

This English language version of the issuance terms and conditions has been prepared for convenience only. It does neither purport to serve as legal basis for an interpretation of the issuance terms and conditions nor is it intended to create any rights against the German Government or against the Federal Republic of Germany - Finance Agency and should therefore not be relied upon for the purposes of an investment in German Government securities. The German language version of the issuance terms and conditions is the only legally binding version. If in doubt, investors in German Government securities should consult with their advisors to determine the consequences of an investment in German Government securities.

Federal Ministry of Finance

Non-binding English translation of the issuance terms and conditions for inflation-linked Federal bonds and inflation-linked Federal notes of December 21,2012

The issuance terms and conditions for inflation-linked Federal bonds and inflation-linked Federal notes as amended in the publication of 24 October 2012 (Federal Gazette AT 31.10.2012 B4) are amended as follows as of 1 January 2013:

Issuance terms and conditions for inflation-linked Federal bonds and inflation-linked Federal notes

The Federal Republic of Germany (hereinafter referred to as the “German Government”) issues inflation-linked Federal bonds and inflation-linked Federal notes (hereinafter referred to as “German Government securities”) subject to the following terms; for Federal bonds, Federal notes, Federal Treasury notes and Treasury discount paper, specific issuance terms and conditions are in place.

§^o1 General Provisions

(1) Placing

The German Government securities will be issued by auction through the Auction Group Bund Issues (*Bietergruppe Bundesemissionen*). Such auctions are governed by the “Auction rules for the issue of Federal Bonds, five-year Federal notes, Federal Treasury notes and Treasury discount paper”. The terms and conditions of the individual issues and any deviations from the said terms and conditions are as stated in the relevant invitation to bid announced by Deutsche Bundesbank by press release.

(2) Aggregate Principal Amount and Denomination

The aggregate principal amount of an issue is fixed in each case by the German Government at the end of the auction process and is divided into securities in the denomination of Euro 0.01 each. The German Government reserves the right to further increase the aggregate principal amount by further issuances during the term of the German Government securities.

(3) Form and Custody

The German Government securities will be constituted by entry of a collective debt register claim into the Federal Debt Register (*Bundesschuldbuch*) in the name of Clearstream Banking AG, Frankfurt am Main (“CBF”), acting as fiduciary for the holders of the German Government securities (together the “Holders” and each of them the “Holder”). Such collective debt register claim will be administered by CBF for financial institutions that are account holders with CBF (“CBF account holders”). The creation of an individual debt register claim is excluded by the Issuance terms and conditions.

No certificates will be issued throughout the time up to maturity.

(4) Business Day.

For the purpose of these terms and conditions, “Business Day” means any day (other than a Saturday or a Sunday) on which the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET 2) and CBF are operational.

§2 Interest

(1) Interest

For German Government securities interest is paid annually on the aggregate principal amount from (and including) the date announced in the relevant invitation to bid (“Interest Commencement Date”). Payment of interest ends at the end of the day prior to the date of maturity.

(2) Due Date

Interest shall be payable annually in arrears on the relevant interest date. The interest date and the date of the first or next interest payment shall be as announced in the relevant invitation to bid (each an “Interest Payment Date”).

(3) Interest Amount

On the fifth Business Day prior to the relevant Interest Payment Date (the “Calculation Date”) the Calculation Agent (as defined below) will calculate the applicable index-linked rate of interest (the “Index-linked Interest Rate”) and the applicable amount of interest payable on the Securities (the “Interest Amount”). The Index-linked Interest Rate is calculated by multiplication of the rate of interest as announced in the relevant invitation to bid with the indexation coefficient to be calculated in relation to the relevant Interest Payment Date. The Interest Amount is determined by multiplication of the nominal amount of interest with the indexation coefficient to be determined for the relevant Interest Payment Date. The nominal amount of interest is calculated by multiplication of the aggregate principal amount of the German Government securities with the rate of interest as announced in the relevant invitation to bid.

“Indexation Coefficient_{Interest Payment Date}” means, in relation to each Interest Payment Date:

$$\frac{\text{Value of the Reference Index on the Interest Payment Date}}{\text{Base Index}}$$

The “Value of the Reference Index on the Interest Payment Date” shall be calculated, in relation to each Interest Payment Date, by linear interpolation in accordance with the following formula:

$$\text{HICP}_{M-3} + \frac{d_t^M - 1}{D^M} (\text{HICP}_{M-2} - \text{HICP}_{M-3})$$

where HICP:

means the non-revised Harmonised Index of Consumer Prices (HICP) in the Euro Zone – all items excluding tobacco – calculated monthly by the Statistical Office of the European Communities (“EUROSTAT”) and published on the internet page <http://epp.eurostat.ec.europa.eu> or its successor page (the “Reference Index”).

