

**WIENER STÄDTISCHE Versicherung AG**  
**Vienna Insurance Group**  
(a joint stock corporation organized under the laws of Austria)

**€ 500,000,000**  
**Hybrid Debt Issuance Programme**  
(the “Programme”)

Under the Programme, WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group (the “Issuer”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue perpetual deeply subordinated fixed, floating or fixed-to-floating rate debt securities as specified in the relevant Final Terms (as defined herein) issued in the German language with a non-binding English translation under Austrian law (the “Notes”). Subject to compliance with all relevant laws, regulations and directives, the Notes will be perpetual and do not have a final maturity date. The aggregate principal amount of Notes outstanding will not at any time exceed € 500,000,000. This Prospectus has been approved by the Austrian Finanzmarktaufsichtsbehörde in its capacity as competent authority under the Austrian Capital Markets Act (the “FMA”). Application will be made for the Programme to be admitted to the Second Regulated Market (*Geregelter Freiverkehr*) (the “Market”) of the Wiener Börse AG (the “Vienna Stock Exchange”). References in this Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the Market which is a regulated market for the purposes of the Investment Services Directive 2004/39/EC.

**The accuracy of the information contained in this Prospectus does not fall within the scope of examination by the FMA under Austrian law and the Prospectus Directive 2003/71/EC, as amended.**

Unlisted Notes may be issued pursuant to the Programme. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be admitted to trading on the Market (or any other market and/or stock exchange).

The Issuer has requested the FMA to provide the competent authority in the Czech Republic, Germany, the Netherlands, Belgium and Luxembourg with a certificate of approval attesting that this Prospectus has been drawn up in accordance with Commission Regulation (EC) No. 809/2004 of 29 April 2004 (“Notification”). The Issuer may request FMA to provide competent authorities in additional host Member States within the European Economic Area with a Notification, subject to the publication of a supplement to this Prospectus in accordance with § 6 of the Austrian Capital Market Act (Kapitalmarktgesetz).

Each Series (as defined herein) of Notes will be represented on issue by a temporary global note in bearer form (a “temporary Global Note”) which is, subject to compliance with certain restrictions, exchangeable for a permanent global note in bearer form (a “permanent Global Note” and each of the temporary Global Note and permanent Global Note, a “Global Note”). Global Notes will be deposited on the issue date with Oesterreichische Kontrollbank Aktiengesellschaft (“OeKB”) and will be kept in custody by or on behalf Euroclear and/or Clearstream, Luxembourg.

Tranches of Notes (as defined in “Summary of the Programme”) may be rated or unrated. Where a Tranche of Notes is rated, such rating will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the section headed “Risk Factors” in this Prospectus. This Prospectus does not describe all of the risks of an investment in the Notes, but the Issuer believes that all material risks relating to an investment in the Notes have been described.

*Arranger and Permanent Dealer*  
**Erste Bank**

Prospectus dated 13 May 2008

This prospectus (the “Prospectus”) comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and relevant implementing legislation in Austria, in particular in respect of §1/1 No 10 and 11 of the Austrian Capital Market Act (Kapitalmarktgesetz) and for the purpose of giving information with regard to the Issuer and its subsidiaries and affiliates taken as a whole (the “Group”) and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference.

The distribution of this Prospectus does not mean that the data contained herein are current as of any time after the date of this Prospectus. In particular, neither the delivery of this Prospectus, nor the offer, sale nor delivery of Notes issued under the Programme means that no adverse changes have occurred or events have happened, which may or could result in an adverse effect in the Issuer’s business, financial condition or results of operations. Any material new circumstances and any material incorrectness or inaccuracy as to the statements contained in this Prospectus that could influence the assessment of the Notes issued under the Programme and that occur between the approval of the Prospectus by the FMA and the issue of Notes under the Programme will be included and published in a supplement to this Prospectus in accordance with § 6 of the Austrian Capital Market Act (Kapitalmarktgesetz).

No person has been authorised to give any information or to make any representation other than as contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers (as defined in “Subscription and Sale”) or Erste Bank der oesterreichischen Sparkassen AG (in its capacity as arranger under the Programme, the “Arranger”). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), and may include Notes in bearer form that are subject to US tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to US persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see “Subscription and Sale”.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of any of the Issuer, the Dealers or the Arranger to subscribe for, or purchase, any Notes.

The Dealers and the Arranger have not separately verified the information contained in this Prospectus. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. Neither this Prospectus nor any financial statements supplied in connection with the Programme or any Notes are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Dealers or the Arranger that any recipient of this Prospectus or any financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus or any financial statements and its purchase of Notes should be based upon any such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

Except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus includes or has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60**

**days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.**

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed € 500,000,000. The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to publication of a supplement to this Prospectus in accordance with § 6 of the Austrian Capital Market Act (Kapitalmarktgesetz).

In this Prospectus, unless otherwise specified or the context otherwise requires, references to €, euro or EUR are 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 from time to time).

The distribution of this Prospectus and the offer and sale of the Notes offered under the Programme may be restricted by law in certain jurisdictions. Persons in possession of this Prospectus are required to inform themselves about, and to observe, any such restrictions. This Prospectus may not be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any of the Notes offered under the Programme in any jurisdiction in which such offer or invitation would be unlawful.

## TABLE OF CONTENTS

RESPONSIBILITY STATEMENT .....	7
DOCUMENTS INCORPORATED BY REFERENCE .....	7
SUPPLEMENTAL PROSPECTUS .....	7
SOURCES OF INFORMATION .....	7
REFERENCE TO SOURCES OF MARKET INFORMATION AND OTHER STATISTICAL INFORMATION .....	7
GLOSSARY .....	8
SUMMARY OF THE PROGRAMME .....	9
Use of Proceeds .....	13
Business Overview .....	13
Share Capital .....	14
Strategy .....	14
Financial Information .....	15
Summary of Risk Factors .....	16
RISK FACTORS .....	18
Risk Factors Regarding the Notes .....	18
Risk Factors Regarding the Issuer .....	21
TERMS AND CONDITIONS OF THE NOTES .....	31
Anleihebedingungen .....	31
ENGLISH LANGUAGE PRO FORMA FINAL TERMS .....	60
GERMAN LANGUAGE PRO FORMA FINAL TERMS .....	70
USE OF PROCEEDS .....	80
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM .....	81
Initial Issue of Notes .....	81
Relationship of Accountholders with Clearing Systems .....	81
WIENER STÄDTISCHE VERSICHERUNG AG VIENNA INSURANCE GROUP .....	82
Capital Increase 2008 .....	82
Purpose of the Company .....	82
Wiener Städtische Wechselseitige Versicherungsanstalt – Vermögensverwaltung .....	83
Vienna Insurance Group .....	83
Business .....	84
Recent Developments .....	103
Management .....	104
HISTORICAL FINANCIAL INFORMATION .....	132
INSURANCE SUPERVISION .....	134
EC Single Market for Insurance .....	134
TAXATION .....	141
Austria .....	141
Czech Republic .....	143
Germany .....	145
Luxembourg .....	148
Belgium .....	150
The Netherlands .....	154
SUBSCRIPTION AND SALE .....	156
United States .....	156
Public Offer Selling Restrictions under the Prospectus Directive .....	157

United Kingdom .....	158
Japan .....	158
General .....	158
GENERAL INFORMATION .....	159
Authorisation .....	159
No Material Adverse Change .....	159
Legend .....	159
Clearing and Settlement .....	159
The Issue Price .....	159
Documents Available for Inspection .....	159
Auditors .....	160
Admission to Trading .....	160

## **RESPONSIBILITY STATEMENT**

The Issuer with its registered office in Vienna, Austria accepts responsibility for the information contained in this Prospectus and hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

## **DOCUMENTS INCORPORATED BY REFERENCE**

This Prospectus should be read and construed in conjunction with (i) each Final Terms relating to any Notes and (ii) the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2006 and 2007 together in each case with the audit report thereon. Such documents will be deposited with FMA and shall be deemed to be incorporated in, and form part of this Prospectus, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

## **SUPPLEMENTAL PROSPECTUS**

The Issuer has given an undertaking to the Dealers (and is obliged by the provisions of the Prospectus Directive and §6 of the Austrian Capital Market Act to do so) that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any Notes and the inclusion of which would reasonably be required by investors, and would reasonably be expected by them to be found in this Prospectus, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer, to the FMA and the Vienna Stock Exchange such number of copies of such amendment, supplement or replacement hereto or hereof as such Dealer may request and the Austrian Capital Market Act and/or the Stock Exchange Act may require.

