwriters caused misleading analyst reports to be issued. The antitrust claims allege an illegal conspiracy to affect the stock price based on similar allegations that the underwriters required aftermarket purchases and undisclosed commissions in exchange for allocation of IPO stocks. In the purported securities class actions the motions to dismiss the complaints of DBSI and others were denied on 13th February, 2003. Plaintiffs have filed a motion to certify classes in the securities cases, and DBSI and other defendants have filed briefs in opposition to that motion. Discovery in the securities cases is underway. In the purported antitrust class action, the defendants' motion to dismiss the complaint was granted on 3rd November, 2003, and the plaintiffs subsequently filed notices of appeal to the Court of Appeals for the Second Circuit.

Enron Litigation

Deutsche Bank AG and certain of its subsidiaries and affiliates are involved in a number of lawsuits arising out of their banking relationship with Enron Corp. and its subsidiaries (**Enron**). These lawsuits include a series of purported class actions brought on behalf of shareholders of Enron, including the lead action captioned *Newby v. 148 Enron Corp.* The consolidated complaint filed in *Newby* named as defendants, among others, Deutsche Bank AG, several other investment banking firms, a number of law firms, Enron's former accountants and affiliated entities and individuals and other individual defendants, including present and former officers and directors of Enron, and it purports to allege claims against Deutsche Bank AG under federal securities laws. On 20th December, 2002, the Court dismissed all of the claims alleged in the *Newby* action against Deutsche Bank AG. Plaintiffs in *Newby* filed a first amended consolidated complaint on 14th May, 2003 and reasserted claims against Deutsche Bank AG under federal securities laws and also added similar claims against its subsidiaries DBSI and Deutsche Bank Trust Company Americas (**DBTCA**). On 29th March, 2004, the Court granted, in part, the Deutsche Bank AG entities' motion to dismiss the first amended consolidated complaint, and dismissed all claims alleged in the *Newby* action based on the Securities

Exchange Act of 1934. On 20th April, 2004, plaintiffs filed a motion for reconsideration of that decision, which is pending.

Also, an adversary proceeding has been brought by Enron in the bankruptcy court against, among others, Deutsche Bank AG and certain of its affiliates. In this adversary proceeding, Enron seeks damages from the Deutsche Bank entities, as well as the other defendants, for alleged aiding and abetting breaches of fiduciary duty by Enron insiders, aiding and abetting fraud and unlawful civil conspiracy, and also seeks return of alleged fraudulent conveyances and preferences and equitable subordination of their claims in the Enron bankruptcy. The Deutsche Bank AG entities' motion to partially dismiss the adversary complaint is pending.

In addition to *Newby* and the adversary proceeding described above, there are third-party actions brought by Arthur Andersen in Enron-related cases asserting contribution claims against Deutsche Bank AG, DBSI and many other defendants, and individual and putative class actions brought in various courts by Enron investors and creditors alleging federal and state law claims against the same entities named by Arthur Andersen, as well as DBTCA. On 28th July, 2003, an examiner appointed in the Enron bankruptcy case filed with the bankruptcy court the third in a series of reports. In this report, the Enron examiner opined that the Enron bankruptcy estate has colourable claims against (among others) Deutsche Bank AG for aiding and abetting breaches of fiduciary duties by certain of Enron's officers with respect to certain transactions involving Enron, for equitable subordination, for avoidance of allegedly preferential payments and the denial of a set-off with respect to a particular transaction. The report acknowledges that any such claims may be subject to certain defences which could be asserted by Deutsche Bank AG.

By joint order of the district court handling *Newby* and a number of other Enron-related cases and the bankruptcy court handling Enron's bankruptcy case, a mediation among various investors and creditor plaintiffs, the Enron bankruptcy estate and a number of financial institution defendants, including Deutsche Bank AG, has been initiated before The Honorable William C. Conner, Senior United States District Judge for the Southern District of New York.

WorldCom Litigation

Deutsche Bank AG and DBSI are defendants in more than 30 actions filed in federal and state courts arising out of alleged material misstatements and omissions in the financial statements of WorldCom Inc. (**Worldcom**). DBSI was a member of the syndicate that underwrote WorldCom's May 2000 and May 2001 bond offerings, which are among the bond offerings at issue in the actions. Deutsche Bank AG London was a member of the syndicate that underwrote the sterling and Euro tranches of the May 2001 bond offering. Plaintiffs are alleged purchasers of these and other WorldCom debt securities. The defendants in the various actions include certain WorldCom directors and officers, WorldCom's auditor and members of the underwriting syndicates on the debt offerings. Plaintiffs allege that the offering documents contained material misstatements and/or omissions regarding WorldCom's financial condition. The claims against DBSI and Deutsche Bank AG are made under federal and state statutes (including securities laws), and under various common law doctrines.