HICP_{M-3} :

means, in relation to each Interest Payment Date, the value of the Reference Index of the third month preceding the month in which the Interest Payment Date falls.

HICP_{M-2} :

means, in relation to each Interest Payment Date, the value of the Reference Index of the second month preceding the month in which the Interest Payment Date falls.

d_t^M :

means the actual number of days of the month in which the Interest Payment Date falls from the first day of the month to the Interest Payment Date (inclusive in each case).

D^M :

means the actual number of days of the month in which the Interest Payment Date falls.

The “Base Index” is as announced in the relevant invitation to bid.

The value of the Reference Index on the Interest Payment Date and the Indexation Coefficient will be, if so required, truncated to the sixth decimal place and then rounded to the nearest fifth decimal place.

If on any Calculation Date the value of the Reference Index was published on a provisional basis only, the Interest Amount and the Index-linked Interest Rate shall be calculated on the basis of such provisional value of the Reference Index, and no adjustment of such Interest Amount and the Index-linked Interest Rate shall be made upon publication of the definitive value of the Reference Index.

Any revision of, or amendment to, the Reference Index after its initial publication shall not prejudice the determination of the respective Interest Amount payable, except in the case of a revision of the Index Reference Period, meaning the period for which the Reference Index is set at 100 (“Base Year Revision”). In such case, the Interest Amount shall be determined on the basis of the reference index as so revised, and the Calculation Agent shall make all adjustments which in its opinion are suitable to ensure that the Indexation Coefficient after such Base Year Revision corresponds to that prevailing before the Base Year Revision. Any Base Year Revision shall have no effect on any Interest Amounts which have previously been payable.

If at any time the Reference Index is corrected after its publication due to an obvious error, the Calculation Agent shall apply the Reference Index as so corrected in the determination of the Interest Amount. Any such correction shall have no effect on any Interest Amounts which have previously been payable.

(4) Substitute Reference Index

If neither a provisional nor a definitive value of the Reference Index can be determined on any Calculation Date and if no substitute index pursuant to subsection (5) has been determined, the Calculation Agent will calculate a "Substitute Reference Index" (eHICPp) in accordance with the following formula:

$$\text{HICP}_{P-1} * \left(\frac{\text{HICP}_{P-1}}{\text{HICP}_{P-13}} \right)^{\frac{1}{12}}$$

where P:

means the month for which the value of the Reference Index cannot be determined.

HICP_{P-1} :

means the value of the Reference Index of the last preceding month during which the Reference Index was published by EUROSTAT.

HICP_{P-13} :

means the value of the Reference Index of the thirteenth preceding month during which the Reference Index was published by EUROSTAT.

Upon publication of a provisional or definitive value of the Reference Index, such value shall apply as from the date following such publication, and the Substitute Reference Index shall from then on cease to apply.

Following the determination of a Substitute Reference Index all references to the Reference Index shall be taken as references to the Substitute Reference Index.

(5) Substitute Index

"Substitute Index" means an index which is calculated in accordance with the following provisions:

a) Successor Index.

If on any Calculation Date the Reference Index (i) is no longer calculated and published by EUROSTAT but calculated by a successor body acceptable to the Calculation Agent or (ii) has been replaced by EUROSTAT or a successor body with a successor index, the calculation of which is based, in the opinion of the Calculation Agent, on the same or substantially the same formula and method of calculation, the index so calculated and published shall be deemed to be the Reference Index.

b) Replacement.

If on any Calculation Date the Reference Index is no longer published and subsection (5) (a) is not applicable, the Calculation Agent shall determine an alternative consumer price index which, in the opinion of the Calculation Agent, comes economically closest to the Reference Index, and the index so determined shall then be deemed to be the Reference Index.

(6) Notices

The Calculation Agent shall give notice by publication in accordance with § 6 subsection (2) of the respective Interest Amount payable on any Interest Payment Date and the Index-

linked Interest Rate underlying such Interest Amount as soon as practicable upon the calculation of the Interest Amount, but in no event later than on the Business Day preceding the relevant Interest Payment Date. If the Calculation Agent bases the determination of the Interest Amount and the Index-linked Interest Rate on the Substitute Reference Index pursuant to subsection (4) or on a Substitute Index pursuant to subsection (5) (a) or (b), it shall specify such fact together with the notice pursuant to sentence 1.