## **SOURCES OF INFORMATION**

Unless otherwise stated, statistical and other data provided in this Prospectus has been extracted from the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2007 and the Annual Report thereon. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **REFERENCE TO SOURCES OF MARKET INFORMATION AND OTHER STATISTICAL INFORMATION**

The figures set forth in this Prospectus with respect to market shares, growth rates and premiums (not only those relating to the Vienna Insurance Group) in the insurance market are primarily based on sources in the public domain, particularly publications of the respective national insurance

associations or Issuer estimates which, in turn, were primarily based on published data or figures from sources in the public domain. It should be noted that the data as presented are largely derived from industry statistics which do not purport to describe markets from a customer's perspective and therefore do not necessarily reflect the competitive pressure Vienna Insurance Group is subject to. In particular, as a consequence of the convergence of products from the banking and life insurance industries, customers have a variety of financial products to choose from (such as investment trust pension products, etc.) to meet their demand for wealth-creation.

Where information has been sourced from a third party, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information, published or provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The sources of information which is published or provided by third parties are provided wherever such third party information is used in this Prospectus.

## **GLOSSARY**

“CEE” or “CEE region”	The Vienna Insurance Group includes in its core CEE region or markets the following countries in which it operates: Albania, Belarus, Bulgaria, Croatia, the Czech Republic, Estonia, Georgia, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey and Ukraine.
“Insurance density”	Per capita premiums.
“Embedded value”	The embedded value of an insurance company is an estimate of the value of both its net assets and the income stream expected from insurance policies already in force. It does not include the value of policies that the company will sell in the future. In the case of the Vienna Insurance Group, it comprises the sum of the total of the group's net asset values of all insurance segment at the valuation date. The present value of all future surpluses is calculated taking into account reserve releases. The adjusted net asset value is calculated as an indicator of the funds of an insurance company belonging to the shareholder. The value in force is calculated to indicate the potential profits that Noteholders will receive in the future.
“VVO”	Verband der Versicherungsunternehmen Österreichs.
“KNF”	Polish financial supervision authority.



## SUMMARY OF THE PROGRAMME

*The following summary is to be considered an introduction to this Prospectus. Investors should therefore read this entire Prospectus carefully and base any decision to invest in Notes issued under the Programme on an examination of this Prospectus as a whole, including the consolidated financial statements of the Issuer, the matters set out under “Risk Factors” and, in relation to the Terms and Conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined or used in “Terms and Conditions of the Notes” below shall have the same meanings in this overview. The Issuer may agree with any Dealer that Notes may be issued in a form other than that contemplated in “Terms and Conditions of the Notes” herein, in which event (in the case of listed or publicly offered Notes only) a supplement to the Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.*

*Civil liability will attach to the Issuer in respect of this Prospectus summary, including any translation thereof, but only if the summary is misleading, incorrect or contradictory when read in conjunction with the other parts of this Prospectus. In the event that claims are brought before a court based on information contained in this Prospectus, application of the national legislation of countries in the European Economic Area could result in the investor appearing as plaintiff bearing the costs of translating this Prospectus before the start of proceedings..*

<b>Issuer</b>	WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group
<b>Arranger and Permanent Dealer</b>	Erste Bank der oesterreichischen Sparkassen AG.
<b>Dealers</b>	The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to Dealers are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
<b>Paying and Calculation Agent</b>	Erste Bank der oesterreichischen Sparkassen AG.
<b>Description</b>	Perpetual deeply subordinated fixed, floating or fixed-to-floating rate bearer notes (the “Notes”). The notes are deeply subordinated, which means that they are senior only to Junior Securities (as defined in the Terms and Conditions of the Notes), as described in more detail in “Status” below.
<b>Method of Issue</b>	The Notes will be issued in series (each a “Series”). Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates, the Notes of each Tranche being intended to be interchangeable with the Notes of all Tranches of the same Series. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental Terms and Conditions and, save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in final

	terms (the “Final Terms”).
<b>Issue Price</b>	Notes may be issued at their principal amount or at a discount or premium to their principal amount.
<b>Maturities</b>	The Notes will be perpetual and will not have a final maturity date.
<b>Denomination</b>	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer and as specified in the applicable Final Terms.
<b>Status</b>	<p>The obligations of the Issuer under the Notes constitute unsecured and deeply subordinated obligations of the Issuer ranking</p> <ul style="list-style-type: none"> <li>• junior to all (if any) present or future unsubordinated and other subordinated debt obligations of the Issuer (save for other deeply subordinated debt obligations which rank or are expressed to rank <i>pari passu</i> with the Notes), except in each case as otherwise required by mandatory provisions of law</li> <li>• <i>pari passu</i> among themselves and with Parity Securities</li> <li>• senior to all Junior Securities</li> </ul> <p>In the event of the liquidation, dissolution, insolvency, composition or other proceedings for the avoidance of insolvency of the Issuer, Noteholders participate in the liquidation proceeds after all claims from holders of unsubordinated and other subordinated debt obligations of the Issuer (save for other deeply subordinated debt obligations which rank or are expressed to rank <i>pari passu</i> with the Notes) have been satisfied or secured, <i>pari passu</i> amongst themselves and with claims of holders of Parity Securities, and prior to claims of holders of Junior Securities. Such participation in the liquidation proceeds is capped at the principal amount of the Notes (together with any interest accrued since and including the immediately preceding Interest Payment Date to but excluding the repayment date).</p>
<b>Form of Notes</b>	The Notes may be issued in bearer form only. Each Tranche of Notes will be represented by one or more Global Notes.
<b>Fixed Interest Period</b>	The Notes may bear fixed interest from and including the Fixed Interest Commencement Date, until and excluding the Fixed Interest Termination Date, payable annually in arrears. All such information will be set out the relevant Final Terms. Fixed Interest Commencement Date and Fixed Interest Termination Date are defined in Terms and Conditions of the Notes – Definitions and Interpretation.
<b>Floating Interest Rate</b>	From and including the Floating Interest Commencement Date until and excluding the Floating Interest Termination Date the Notes will bear interest at a floating interest rate. All such information will be set out in the relevant Final Terms. Floating Interest Commencement Date and Floating Interest Termination Date are defined in Terms and Conditions of the Notes – Definitions and Interpretation.