In the Matter of KPMG LLP Certain Auditor Independence Issues

On 20th November, 2003, the Securities and Exchange Commission (the SEC) requested Deutsche Bank AG to produce certain documents in connection with an ongoing investigation of certain auditor independence issues relating to KPMG LLP. Deutsche Bank AG is cooperating with the SEC in its inquiry. KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (**KPMG DTG**), a KPMG LLP affiliate, is Deutsche Bank AG's auditor. During all relevant periods, including the present, KPMG DTG has confirmed to Deutsche Bank AG that KPMG DTG was and is "independent" from Deutsche Bank AG under applicable accounting and SEC regulations.

Kirch Litigation

In May 2002, Dr. Leo Kirch personally and as an assignee initiated legal action against Dr. Breuer and Deutsche Bank AG alleging that a statement made by Dr. Breuer (then the Spokesman of Deutsche Bank's Board of Managing Directors) in an interview with Bloomberg television on 4th February, 2002 regarding the Kirch Group was in breach of laws and financially damaging to Kirch. On 18th February, 2003, the Munich District Court No. I issued a declaratory judgment to the effect that Deutsche Bank AG and Dr. Breuer were jointly and severally liable for damages to Dr. Kirch, TaurusHolding GmbH & Co. KG and PrintBeteiligungs GmbH as a result of the interview statement. Upon appeal, the Munich Superior Court on 10th December, 2003 reaffirmed the decision of the District Court against Deutsche Bank AG, whereas the case against Dr. Breuer was dismissed. Both Dr. Kirch and Deutsche Bank AG have filed motions to set the judgment of the Superior Court aside. To be awarded a judgment for damages against Deutsche Bank AG, Dr. Kirch would have to file a new lawsuit; in such proceedings he would have to prove that the statement caused financial damages and the amount thereof. In mid 2003 Dr. Kirch instituted legal action in the Supreme Court of the State of New York in which he seeks the award of compensatory and punitive damages based upon Dr. Breuer's interview. Upon referral to the U.S. District Court for the Southern District of New York, the case was dismissed on 24th September, 2004. Dr. Kirch filed a motion to appeal this decision.

General

Due to the nature of Deutsche Bank AG's business, Deutsche Bank AG and its subsidiaries is involved in litigation, arbitration and regulatory proceedings in Germany and in a number of jurisdictions outside Germany, including the United States, arising in the ordinary course of its businesses. Such matters are subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. Although the final resolution of any such matters could have a material effect on Deutsche Bank AG's consolidated operating results for a particular reporting period, the Bank believes that it should not materially affect its consolidated financial position.

No significant change

Save as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of Deutsche Bank Group since 31st December, 2003 and there has been no material adverse change in the financial position or prospects of Deutsche Bank Group since 31st December, 2003 (the date of its latest audited statements).

Documents available for inspection

For so long as any Notes are outstanding, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the specified office of the Principal Paying Agent, at the office of the Paying Agent in Luxembourg, Deutsche Bank Luxembourg S.A. and at the office of the Paying Agent in the Netherlands, Deutsche Bank Amsterdam, namely:

- (a) an English translation of the Articles of Association of Deutsche Bank AG;
- (b) a copy of this Offering Circular;
- (c) the Agency Agreement; and
- (d) any of the documents deemed to be incorporated herein by reference.

Document (b) and the documents referred to in item (d) can be obtained free of charge from the office of the Paying Agent in Luxembourg, Deutsche Bank Luxembourg S.A. and at the office of the Paying Agent in the Netherlands, Deutsche Bank Amsterdam.

Financial statements available

For so long as any Notes are outstanding, copies and, where appropriate, English translations of the following documents may be obtained during normal business hours at the specified office of the Principal Paying Agent, at the office of the Paying Agent in Luxembourg and at the office of the Paying Agent in the Netherlands:

- (a) the most recently published audited consolidated financial statements of Deutsche Bank Group beginning with the audited consolidated financial statements for the years ended 31st December 2002 and 2003; and
- (b) the most recently published unaudited consolidated interim quarterly financial statements of Deutsche Bank Group; and
- (c) the most recently published audited non-consolidated financial statements of Deutsche Bank AG beginning with the audited non-consolidated financial statements for the years ending 31st December, 2002 and 31st December, 2003.

Internet Addresses

The internet address of the Deutsche Bank Group is: www.deutsche-bank.com. Information included on or linked to or from this website does not form part of this Offering Circular, unless this Offering Circular explicitly provides otherwise with respect to a particular document that can be downloaded from the Deutsche Bank Group's website.

Auditors

The independent auditors of Deutsche Bank AG are KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (**KPMG**) of Marie-Curie-Strasse 30, 60439 Frankfurt am Main, Germany. KPMG audited Deutsche Bank AG's non-consolidated annual financial statements for the years ending on 31st December 2001, 2002, and 2003, which were prepared in accordance with the German Commercial Code (**HGB**). In accordance with Section 292a HGB, the consolidated financial statements for the years ended 31st December 2001, 2002 and 2003 were prepared in accordance with United States Generally Accepted Accounting Principles (**U.S. GAAP**) and audited by KPMG. In each case an unqualified auditor's certificate has been provided.

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