(7) Determinations Binding

All determinations of Interest Amounts and all other determinations, opinions and decisions of the Calculation Agent for the purposes of this § 2 shall be binding on the German Government and on the Holders.

(8) Accrued Interest

If it is necessary to compute interest for a period of other than a full year (“Calculation Period”), it shall be calculated on the basis of the actual days elapsed in the Calculation Period divided by the actual number of days in the Interest Period (365 or 366) (Actual/Actual). “Interest Period” means a period from the Interest Commencement Date or the last preceding Interest Payment Date (inclusive) to the next following Interest Payment Date (exclusive).

§ 3

Maturity; Redemption Amount; Repurchase

(1) Maturity

The German Government securities shall be redeemed at their redemption amount on the date announced in the relevant invitation to bid (the “Due Date”). Neither the German Government nor any Holder shall be entitled to redeem the German Government securities prior to their maturity.

(2) Redemption Amount

The Redemption Amount shall be calculated by the Calculation Agent pursuant to the following formula:

$$\text{Aggregate Principal Amount} \times \text{Indexation Coefficient}_{\text{Due Date}}$$

where $\text{Indexation Coefficient}_{\text{Due Date}}$ has the same meaning as $\text{Indexation Coefficient}_{\text{Interest Payment Date}}$ in § 2 subsection (3). § 2 subsections (4) through (7) shall apply *mutatis mutandis*.

Should the Redemption Amount so calculated be less than the aggregate principal amount, the Redemption Amount shall equal the aggregate principal amount.

(3) Repurchase

The German Government may at any time purchase, hold and resell German Government securities in the open market or otherwise. German Government securities held by the German Government for its own account or for account of one of its special funds (*Sondervermögen*) may be cancelled in whole or in part in the Federal Debt Register.

§ 4 Payments

(1) Payments

Payments of principal of, and interest on, the German Government securities in the form of a collective debt register claim shall be made in Euro on the relevant payment date (subsection (2)) to, or to the order of, CBF for credit by CBF of the respective amounts due to CBF account holders. Payments of principal of, and interest on, the German Government securities made by the German Government to, or to the order of, CBF shall discharge the liability of the German Government under the German Government securities to the extent of the sums so paid.

(2) Payment Date and Due Date

For the purpose of these issuance terms and conditions, "Payment Date" means the date on which payment is actually to be made, where applicable as adjusted in accordance with subsection (3), and "Due Date" means the payment date provided for, without taking account of any such adjustment.

(3) Business Day Convention

If any due date for the payment of principal or interest to, or to the order of, CBF is not a Business Day, such payment will not be made until the next day which is a Business Day, and no further interest shall be paid in respect of the delay in such payment.

§ 5 The Calculation Agent

The Federal Republic of Germany – Finance Agency shall be the "Calculation Agent". The German Government may at any time appoint another entity as Calculation Agent. Notice of any such change of Calculation Agent shall be given by publication in accordance with § 6 subsection (1). Any Calculation Agent in such capacity acts exclusively as agent (*Erfüllungsgehilfin*) of the German Government and does not have any legal relationship of whatever nature with the Holders. It is not in any event accountable to any Holder.

§ 6 Publications / Announcements

(1) Publications

These terms and conditions and any amendments thereof shall be published in the Federal Gazette (*Bundesanzeiger*).

(2) Other Announcements

Other announcements concerning the German Government securities shall be published in the electronic Federal Gazette (*elektronischer Bundesanzeiger*) and in a leading daily newspaper of general circulation in the Federal Republic of Germany authorized for the publication of mandatory stock exchange announcements. Any announcement will become effective for all purposes on the day following the date of its publication, or, if published more than once or on different dates, on the day following the first date of any such publication.

§7 Miscellaneous Provisions

(1) Listing

The German Government securities will be listed in the regulated market (*regulierter Markt*) at the Frankfurt Stock Exchange.

(2) Eligibility for Trusts

The German Government securities are eligible for trusts pursuant to section 1807 (1) number 2 of the German Civil Code (*BGB*).