<b>Margin</b>	All such information will be set out the relevant Final Terms.
<b>Payment of Interest</b>	The Issuer shall, subject to payment of interest on a Compulsory Interest Payment Date, have no obligation to pay interest which accrues during an Interest Period ending on an Optional Interest Payment Date so long as it elects not to do so. Any such failure to pay interest shall not constitute a default of the Issuer or any other breach of obligations under the Notes or for any other purpose. Optional Interest Payment Date, Compulsory Interest Payment Date, Junior Securities, Parity Securities, Group Entities are defined in the “Terms and Conditions of the Notes – Definitions and Interpretation”.
<b>Redemption at the Option of the Issuer</b>	The Issuer may call the Notes (in whole but not in part) on the First Call Date or on any Interest Payment Date thereafter at their principal amount, in each case on the date fixed for redemption in the call notice. The Issuer shall not be entitled to call and redeem the Notes to the extent losses (as described in “Participation in Losses” below) exist. All such information will be set out in the relevant Final Terms.
<b>Early Redemption for Special Events</b>	If prior to the First Call Date (as defined in the Final Terms), either a Gross-up Event, a Tax Event, or a Regulatory Event occurs, the Issuer may call and redeem the Notes (in whole but not in part) at their Early Redemption Amount. The Issuer shall not be entitled to call and redeem the Notes to the extent losses (as described in “Participation in Losses” below) exist. For the avoidance of doubt, no early redemption for special events shall be made at a redemption amount below the Early Redemption Amount of the Notes. Gross up Event, Tax Event, Regulatory Event, Early Redemption Amount, are defined in the “Terms and Conditions of the Notes - Definitions and Interpretation”.
<b>Redemption subject to Capital Requirements</b>	Any redemption at the Option of the Issuer and early redemption for special events shall only be made if capital of equal or better quality is substituted, unless the Financial Market Authority determines that the Issuer has sufficient own funds required for adequate risk coverage even after repayment of the Notes.
<b>Cross Default</b>	The Notes are not subject to a cross default.
<b>Negative Pledge</b>	The Notes are not subject to a negative pledge.
<b>Withholding Tax</b>	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Republic of Austria (“Austria”), subject to customary exceptions as described in “Terms and Conditions of the Notes -Taxation”.
<b>Participation in Losses</b>	In the case of repayment of the Notes prior to liquidation, the Notes will participate in losses of the Issuer pro-rata with Share Capital up to their principal amount. In the case of repayment of the Notes prior to liquidation of the Issuer such losses (after consumption or deduction of all reserves, if any)

	will be required to be deducted from the principal amount on a pro-rata basis. "Share Capital" is defined in "Terms and Conditions of the Notes – Redemption and Purchase".
<b>Purchase of Notes</b>	The Issuer or any of its Group Entities may, subject to legal restrictions, at any time purchase Notes in the open market or otherwise at any price. Notes so purchased may be held or resold. Any such purchase will not constitute a redemption of the Notes.
<b>No Set-off</b>	Noteholders may not set off any claims arising under the Notes against any claims that the Issuer may have against any of them. The Issuer may not set off any claims it may have against any Noteholder against any claims of such Noteholder under the Notes.
<b>Consolidation</b>	Notes of one Series may be consolidated with Notes of another Series and provisions in respect of such consolidation will be contained in the relevant Final Terms.
<b>Clearing and Settlement</b>	The Notes are expected to be deposited with OeKB as central securities depository and will be kept in custody by or on behalf of Euroclear and Clearstream, Luxembourg).
<b>Ratings</b>	Each Series of Notes may be rated or unrated. Where a Series of Notes is rated, such rating will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
<b>Selling Restrictions</b>	<p>United States, the European Economic Area, United Kingdom, Japan and such other restrictions as may be required in connection with a particular issue. See "Subscription and Sale".</p> <p>The Notes to be offered and sold will be subject to the restrictions of Category 2 for the purposes of Regulation S under the Securities Act.</p> <p>Notes will be issued in compliance with US Treas. Reg. §1.163-5(c)(2)(i)(D) (the "D Rules") unless (i) Part A of the relevant Final Terms states that Notes are issued in compliance with US Treas. Reg. §1.163-5(c)(2)(i)(C) (the "C Rules") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), which circumstances will be referred to in Part A of the relevant Final Terms as a transaction to which TEFRA is not applicable.</p>
<b>Governing Law</b>	The Notes are governed by Austrian law.
<b>Binding Language</b>	German language, with the English language version constituting a non-binding convenience translation only.

<b>Listing</b>	Application will be made to list the Notes on the Second Regulated Market (Geregelter Freiverkehr) of the Vienna Stock Exchange. Notes may also be issued and not so listed as specified in the relevant Final Terms.
----------------	---

## **Use of Proceeds**

The net proceeds from the issue of Notes will be used by the Issuer for its general funding purposes and to strengthen the capital base of the Issuer.

## **Business Overview**

With approximately 17 million customers, the Vienna Insurance Group is among the largest international insurance groups in the CEE region based on gross premiums written, which amounted to EUR 6,911.9 million in 2007 (2006: EUR 5,882.0 million) (Source: Internal analysis based on data for the first three quarters of 2007 of the national insurance associations and supervisory authorities). It has life and non-life insurance business operations in Austria and in 22 other countries, primarily in the CEE region. In the CEE region, the Group is active in Albania, Belarus, Bulgaria, Croatia, Estonia, Georgia, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, Russia, Serbia, Slovakia, Slovenia (through a branch of the Issuer), the Czech Republic, Turkey and Ukraine. The Vienna Insurance Group operates independent companies in Germany and Liechtenstein and also operates in Italy through a branch of the Issuer.

In addition to its solid position in its home market Austria, the Vienna Insurance Group is primarily growing into the emerging markets of the CEE region. The insurance business outside Austria is gaining increasing importance for the Group (share of overall gross premiums generated outside Austria: 2007 – 46.5%; 2006 – 41.6%; 2005 – 36.7%). Based on its internal analysis of the local data of national insurance authorities, the Vienna Insurance Group believes that, with a market share of approximately 12.1%, it is the second largest insurance group based on gross premiums written among Western publicly traded insurance companies operating in the core CEE markets (excluding Serbia). The Vienna Insurance Group includes in its core CEE region or markets the following countries: Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Serbia and Slovakia. Based on the same analysis, the Vienna Insurance Group believes that no other Western publicly traded insurance group generates a higher percentage of its group premiums from operations in the CEE countries.

In sales and distribution, the Vienna Insurance Group pursues a multi-brand strategy. The most important brands under which the Vienna Insurance Group operates include “Wiener Städtische,” and “DONAU,” in Austria, “Kooperativa,” and “CPP” in the Czech Republic, “Kooperativa,” “Komunálna” and “Kontinuita” in Slovakia, “Compensa,” “BENEFIA,” “Royal Polska” and “PZM” in Poland, and “Omniasig,” “Unita,” “Asirom,” and “Agras” in Romania. The Vienna Insurance Group also pursues a multi-brand strategy in the remaining CEE countries in which it is active.

The Vienna Insurance Group’s business activities comprise three core lines of business: property and casualty insurance, health insurance, and life insurance.

In property and casualty insurance, the Vienna Insurance Group offers products for private individuals, private households, small, mid-sized and large businesses under different brands. For private and

commercial customers, the Vienna Insurance Group is increasingly offering products that encompass several insurance classes, which makes it possible for the customer to choose between various product versions in a modular system. For corporate customers, the Vienna Insurance Group offers customized insurance solutions for large customers.

Health insurance products are marketed in a meaningful way only by the Issuer in Austria. The private health insurance primarily offers benefits supplementing the mandatory Austrian social security insurance.

In life insurance, the Vienna Insurance Group offers a variety of risk (such as classical life insurance products), savings and pension products (annuity insurance, endowment insurance policies and various forms of unit- and index-linked products). There is a trend to unit-linked and index-linked products and in Austria the government-subsidized private pension plan.