(3) Eligibility for Investment in Premium Stock Reserve

The German Government securities are eligible for the investment of restricted assets pursuant to section 54 (2) number 2 of the Act on the Supervision of Private Insurance Enterprises (*Versicherungsaufsichtsgesetz, VAG*).

(4) Eligible Assets

The German Government securities are eligible as collateral for the open market and credit operations of the ESCB in accordance with Article 18.1 of the Protocol on the Statute of the ESCB and of the ECB.

(5) Governing Law

The German Government securities, both as to form and content, as well as the rights and duties of the Holders and the German Government shall be governed by and construed in accordance with German Law.

(6) Jurisdiction

Any action or other legal proceedings arising out of or in connection with the German Government securities may exclusively be brought in the District Court (*Landgericht*) of Frankfurt am Main.

(7) Scope of Application

These terms and conditions shall apply to all inflation-linked Federal bonds and inflation-linked Federal notes of the German Government for which it is stipulated in the relevant invitation to bid that they shall be applicable.

§8 Amendments of Issuance Terms and Conditions

(1) Amendments

The Holders of the German Government securities may amend the terms and conditions with the consent of the German Government by majority decision taken at a Holders' meeting or by a resolution adopted by written consent outside of a Holders' meeting, all in accordance with the collective action clauses for German Government securities (*Umschuldungsklauseln für Bundeswertpapiere*) (Schedule) in conjunction with §§ 4a through 4k of the Act on Federal Debt Management (*Bundesschuldenwesengesetz*).

(2) Binding Effect of Amendment

Any amendment of the terms and conditions in accordance with subsection (1) shall have binding effect on all Holders.

(3) Publication of Amendment

By derogation of § 6, the provisions of number 5 of the collective action clauses for German Government securities shall apply to publications of any amendment of the terms and conditions pursuant to subsection (1).

Berlin, 21 December 2012
VII A 2 – WK 2202/07/0001

Federal Ministry of Finance

By Order
Holters

Collective Action Clauses for German Government securities

1 General Definitions

- (a) “German Government securities” means these German Government securities (of which these terms and conditions form a part) and any other bills, treasury notes, bonds, obligations or other debt securities issued by the German Government with an original stated maturity of more than one year and which form one or more series covered by collective action clauses, and includes any payment obligations, irrespective of their original stated maturity, that formerly constituted a component part of German Government securities.
- (b) “zero-coupon obligation” means a German Government security that does not expressly provide for the accrual of interest, and includes former component parts of a German Government security that did provide for the accrual of interest if that component part does not provide for the accrual of interest.
- (c) “index-linked German Government security” means a German Government security that provides for the payment of additional amounts linked to changes in a published index, but does not include a component part of an index-linked German Government security that is no longer attached to that index-linked German Government security.
- (d) “series” means all tranches of German Government securities that are (i) identical in all respects except for their date of issuance or first payment date, and (ii) therefore are meant to form a single series. Specifically, these German Government securities together with any tap issuances, if any, form a single series for these purposes.
- (e) “outstanding” in relation to these German Government securities means any German Government security outstanding for purposes of Section 2.7 and in relation to another series, any German Government security that is outstanding for purposes of Section 2.8.
- (f) “modification” means any modification, amendment, supplement or waiver of the issuance terms and conditions of German Government securities. In this context, issuance terms and conditions shall include any agreement governing the issuance or administration of the relevant German Government securities.
- (g) “cross-series modification” means a modification involving (i) these German Government securities and (ii) the German Government securities of other series.
- (h) “reserved matter” in relation to these German Government securities means any of the following modifications of the issuance terms and conditions:
 - (i) a change of the due dates for payments;
 - (ii) a reduction of the nominal value and interest amounts, even if already overdue;
 - (iii) a change of the method used to calculate payments;
 - (iv) a reduction of the redemption price or change of the date of a possible early redemption;
 - (v) a change of the currency or place of payment;
 - (vi) the introduction of any conditions on obligations of the German Government to make payments or any other modification of the obligations of the German Government to make payments;
 - (vii) a change of circumstances under which these German Government securities may be declared due and payable prior to their stated maturity;
 - (viii) a change of the seniority or ranking
 - (ix) a change of the governing law
 - (x) a change of the jurisdiction or a waiver of immunity by the German Government;

- (xi) a change of the outstanding nominal value required for holder majorities of these German Government securities or – in case of a cross-series modification – of the German Government securities of another series; modification of the requirements for a quorum; change of the definition of “outstanding” or
- (xii) change of this paragraph (h).

The aforementioned definition of “reserved matter” will also apply to German Government securities of another series.

- (i) “holder” means holders of these German Government securities, the co-owners of the collective debt register claim (*Sammelschuldbuchforderung*) or co-owners of the proportionate interest in the global note; this also applies to German Government securities of another series.
- (j) “record date” in relation to any proposed modification means the date fixed by the German Government for determining the holders of this German Government security (or – in relation to a cross-series modification – of other German Government securities) that are entitled to vote on a resolution in a meeting or to sign a written resolution.

2 Modification of German Government Securities

2.1 Reserved Matters. Modifications of these German Government securities in relation to reserved matters require the consent of the German Government and the holders

- (a) in case of a meeting, with a majority of not less than 75 per cent. of the outstanding nominal value of these German Government represented at the time votes are cast; or
- (b) in case of a written resolution, with a majority of not less than 66 2/3 per cent of the then outstanding nominal value of the German Government securities.

2.2 Cross-Series Modification. Cross-series modifications in relation to reserved matters require the consent of the German Government and the holders:

- (a)(i) in case of meetings, with a majority of not less than 75 per cent of the outstanding nominal value of all series that would be affected and are represented at the time votes are cast; or
- (a)(ii) in case of a written resolution, with a majority of not less than 66 2/3 per cent of the then outstanding nominal value of all series that would be affected;

and

- (b)(i) in case of meetings, with a majority of more than 66 2/3 per cent of the outstanding nominal value of each relevant series represented at the time votes are cast; or
- (b)(ii) in case of written resolutions, with a majority of more than 50 per cent of the then outstanding nominal amount of each relevant series.

The holders of these German Government securities and the holders of the German Government securities of each other affected series will vote in separate meetings held for the each series and/or adopt separate written resolutions for each series.

2.3 Proposed Cross-Series Modifications. Proposed cross-series modifications may be phrased in the alternative (i.e. may include one or more proposed alternative modifications), provided that all proposed alternative modifications are submitted to the vote of the holders of the affected series.

2.4 Partial Cross-Series Modification. Even if a proposed cross-series modifications is not approved in relation to a reserved matter in accordance with Section 2.2, but would have been approved if the proposed modification had involved only these German Government securities and other series, that modification will be deemed to have been approved in relation to these German Government securities and each other series whose modification would have been so approved, provided that

- (a) prior to the record date, the German Government has publicly notified holders of the conditions of such a partial cross-series modification; and
- (b) these conditions are satisfied.

2.5 Non-Reserved Matter Modification. Modifications of the issuance terms and conditions of these German Government securities in relation to non-reserved matters require the consent of the German Government and the holders:

- (a) in case of a meeting, with a majority of more than 50 per cent of the outstanding nominal value of these German Government represented at the time votes are cast; or
- (b) in case of a written resolution, with a majority of more than 50 per cent of the then outstanding nominal value of these German Government securities.

2.6 Multiple Currencies, Index-Linked German Government securities, and Zero-Coupon Obligations. In determining whether the holders of these German Government securities and of the German Government securities of other series have approved a proposed modification with the requisite majority, the following will apply:

- (a) if the modification involves German Government securities denominated in more than one currency, their nominal value will be equal to the euro amount calculated using the applicable foreign exchange reference rate for the record date published by the European Central Bank;
- (b) if the modification involves an index-linked German Government security, the nominal value will be equal to its adjusted nominal value;
- (c) if the modification involves a zero-coupon obligation that did not formerly constitute a component part of an index-linked German Government security, the nominal value will be equal to its redemption amount or, if its stated maturity date has not yet occurred, to the present value of its redemption value;
- (d) if the modification involves a zero-coupon obligation that formerly constituted a component part of an index-linked German Government security, the nominal value will equal
 - (i) in case of zero-coupon obligations that formerly constituted the right to receive a non-index-linked payment of principal or interest, their adjusted redemption amount or, if the stated maturity date of the non-index-linked payment has not yet occurred, to the present value of its redemption value; and
 - (ii) in case of zero-coupon obligations that formerly constituted the right to receive an index-linked payment of principal or interest, their adjusted redemption amount or, if the stated maturity date of the index-linked payment has not yet occurred, to the present value of its redemption value; and
- (e) For purposes of this Section 2.6:
 - (i) the adjusted redemption value of any index-linked German Government securities and any of their component parts is the amount that would be due if its stated maturity date was the record date based on the value of the related index on the record date published by the German Government, if there is no such published value, on the interpolated value of the related index on the record date determined in

accordance with the terms and conditions of the index-linked German Government security; in no event will the adjusted redemption value of such index-linked German Government security or component part be less than its redemption value unless the terms and conditions of the index-linked German Government security provide that the amount of the payment made on such index-linked German Government security or component part may be less than its redemption value; and