## **Share Capital**

The share capital of the company amounts to EUR 109,009,251.26, divided into 105,000,000 no par value common bearer shares with voting rights where each no par value share has a notional portion of the share capital equal to the total amount of the issued share capital divided by the number of shares. The pro rata share in the total share capital amounts for one common share to approximately EUR 1.04. The total share capital of the Issuer is paid up and there are no contributions outstanding on the shares issued by the Issuer.

## **Strategy**

The Vienna Insurance Group's primary goal is to achieve long-term, steady growth in premiums and profit. Based on this goal, the Vienna Insurance Group has two core strategies. The first core strategy is to further sustain its solid position in Austria, which has an insurance penetration below the average for the Western European countries, especially in life insurance. In particular, the reorganization of the social insurance system and the associated expansion of private insurance are expected to open up new business opportunities in the coming years. For this, the Vienna Insurance Group primarily relies on its well-established distribution channels and plans to continuously expand them for the benefit of the consumer. The second core strategy is to expand selectively in the dynamic growth markets in the CEE region. In its core CEE markets, the Vienna Insurance Group strives to be at least one of the three largest insurance companies in each country. For the further expansion of its activities in the CEE region, the Vienna Insurance Group relies on an intensive market observation process in which the existing subsidiaries with their local contacts play an integral role. The Group's growth into the CEE region is based on the current undersupply of high-quality insurance services in the region. The region's dynamic economic development results in a need for insurance services both in the corporate and private customer sectors. The following management principles underlie the two core strategies of Vienna Insurance Group:

- Think globally—act locally. The Group's goal is to combine the local experience of its employees with the quality standards of the Group. Newly acquired companies continue to operate under the existing, already locally established brand names, which are known to customers.
- Local roots. Local management, familiar with the market environment prevailing in the individual countries from many years of experience is, predominantly responsible for the management of the individual Group companies.

- Support by headquarters. The Group supports the local companies in key business areas in order to obtain synergy effects and to ensure for a group wide risk management for risk containment reasons regarding reinsurance, investments, etc..
- Diversification. The Group's geographic diversification, with activities in 23 countries, should minimize risks resulting from a worsening of the insurance environment in individual countries.

In addition, the Vienna Insurance Group sets medium- and short-range financial targets. The most important of these targets for the 2008 to 2011 planning horizon include:

- More than EUR 12 billion in gross written premiums in 2011;
- Earnings before taxes in 2011 of approximately EUR 1.05 billion;
- Maintenance of a net combined ratio in property and casualty insurance of less than 100%;
- Return on equity before taxes (RoE) of approximately 20% in 2011; and
- Dividend pay out ratio of above 30%.

All financial targets have been set on the assumption of the acquisition of Sparkassen Versicherung Aktiengesellschaft which operates in the life and non-life insurance business in Austria, its subsidiaries and companies in which Sparkassen Versicherung Aktiengesellschaft holds a minority interest which operate in the life insurance business in the Czech Republic, Croatia, Hungary and Slovakia, BCR Asigurari de Viata (BCR Life) which operates in the life insurance business in Romania, and BCR Asigurari which operates in the non-life insurance business in Romania and the disposition of UNITA and a substantial interest of BA-CA Versicherung. These are financial targets and not forecasts, predictions or guarantees. The Vienna Insurance Group believes that these targets are reasonable under present market conditions. However, the Vienna Insurance Group cannot guarantee that it can attain these targets. Many factors over which the Vienna Insurance Group has no influence can have a negative impact on its ability to attain these targets.

On 26 March 2008 companies of the Vienna Insurance Group and of the Erste Bank Group signed a series of agreements which set out the framework for the acquisition of the insurance operations of the Erste Bank Group in Austria, Croatia, Czech Republic, Hungary, Romania and Slovakia as well as the future distribution arrangements between the Vienna Insurance Group and the Erste Bank Group with respect to the distribution of each other's products.

## Financial Information

The following tables set forth key items from the income statement and balance sheet of the Vienna Insurance Group for the fiscal years ended 31 December 2006 to 2007, respectively as at 31 December 2007.

	Fiscal year ended 31 December	
	2007	2006
	(audited)	
	(in EUR millions)	
Net earned premiums	5,941.7	5,038.7
Financial result	995.8	711.4
Expenses for claims	-5,031.5	-4,213.3
Operating expenses	-1,345.1	-1,136.4

Profit before taxes	437.3	321.0
Investments	20,171.4	17,260.4
Equity	2,615.6	2,283.2
Actuarial reserves	17,092.1	14,628.4
Total assets/equity and liabilities	26,745.1	22,483.5

## Summary of Risk Factors

### ***Summary of Risk Factors regarding the Notes***

- The Notes are securities without a final maturity date.
- The Issuer may redeem the Notes under certain circumstances.
- Noteholders may not receive interest.
- Interest on the Notes is not cumulative.
- Noteholders' right to receive payments on the Notes is deeply subordinated to the rights of all existing and future creditors other than those creditors whose claims rank or are expressed to rank *pari passu* with or junior to those of the Noteholders.
- The Issuer is not prohibited from incurring additional indebtedness ranking senior to, or *pari passu* with, the Notes.
- An active trading market may not develop for the Notes.
- Fixed rate notes have a market risk.
- Floating rate notes may suffer a decline in interest rate.
- A change of the interest rate may affect the secondary market and the market value of the Notes.
- A suspension of trading in the Notes could adversely affect the price of the Notes.

### ***Summary of Risk Factors regarding the Issuer***

- Failure of the Vienna Insurance Group's risk management to properly evaluate actuarial risks, market risks, strategic risks, operational risks and liquidity risks could have a material adverse effect on the results of operations of the Vienna Insurance Group.
- The Vienna Insurance Group is exposed to market risks. Interest rate fluctuations may have a negative impact on the earnings of the Vienna Insurance Group.
- Market risks may reduce the value of the equity portfolio and negatively influence the financial and earnings position of the Vienna Insurance Group.
- The Vienna Insurance Group is exposed to counterparty default risk.
- Transactions of the Vienna Insurance Group in currencies other than the Euro and its activities outside the Euro zone entail currency risks.
- A downgrading of its rating could have a material adverse effect on the business of the Vienna Insurance Group.
- Actual results could deviate from the actuarial and other assumptions made in calculating the actuarial reserves in the life and health insurance business and embedded value.
- An incorrect estimate of facts underlying losses may lead to setting incorrect premiums and to inadequate loss reserves.
- The distribution arrangement entered into with Erste Bank is subject to approval by competition authorities. If approval is granted, it could be subject to conditions. This could lead to reduced synergy effects and business opportunities or to a loss of market share of the Vienna Insurance Group.
- Changes in applicable tax law can reduce the demand for certain insurance products.