(ii) the present value of a zero-coupon obligation is determined by discounting the nominal value (or, if applicable, the adjusted nominal value) of that zero-coupon obligation from its stated maturity date to the record date at the specified discount rate using the applicable market interest calculation convention, where the specified discount rate is:

(x) if the zero-coupon obligation was not formerly a component part of a German Government security that expressly provided for the accrual of interest, the yield to maturity of that zero-coupon obligation at issuance or, if more than one tranche of that zero-coupon obligation has been issued, the yield to maturity of that zero-coupon obligation at the weighted average of all the issue prices of all the zero-coupon obligations of that series of zero-coupon obligations; and

(y) if the zero-coupon obligation was formerly a component part of a German Government security that expressly provided for the accrual of interest:

(1) the coupon on that German Government security if that German Government security can be identified; or

(2) otherwise, the arithmetic average of all the coupons on all of the German Government securities of the German Government (weighted by their redemption value) referred to below that have the same stated maturity date as the zero-coupon obligation to be discounted, or, if there are no such German Government securities, the coupon interpolated for these purposes on a linear basis using all of the German Government securities (weighted by their redemption value) referred to below that have the two closest maturity dates to the maturity date of the zero-coupon obligation to be discounted, where the German Government securities to be used for this purpose are all of the index-linked German Government securities obligations if the zero-coupon obligation to be discounted was formerly a component part of an index-linked German Government security and all of the German Government securities (index-linked German Government securities and zero-coupon obligations excepted) if the zero-coupon obligation to be discounted was not formerly a component part of an index-linked German Government security, and in either case are denominated in the same currency as the zero-coupon obligation to be discounted.

2.7 Outstanding German Government securities. In determining whether holders of the requisite nominal value outstanding these German Government securities have voted in favour of a proposed modification or whether a quorum is present at any meeting of holders, German Government securities will be deemed to be not outstanding, and thus neither to be entitled to vote nor to be capable of being taken into account in determining whether a quorum is present, if on the record date the German Government securities

(a) have previously been cancelled or delivered for cancellation, or held for reissuance but not reissued;

(b) have properly been called for redemption or previously become due and payable at the stated times or otherwise and were properly redeemed; or

- (c) are held by the German Government, by ministries or other agencies of the German Government, by a corporation, a special fund (*Sondervermögen*) or other legal entity that is controlled by the German Government or its agencies, and if the corporation, special fund (*Sondervermögen*) or other legal entity has no autonomy of decision, where:
- (i) the holder for these purposes is the entity legally entitled to vote or contractually entitled to give voting instructions, directly or indirectly, to the legally entitled holder;
 - (ii) a corporation, special fund (*Sondervermögen*) or other legal entity is controlled by the German Government or by its agencies if the German Government or its agencies are entitled to give instructions to the management of the legal entity, or if the German Government or its agencies can elect or otherwise appoint the majority of the governing body or other bodies performing similar functions; these control rights by the German Government can be based, directly or indirectly, on voting shares, contractual arrangements, or any other legal grounds; and
 - (iii) a holder has autonomy of decision if, under applicable law and independent of any potential direct or indirect obligation in relation to the German Government, in exercising the voting right, the holder
 - (x) does not need to, either directly or indirectly, follow the instructions of the German Government; or
 - (y) is required to act in accordance with an objective prudential standard in the interest of its owners or other stakeholders or in the holder's own interest; or
 - (z) must act pursuant to a fiduciary or similar duty in the interest of one or more persons; however, this person must not be an excluded holder under this Section 2.7.
- (d) Without limitation, the German Government securities that are deemed to not be outstanding for purposes of these provisions do not include those the holders of which are Deutsche Bundesbank, KfW banking group, or the European Central Bank.

2.8 Outstanding German Government securities of other series. The determination whether holders of the requisite (aggregate) nominal value of outstanding German Government securities of another series have voted in favour of a proposed modification or whether a quorum is present at any meeting of the holders, will be made in accordance with the applicable terms and conditions of the relevant series.