- Economic and political developments in Central and Eastern Europe, the entrance of new competitors in the region's markets and the failure to identify suitable acquisition targets may negatively affect the growth prospects of the Vienna Insurance Group..
- The legal systems and procedural safeguards in certain CEE countries are not fully developed.
- Uncertainty related to acquisitions may negatively influence the future growth of the Vienna Insurance Group.
- The Vienna Insurance Group has numerous competitors in Austria that also have extensive, and in some cases greater, financial, technical, marketing and other resources.
- The growth of the Vienna Insurance Group in the CEE region may slow in the future.
- Climate changes may cause considerable losses.
- Any decline in the availability of reinsurance, any increase in reinsurance costs, in particular as a consequence of environmental catastrophes and terrorism, and/or an inability to pay, or untimely payment by, reinsurers could have a material adverse effect on the earnings of the Vienna Insurance Group.
- The Vienna Insurance Group is exposed to the risk of damages as a result of criminal manipulation.
- The Vienna Insurance Group depends to a great extent on the support of complex IT systems, which could be considerably impaired by internal and external factors.
- A change of management could result in a loss of know-how.
- The Issuer can give no assurance that it will be able to meet its established financial targets.
- Regulatory conditions for the Vienna Insurance Group can change; non-compliance with regulatory requirements could result in the imposition of sanctions or can have other adverse effects.
- Under Austrian regulations, the solvency ratios of the Vienna Insurance Group are measured at the WST-Versicherungsverein level.

## **RISK FACTORS**

*In addition to the other information set forth in this Prospectus, prospective investors should consider carefully the information set forth below before making an investment in the Notes. If these risks materialise, individually or together with other circumstances, they may materially impair the Issuer's business and business prospects and may have a material adverse effect on the Issuer's financial condition and results of operations. The Issuer considers the risks described below to be the most significant for potential investors. These risks, however, do not necessarily purport to be exhaustive and do not constitute the only risks to which the Issuer is exposed. The order in which the individual risks are presented does not provide an indication of the likelihood of their occurrence nor of the severity or significance of the individual risks. Furthermore, other risks and aspects may be of significance of which the Issuer is currently unaware or which it does not currently consider to be material but which may also have a material adverse effect on the Issuer's business and business prospects and on its financial condition and results of operations.*

### **Risk Factors Regarding the Notes**

#### ***The Notes are securities without a final maturity date.***

The Notes have no final maturity date and the Noteholders have no right to call for their redemption. Although the Issuer may redeem Notes in certain circumstances, there may be limitations on its ability to do so. Therefore, Noteholders should be aware that they may be required to bear the financial risks of an investment in the Notes for an indefinite time.

#### ***The Issuer may redeem the Notes under certain circumstances.***

If the applicable Final Terms indicate that the Issuer, in accordance with the Terms and Conditions, has the right to call the Notes (an optional call right), then Notes will be redeemable at the option of the Issuer upon giving notice within the notice period (if any) specified in the Terms and Conditions of the Notes to the holders of the Notes on the date or dates, at the price and on such terms as indicated in the Terms and Conditions of the Notes. The Notes are also redeemable for certain tax reasons (including if the Issuer is required to make additional (gross-up) payments) and capital adequacy reasons in accordance with the Terms and Conditions of the Notes. If the Issuer redeems the Notes, a Noteholder is exposed to the risk that, due to the redemption, its investment will have a lower than expected yield. The Issuer might exercise its optional call right if the yield or relative credit spread on comparable Notes falls, which means that the Noteholder may only be able to reinvest the redemption proceeds in notes with a lower yield or higher credit spread.

#### ***Noteholders may not receive interest.***

Interest on the Notes will be paid by the Issuer only to the extent covered by Profit (as defined in the Terms and Conditions of the Notes – Definitions and Interpretation) for the business year preceding the due date in respect of the interest payment. Noteholders will not receive interest payments to the extent that the aggregate of such interest payments (including payments for certain other securities) would exceed the Profit for the business year preceding the due date, or that such interest payments would result in a reduction of own funds of the Issuer below the statutorily required level or that an order of the FMA (or any other relevant regulatory authority) prohibiting the Issuer from making such interest payments is in effect. Any such failure to pay interest shall not constitute a default of the Issuer or any other breach of obligations under the Notes or for any other purpose.

***Interest on the Notes is not cumulative.***

Interest on the Notes is non-cumulative. If the Issuer does not pay interest in respect of the Notes in any Interest Period then the right of Noteholders to receive interest in respect of the Interest Period ending on the relevant Interest Payment Date will be extinguished regardless of whether or not interest on the Notes is paid for any future Interest Period.

***Noteholders' right to receive payments on the Notes is deeply subordinated to the rights of existing and future creditors other than those creditors whose claims rank or are expressed to rank pari passu with or junior to those of the Noteholders.***

The obligations of the Issuer under the Notes constitute direct, unsecured and deeply subordinated obligations of the Issuer ranking *pari passu* among themselves and in the event of the liquidation, dissolution, insolvency, composition or other proceedings for the avoidance of insolvency of the Issuer rank junior to all other present and future obligations of the Issuer, whether subordinated (save for deeply subordinated debt obligations which rank *pari passu* with the Notes) or unsubordinated, except as otherwise required by mandatory provisions of the law. In the event of the liquidation, dissolution, insolvency, composition or other proceedings for the avoidance of insolvency of the Issuer, the obligations of the Issuer under the Notes will be subordinated to the claims of all unsubordinated and subordinated (save for other deeply subordinated creditors which rank or are expressed to rank *pari passu* with the Notes) creditors (present and future) of the Issuer so that in any such event no amounts shall be payable in respect of the Notes until the claims of all unsubordinated and subordinated (save for other deeply subordinated creditors which rank or are expressed to rank *pari passu* with the Notes) creditors (present and future) of the Issuer shall have first been satisfied in full.

Unsubordinated liabilities of the Issuer may also arise from events that are not reflected on the balance sheet of the Issuer, including, without limitation, the issuance of guarantees or the incurrence of other contingent liabilities on an unsubordinated basis. Claims made under such guarantees or such other contingent liabilities will become unsubordinated liabilities of the Issuer that in a winding-up or bankruptcy proceeding of the Issuer, will need to be paid in full before the obligations under the Notes may be satisfied.

***The Issuer is not prohibited from incurring additional indebtedness ranking senior to, or pari passu with, the Notes.***

There is no restriction on the amount of debt which the Issuer may issue which ranks senior to the obligations under or in connection with the Notes or on the amount of debt which the Issuer may issue which ranks equal to the obligations under or in connection with the Notes. Such issuance of further debt may reduce the amount recoverable by the Noteholders upon bankruptcy or winding-up of the Issuer or may increase the likelihood that the Issuer may cancel payments of interest under the Notes.

***An active trading market may not develop for the Notes.***

There is currently no secondary market for the Notes. Application will be made to list the Programme on the Second Regulated Market (Geregelter Freiverkehr) of the Vienna Stock Exchange. However, there can be no assurance that a secondary market for the Notes will develop or, if it develops, that it

will continue. In an illiquid market, a Noteholder might not be able to sell the Notes at any time at fair market prices.

***Fixed rate notes have a market risk.***

The Notes may bear a fixed rate of interest. A holder of a fixed interest rate note is exposed to the risk that the price of such note falls as a result of changes in the market interest rate. While the nominal interest rate of a fixed interest rate note is fixed during the life of such note or during a certain period of time, the prevailing market interest rate typically changes on a daily basis. As the market interest rate changes, the price of such note changes in the opposite direction. If the market interest rate increases, the price of such note typically falls, until the yield of such note is approximately equal to the market interest rate. If the market interest rate falls, the price of a fixed interest rate note typically increases, until the yield of such note is approximately equal to the market interest rate. Noteholders should be aware that movements in the market interest rate may adversely affect the price of the Notes and may lead to losses for the Noteholders if they sell Notes during the period in which the interest rate of the Notes is fixed. The issue price and the interest rate of the Notes are dependent on the rating and the solvency of the Issuer at the time of issue.

***Floating rate notes may suffer a decline in interest rate.***

The Notes may bear a variable rate of interest. Floating rate notes tend to be volatile investments. A holder of a note with a floating interest rate is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the yield of such notes in advance.