2.9 Entities Having no Autonomy of Decision. The German Government will publish without undue delay following the announcement of any proposed modification of these German Government securities, but in no event less than 10 calendar days prior to the record date, a list identifying each corporation, special fund (*Sondervermögen*) and other legal entities that for purposes of Section 2.7(c):

- (a) are controlled by the German Government or its agencies;
- (b) has in response to an enquiry reported to the German Government that they are holders of these German Government securities; and
- (c) do not have autonomy of decision.

2.10 Exchange and Conversion. Following a properly approved modification of the issuance terms and conditions, the German Government may exchange these German Government securities for new German Government securities (with the modified issuance terms and conditions) if this was announced to the holders prior to the record date. Any such exchange will be binding on all holders.

3 Calculation Agent

3.1 Appointment and Responsibility. The German Government will appoint a person (the “calculation agent”) to calculate whether the holders of these German Government securities and, in the case of a cross-series modification, the holders of German Government securities of the other affected series have approved a proposed modification with the requisite outstanding nominal value. In the case of a cross-series modification, the German Government will appoint a joint calculation agent.

3.2 Certificate. The German Government will provide a certificate to the calculation agent and publish it prior to the date of the meeting of holders or the adoption of a written resolution. This certificate will list, determined in accordance with the provisions of Section 2.6

- (a) the nominal value of these German Government securities and, in the case of a cross-series modification, the German Government securities of each other affected series deemed outstanding on the record date for purpose of Section 2.7;
- (b) the nominal value of these German Government securities and, in the case of a cross-series modification, the German Government securities of each other affected series that are deemed under Section 2.7 (c) to be not outstanding on the record date;
- (c) the names of the holders of the German Government securities specified in (b) above.

3.3 Legal Effect of the Certificate. The calculation agent may rely on any information contained in the certificate provided by the German Government, and that information will be conclusive and binding on the German Government and the holders unless:

- (a) an affected holder delivers a substantiated written objection to the German Ministry of Finance (*Bundesministerium der Finanzen*) in relation to the information contained in the certificate before the vote at a meeting or the adoption of a written resolution; and
- (b) that written objection, if sustained, would affect the outcome of the resolution.

An objection that is timely and duly delivered will nonetheless have no effect on the certificate being conclusive and binding if:

- (x) the objection is withdrawn;
- (y) the holder that delivered the objection does not commence legal action before the court of competent jurisdiction within 15 calendar days of the publication of the resolution; or
- (z) the court of competent jurisdiction rules either that the objection was not substantiated or that the alleged error in the information contained in the certificate could not have affected the outcome of the resolution.

3.4 Publication. The German Government will publish the results of the meeting of holders or the written resolution as determined by the calculation agent without undue delay.

4 Bondholder Meetings; Written Resolutions

4.1 General. The provisions (of this Section 4) set out below and any additional rules adopted and published by the German Government will, to the extent consistent with the provisions set out below, apply to any meeting and to any written resolutions of holders of these German Government securities. The provisions of Section 4 on the convening and holding of meetings of holders will apply to written resolutions *mutatis mutandis*. Any actions

to be taken by the German Government pursuant to this Section 4, may instead be taken by an agent.

4.2 Convening Meetings. A meeting of holders:

- (a) may be convened by the German Government at any time; and
- (b) will be convened by the German Government if the German Government is, and continues to be, in default with regard to the German Government securities and holders of not less than 10 per cent. of the outstanding aggregate nominal value of these German Government securities request in writing of the German Ministry of Finance (*Bundesministerium der Finanzen*) that a meeting be held.

4.3 Notice of Meetings. The German Government will give notice of a meeting of holders at least 21 days prior to the date of the meeting or, in the case of an adjourned meeting, at least 14 calendar days prior to the date of the adjourned meeting. The notice will:

- (a) state the time, date and venue of the meeting;
- (b) set out the agenda, conditions for a quorum and the proposed resolutions to be adopted;
- (c) specify the record date, being not more than five business days* before the date of the meeting, and the manner by which a holder proves its entitlement to participate in the meeting;
- (d) include the form to be used to appoint a proxy;
- (e) set out additional rules adopted by the German Government for the convening and holding of the meeting and, if applicable, the information on the conditions for a partial cross-series modification; and
- (f) information on the calculation agent.

4.4 Chair. The chair of any meeting of holders will be appointed:

- (a) by the German Government; or
- (b) if the German Government fails to appoint a chair or the person nominated by the German Government is not present at the meeting, by holders of more than 50 per cent of the outstanding nominal value of these German Government securities represented at the meeting.