***A change of the interest rate may affect the secondary market and the market value of the Notes (fixed-to-floating rate and floating-to-fixed rate Notes).***

The Notes may carry interest at a rate that changes from a fixed rate to a floating rate, or from a floating rate to a fixed rate. A change of the interest rate may affect the secondary market and the market value of the Notes. If the interest rate changes from a fixed rate to a floating rate, the spread on the Notes may be less favourable than then prevailing spreads on comparable notes that carry floating interest relating to the same reference rate. In addition, the new floating rate at any time may be lower than the interest rates payable on other notes. If the interest rate is changed from a floating rate to a fixed rate, the fixed rate may be lower than the then prevailing interest rate payable on its Notes.

***A suspension of trading in the Notes could adversely affect the price of the Notes.***

The FMA is authorized to suspend or request the relevant regulated market on which the Notes are admitted to trading to suspend such securities from trading due to various reasons. The FMA is further authorized to instruct the Vienna Stock Exchange to suspend trading in an Issuer's securities in connection with measures taken against market manipulation and insider trading. The operator of a regulated market over which the FMA has supervisory jurisdiction shall suspend trading in securities which no longer comply with the rules of the regulated market unless such a step would be likely to cause significant damage to the investors' interest or the orderly functioning of the market. If the operator of the regulated market does not do so, the FMA shall demand the suspension of trading in securities, if it is in the interest of the orderly functioning of the market and does not damage investors'

interests. Any suspension in the trading of the Notes on the Vienna Stock Exchange could adversely affect the price of the Notes.

### **Risk Factors Regarding the Issuer**

***Failure of the Vienna Insurance Group's risk management to properly evaluate actuarial risks, market risks, strategic risks, operational risks and liquidity risks could have a material adverse effect on the results of operations of the Vienna Insurance Group.***

Actuarial risks arise from the fact that the Group guarantees future payments, which have to be calculated in advance. Market risks comprise all risks resulting from changes in value of investments due to the unexpected variability of yield curves, share prices and currency exchange rates. Strategic risks arise from the question of which parameters the success of the Group is dependent upon in the long-term and how these parameters are influenced by external factors. Operational risks result from deficiencies or errors in business processes, controls or projects, technology, employees or external factors. Liquidity risk results from the incorrect match of investments and insurance liabilities. All of the above mentioned risks are managed under the risk management of the Vienna Insurance Group. If one of the above mentioned risks is not managed appropriately, this could have a material adverse effect on the assets, financial condition and results of operation of the Vienna Insurance Group.

***The Vienna Insurance Group is exposed to market risks. Interest rate fluctuations may have a negative impact on the earnings of the Vienna Insurance Group.***

The Vienna Insurance Group is exposed to considerable market risk, which is the danger of losses resulting from changes in market parameters. The market risk parameter of primary relevance to the Vienna Insurance Group is interest rates. Putting aside the capital assets for the account and risk of policyholders, a large portion of the capital assets of the insurance business of the Vienna Insurance Group consists of interest-bearing securities. As of 31 December 2007, a significant portion of capital assets consisted of securities whose interest rate was fixed for the life of the investment decreased. A large portion of the securities is denominated in Euros. Accordingly, interest rate fluctuations in the Euro zone significantly influence the value of the financial assets. Interest rate fluctuations result in the following risks:

- Write-downs. Book value depends on changes in the interest rate level; if interest rates rise, the market value of these securities falls.
- Profit margin. Interest-rate fluctuations also influence the Vienna Insurance Group's ability to earn the minimum guaranteed interest rate in the life insurance business. A decline in the Vienna Insurance Group's return on investments to below the guaranteed interest rate used in determining product prices would reduce the profit margin in the life and health insurance business or even result in losses. See "Business—Insurance Business—Austria—Life Insurance".
- Attractiveness of products. The sales success of fund- and index-linked retirement provisions products also depends on the volatility of capital markets. Fluctuations in the capital markets, in particular interest rates, influence the attractiveness of these products. Interest rate levels have a direct influence on the fluctuations in current interest income and the value of the interest-bearing investments. Thus, interest rate fluctuations directly influence the value of the Vienna Insurance Group's bond portfolio and the further sale of these products, or can lead to repurchases of already existing contracts.
- Reinvestment. Upon the maturity of higher-interest securities, a lower interest level at the time of reinvestment in interest-bearing securities will lead to a decline in net earnings.

- Interest rate fluctuations may have a material adverse effect on the financial and earnings position of the Vienna Insurance Group.

***Market risks may reduce the value of the equity portfolio and negatively influence the financial and earnings position of the Vienna Insurance Group.***

The Vienna Insurance Group has an equity portfolio that, including shares held through funds, amounted to less than 10% of capital assets as of 31 December 2007. The share assets of the Vienna Insurance Group include investments in a number of Austrian companies as well as share positions in other companies whose shares are listed primarily on the Vienna Stock Exchange or on other western markets. Share trading on the Vienna Stock Exchange, as well as in the CEE region, in particular, was subject to strong fluctuations and a significant downward trend during the second half of 2007 and the beginning of 2008. Should the equity markets move further downwards, or continue to fluctuate to a similar or greater degree, this could lead to considerable valuation allowances with an effect on the annual results and to a reduction of shareholders' equity.

***The Vienna Insurance Group is exposed to counterparty default risk.***

Third parties that owe the Vienna Insurance Group money, securities or other assets, may no longer be in a position to fulfil their obligations to the Vienna Insurance Group. This group includes issuers of securities held by the Vienna Insurance Group, customers and trading counterparties. Due to insolvency, a lack of liquidity, an economic downturn or a decline in real estate values, business management errors or other reasons, these groups may no longer be in a position to satisfy their obligations towards the Vienna Insurance Group.

The current uncertain investment climate and the lack of certainty in the capital markets could lead to an increase in valuation allowances for Vienna Insurance Group assets due to payment defaults and downgrading of third party credit ratings. A general downward economic trend could lead to increasing valuation allowances, which could have a material adverse effect on the Vienna Insurance Group's results of operations.

***Transactions of the Vienna Insurance Group in currencies other than the Euro and its activities outside the Euro zone entail currency risks.***

Due to the increasing internationalization of the Vienna Insurance Group's business activity, especially through its subsidiaries in the CEE region, and due to the capital investment made in currencies other than the Euro, changes in exchange rates may result in currency losses. Due to the size of the contribution to earnings of the Group's companies in the Czech Republic, Slovakia, Poland and Romania, a devaluation of the currencies of these countries in relation to the Euro represent particular currency risks. Currency fluctuations between the Euro and currencies of countries outside the Euro zone in which the Vienna Insurance Group generates income and has expenses can also materially adversely affect the earnings, the shareholders' equity and the cash flow of the Vienna Insurance Group.

***A downgrading of its rating could have a material adverse effect on the business of the Vienna Insurance Group.***

Based on the stand-alone annual financial statements and consolidated financial statements as of 31 December 2006, the rating agency Standard & Poor's ("S&P") assigned the Issuer the Insurer

Financial Strength Rating (IFSR) of “A+ with positive outlook” on 27 March 2008. See “WIENER STÄDTISCHE VERSICHERUNG AG VIENNA INSURANCE GROUP - Business—Credit Rating”. A downgrading, withdrawal or termination of the rating of the Issuer could have the following consequences:

- Borrowing. An adverse effect on its ability to borrow financial resources in the money and capital markets at conditions similar to those prevailing today;
- Tenders. Because participation in tenders for insurance contracts with corporate customers is often dependent on a minimum credit rating, a downgrading in its credit rating could have negative effects on the Vienna Insurance Group’s ability to compete in the market for corporate customers; and
- Reinsurance. A downgrading in its credit rating could reduce the selection of reinsurance companies to which a portion of the risk insured by the Issuer can be transferred under reinsurance contracts and the conditions for the acquisition of reinsurance protection could worsen.

All of these factors could have a material adverse effect on the assets, financial position and earnings of the Vienna Insurance Group.

***Actual results could deviate from the actuarial and other assumptions made in calculating the actuarial reserves in the life and health insurance business and embedded value.***

The assumptions used by the Vienna Insurance Group in assessing the appropriateness of its actuarial reserves and in calculating the embedded value in its life and health insurance segments may differ from actual future results. The Vienna Insurance Group calculates its actuarial reserves and the associated embedded value based on recognized actuarial methods and assumptions. These assumptions include estimates of long-term developments in interest rates, financial investment yields, the allocation of financial investments between shares, interest-bearing securities and other categories, participations in profits, mortality and morbidity rates, lapse rates as well as future costs. The Group monitors the actual occurrence of these assumptions and adjusts its long-term assumptions insofar as the changes are long-term in nature. Changes in these assumptions or incorrect assumptions may lead to an increase of the actuarial reserves for the life and health insurance business as well as the reserves for pension obligations and to changes in the embedded value.

Furthermore, the Vienna Insurance Group has a considerable number of contracts with a guaranteed minimum interest rate, including pension insurance and endowment insurance contracts. This guaranteed interest rate currently amounts to 2.25% per annum in Austria for contracts concluded on or after 1 January 2006. Under existing contracts, the Vienna Insurance Group guarantees on average a minimum interest rate of just over 3.1% per annum. Should interest rates be lower than the average guaranteed minimum interest rate for an extended period of time, the Vienna Insurance Group could be forced to subsidize the reserves for these products from its equity capital. This could have a material adverse effect on the earnings of the Vienna Insurance Group.

The Vienna Insurance Group has set up reserves for contracts with a guaranteed minimum interest rate. These reserves were included in the calculation of embedded value. However, if events occur that were not taken into account in the calculation, the reserves may have to be increased, which would result in a change in the embedded value.

***An incorrect estimate of facts underlying losses may lead to setting incorrect premiums and to inadequate loss reserves.***

In line with customary practice in the industry, as well as requirements with respect to accounting and regulatory law, the Issuer and the individual Group companies independently, under the supervision of the group actuarial office, establish loss reserves and provisions for claims adjustment expenses resulting from the property and casualty insurance business. Reserves are based on estimates of the payments to be incurred for these losses and for the corresponding claims adjustment expenses. These estimates are made both on an individual case basis, based on the facts and circumstances available at the time the reserve is created, and with respect to losses that have already been incurred but not yet been reported to the Vienna Insurance Group ("IBNR"). These reserves represent the assumed costs required to conclusively settle all pending known and IBNR losses.

Loss reserves, including IBNR reserves, can change due to a number of variables that influence the total costs associated with a loss, such as changes in the overall legal framework, results of court proceedings, changes of treatment costs, repair costs, loss frequency, amount of loss and other factors, such as inflation or interest rates. The earnings of the Vienna Insurance Group depend substantially on the extent to which settlement amounts actually paid by the Vienna Insurance Group are consistent with the assumptions that the Group uses for pricing its products and estimating its actuarial reserves. To the extent that settlement amounts actually paid by the Vienna Insurance Group exceed the assumed amounts used to create corresponding reserves, it may be necessary to increase reserves, which in turn may have a material adverse effect on earnings. The Vienna Insurance Group has not yet had to cover insurance benefits based on asbestos liabilities.

Because the creation of reserves is an uncertain process, there can be no assurance that ultimate losses will not significantly exceed reserves, which would have a material adverse effect on earnings.

***The distribution arrangement entered into in connection with Erste Bank is subject to approval by competition authorities. If approval is granted, it could be subject to conditions. This could lead to reduced synergy effects and business opportunities or to a loss of market share of the Vienna Insurance Group.***

The Issuer entered into a long-term General Distribution Agreement with the Erste Bank to facilitate future cooperation in the distribution and sale of the products of Vienna Insurance Group and Erste Bank Group and allowing Vienna Insurance Group to use their current distribution channels. The General Distribution Agreement is to be implemented by separate country-specific distribution agreements with the local subsidiaries of each partner, which will set forth the operating details for their corporations. In certain jurisdictions the country agreements are subject to recurrent antitrust approval by the respective competition authority. There can be no assurance that such approvals will be granted. Any non-approval could have a material adverse effect on the Vienna Insurance Group's business, financial condition and results of operations. In those jurisdictions where no approval is required, the country agreements are subject to a continuous self-assessment with a view to compliance with competition rules. In addition, the competition authorities can conduct a review of the distribution arrangements in the future. Given the long duration of the agreements, it cannot be excluded that in the future amendments to the agreements become necessary that could have an adverse impact on the distribution arrangements, such amendments could have an adverse impact on the Vienna Insurance Group's business, financial condition and results of operations.



***Changes in applicable tax law can reduce the demand for certain insurance products.***

Changes in tax laws can impair the attractiveness of certain products of the Vienna Insurance Group which currently enjoy tax advantages. The introduction of laws that would reduce the tax advantages of the Group's retirement products or life insurance products could substantially reduce the attractiveness of retirement and life insurance products and thus indirectly have a negative impact on the assets, financial position and earnings of the Vienna Insurance Group.

Changes in tax laws that could result in a reduced demand for insurance products of the Vienna Insurance Group include, among others:

- changes in tax advantages for insurance products such as government subsidized private pension plans;
- changes in the deductibility of premium payments as well as the partial inclusion of premiums for voluntary health, casualty, pension and life insurance in deductible "extraordinary expenses";
- changes in the tax treatment of competing products, such as a change in the investment income tax rate; and
- changes in the tax treatment of income from life insurance contracts, such as subjecting a portion of such income to capital gains tax.

Such changes in tax legislation could have a material adverse effect on the sale of the affected insurance products and could reduce the earnings of the Vienna Insurance Group.

***Economic and political developments in Central and Eastern Europe, the entrance of new competitors in the region's markets and the failure to identify suitable acquisition targets may negatively affect the growth prospects of the Vienna Insurance Group.***

The expansion and development of business activity in the CEE region is a central component of the strategy of the Vienna Insurance Group. The Vienna Insurance Group seeks to increase its presence in these target markets due to what it perceives as the region's "catch-up" potential. In 2007, insurance density in the CEE region amounted to USD 212.0 (excluding Russia and Belarus) as compared to USD 3,305.0 in the EU-15 countries (Source: Swiss Re sigma No. 4/2007). The growth in the insurance market is also tied to the development of a strong middle class which again is tied to the economic development in the region.

The economic development in the CEE region is subject to risks common to all regions that have recently undergone, or are undergoing, political, economic and social change, including currency fluctuations, evolving regulatory environments, inflation, economic recession, local market disruption, labor unrest, changes in disposable income or gross national product, variations in interest rates and taxation policies, levels of economic growth, declines in birth rate and other similar factors. Far-reaching political and economic reforms mean that political and economic tensions could accompany the development of the new democratic and market-oriented systems. The countries in the CEE region in which the Vienna Insurance Group operates that are not EU member states are not yet as stable as the countries in the region that are and the possibility of significant changes still exists in sectors of the economy and the law, such as taxation, foreign exchange controls, insurance contract and insurance regulatory law, and property law.