4.5 Quorum. In the absence of a quorum only the chair can be chosen if one has not already been appointed by the German Government; the adoption of other resolutions is not permitted. Any meeting at which the holders intend to vote on a proposed modification will be quorate if the holders that are present:

- (a) in relation to a reserved matter, jointly represent not less than 66 2/3 per cent of the outstanding nominal value of these German Government securities; and
- (b) in relation to any non-reserved matters, jointly represent not less than 50 per cent of the outstanding nominal value of these German Government securities.

4.6 Adjournment of Meetings. If a quorum is not present within 30 minutes of the start of the meeting, the chair may adjourn the meeting; an adjourned meeting will take place not less than 14 and not more than 42 calendar days after the first meeting. The quorum for any adjourned meeting will be present if the holders that are present:

* For purposes of these collective action clauses, "business day" means any day (other than a Saturday or a Sunday) on which the Trans-European Automated Real-time Gross Settlement Express Transfer System (TARGET) 2 and Clearstream Banking AG, Frankfurt am Main are operational.

- (a) in relation to a reserved matter, jointly represent not less than 66 2/3 per cent of the outstanding nominal value of these German Government securities; and
- (b) in relation to any non-reserved matter, jointly represent not less than 25 per cent of the outstanding nominal value of these German Government securities.

4.7 Written Resolutions. A resolution by way of written resolution is equivalent to a resolution adopted at a meeting of holders. The content of a written resolution may be set out in one or more documents in like form, each signed by or on behalf of one or more holders.

4.8 Entitlement to Vote. Any person who is a holder of these German Government securities on the record date, and any person duly appointed as a proxy by a holder, will be entitled to vote at a meeting of holders and to sign a written resolution.

4.9 Voting. Every proposed modification will be submitted to a vote of the holders of outstanding German Government securities at a meeting or by means of a written resolution. A holder may cast votes equal in number to the nominal value of the holder's outstanding German Government securities. For these purposes, in case of a cross-series modification:

- (a) involving German Government securities denominated in more than one currency, the nominal value of each German Government security will be determined in accordance with Section 2.6(a);
- (b) involving index-linked German Government securities, the nominal value of each such index-linked German Government security will be determined in accordance with Section 2.6(b);
- (c) involving a zero-coupon obligation that did not formerly constitute a component part of an index-linked German Government security, the nominal value of each such zero-coupon obligation will be determined in accordance with Section 2.6(c); and
- (d) involving a zero-coupon obligation that did formerly constitute a component part of an index-linked German Government security, the nominal value of each such zero-coupon obligation will be determined in accordance with Section 2.6(d).

4.10 Proxies. Each holder of an outstanding German Government security may appoint another person (a "proxy") to act on the holder's behalf in connection with a meeting of holders or vote by means of a written resolution. The appointment of a proxy must be made in writing and the form of proxy must be submitted to the German Ministry of Finance (*Bundesministerium der Finanzen*) not less than 48 hours before the time fixed for a meeting of holders or vote by means of a written resolution. Appointment of a proxy pursuant to any form other than the form specified in the notice for convening a meeting of holders will be void.

4.11 Legal Effect and Revocation of a Proxy. A proxy appointed in accordance with the above provisions will, subject to Section 2.7, be deemed to be the holder of the outstanding German Government securities for purposes of the participation in the meeting or the vote by means of a written resolution. Any vote cast by a proxy will be valid notwithstanding the prior revocation or amendment of that proxy unless the German Ministry of Finance (*Bundesministerium der Finanzen*) has been informed of the revocation or amendment of the proxy at least 48 hours before the time fixed for the meeting of holders or vote by means of a written resolution.

4.12 Binding Effect. A resolution passed at a meeting or by means of a written resolution will be binding on all holders, whether or not the holder was present at the meeting or participated in a vote by means of a written resolution or voted for or against the resolution.

4.13 Publication. The German Government will without undue delay publish all resolutions adopted at a meeting or by means of a written resolution.

5 Publications

Notices and other matters. The German Government will publish all notices and other matters required to be published pursuant to the above provisions:

- (a) on www.deutsche-finanzagentur.de and in the Federal Gazette (*Bundesanzeiger*);
- (b) through Clearstream Banking AG in Frankfurt am Main;
- (c) by a notice of Deutsche Bundesbank.