In fiscal year 2007, aggregate premiums written by the Issuer's subsidiaries in the Czech Republic, Slovakia, Poland and Romania contributed approximately 37.4% to the Vienna Insurance Group's

gross premiums written from the CEE region and these countries represent a significant portion of the value of the Target Companies. Although each of these countries is an EU member state and has undergone economic reform in recent years, public discussion continues as to the need to reform pension and healthcare systems and to balance the fiscal budget. A failure to safeguard the stability of the public finances in these countries, could potentially destabilize such countries, currency, increase inflation and the borrowing costs of such country through lower debt ratings and deteriorate the overall economic situation, which may thereby adversely affect the Vienna Insurance Group.

In addition, the Vienna Insurance Group's growth potential in these markets may be limited due to market saturation if the economy in these countries continues to develop and the Vienna Insurance Group's competitors significantly develop their presence in these markets, in particular in the event that subsidiaries of globally active insurance companies with greater financial resources than those available to the Vienna Insurance Group enter the market.

In line with the strategy it is pursuing in this region, the Vienna Insurance Group has undertaken acquisitions, including the acquisition of the Target Companies, and established new companies in the region. Due to the growing number of interested potential purchasers of insurance companies in the CEE region, there can be no assurance that the Vienna Insurance Group will be able to identify suitable acquisition targets at reasonable prices.

Many of these factors are entirely beyond the control of the Vienna Insurance Group. Adverse social, economic or political developments in the markets in which the Vienna Insurance Group operates may have an adverse effect on the overall stability of the CEE region and subsequently on the assets, financial position and earnings of the Vienna Insurance Group.

***The legal systems and procedural safeguards in certain CEE countries are not fully developed yet and material changes in law may occur at any time.***

The legal systems of many CEE countries have undergone dramatic changes in recent years. In many cases, the interpretation and procedural safeguards of the new legal and regulatory systems are still being developed, which may result in an inconsistent application of existing laws and regulations and uncertainty as to the application and effect of new laws and regulations. This is especially true for Romania, which joined the EU in the year 2007, and where the Vienna Insurance Group started operations in 2001. Moreover, management cannot exclude that in some jurisdictions in which the Vienna Insurance Group is active the legal framework for the various lines of business may change at any time, including changes that would include nationalization of individual lines of insurance business.

Additionally, in some circumstances, it may not be possible to obtain the legal remedies provided for under relevant laws and regulations in a reasonably timely manner or at all. Although institutions and legal and regulatory systems characteristic of parliamentary democracies have been developed in certain CEE countries, they lack an institutional history, and there may be no generally observed procedural guidelines. As a result, shifts in government policies and regulations tend to be more frequent and less predictable than in EU-15 countries. Moreover, a lack of legal certainty or the inability to obtain effective legal remedies in a reasonably timely manner may have a material adverse effect on the Vienna Insurance Group's business, financial condition and results of operations.

***Uncertainty related to acquisitions may negatively influence the future growth of the Vienna Insurance Group.***

The Vienna Insurance Group has in the past acquired, or invested in a number of companies in the CEE region. Acquisitions often bring challenges with regard to management and financing, such as:

- the integration of the infrastructure of the acquired company, including the management information, risk management and controlling systems;
- the settlement of open legal, regulatory, contractual or labor law issues resulting from the acquisition;
- the integration of marketing, customer support and product offers; and
- the integration of different corporate and management cultures.

These tasks can significantly burden management and the financial position of the acquirer. Cross-border acquisitions in the CEE region can represent a great challenge due to the differences in the national cultures, business practices and legal systems.

Management can give no assurance that past or future acquisitions will not lead to serious difficulties or generate considerable additional expenses. If the Vienna Insurance Group is not able to rapidly integrate the acquired companies or is unable to avoid unanticipated additional integration expenses due to existing risks or is unable to expand the insurance business or otherwise improve the profitability of the insurance companies acquired by it, the Vienna Insurance Group may not be able to achieve the expected synergy effects or other advantages hoped for. A failure in integrating the acquired companies could have a material adverse effect on the assets, financial position and earnings of the Vienna Insurance Group.

***The Vienna Insurance Group has numerous competitors in Austria that also have extensive, and in some cases greater, financial, technical, marketing and other resources.***

The Vienna Insurance Group's primary business activity in 2007 was carried out in the Austrian insurance market, which accounts for approximately 53.5% of the Group's gross premiums written and which showed a market growth of 1.9% in 2007 (2006: 1.9%). Insurance penetration in Austria is high compared to the CEE region and the Vienna Insurance Group is subject to strong competition. The Vienna Insurance Group has numerous competitors in Austria that also have extensive, and in some cases greater, financial, technical, marketing and other resources. No assurance can be given that the Vienna Insurance Group will continue to compete successfully or that the competitive pressure will not have a material adverse effect on its market position and therefore the assets, financial position and earnings of the Vienna Insurance Group.

***The growth of the Vienna Insurance Group in the CEE region may slow in the future.***

In recent years, the growth of the Vienna Insurance Group's business was marked by a rapid expansion in various markets of the CEE region. However, further expansion and further growth in the individual markets of the CEE region expose the Vienna Insurance Group to factors over which it has no influence:

- Organic growth. Further organic growth in the individual countries of the CEE region also depends on the growth of the individual insurance markets in those countries. The growth in the EU member countries of the CEE region may slow down because of, among other things, the new regulatory environment and the fiscal policy restrictions after the accession to the EU.

- New competitors. It is not possible to rule out the market entry of new competitors and a further intensification of competition, in particular in the event that subsidiaries of globally active insurance companies with greater financial resources than those available to the Vienna Insurance Group enter the market.
- Suitable acquisition targets. Due to the growing number of interested potential purchasers of insurance companies in the CEE region, there can be no assurance that the Vienna Insurance Group will be able to identify suitable acquisition targets and acquire the targets at reasonable prices.
- Changes in law. The legal framework for the various lines of business may change at any time as a result of rapid changes in regulation in the countries in which the Vienna Insurance Group is active. These changes could include nationalization of individual lines of insurance business.

The first two factors could lead to pressure on revenues, varying among markets, which always represent new challenges for the Vienna Insurance Group. The third factor could lead to a considerable slowing of the growth of the Vienna Insurance Group. The Vienna Insurance Group can therefore give no assurance that the growth rates achieved in the past can also be achieved in future.

***Climate changes may cause considerable losses.***

The natural disasters that have increasingly occurred in recent years, such as floods, mudslides, landslides and storms, may have been caused by general climate changes. Although scientists are currently not yet in agreement as to whether these were one-time events or changes in the medium term, it cannot be ruled out that the number of such events resulting in insurance payments will increase in future. Although the Vienna Insurance Group has reinsured its risk with respect to natural catastrophes in an amount it believes to be adequate, expenditures for such losses can make reinsurance coverage more expensive and have a material adverse effect on the assets, financial position and earnings of the Vienna Insurance Group.

***Any decline in the availability of reinsurance, any increase in reinsurance costs, in particular as a consequence of environmental catastrophes and terrorism, and/or an inability to pay, or untimely payment by reinsurers could have a material adverse effect on the earnings of the Vienna Insurance Group.***

The Vienna Insurance Group has a policy of transferring that portion of assumed risks deemed by management to be adequate, to reinsurance companies. However, this transfer of risk to reinsurers does not relieve the Issuer and its Group companies of their obligations to the policyholder. For that reason, the Vienna Insurance Group is exposed to the risk of the reinsurer's being unable to pay. Untimely payment or an inability of a reinsurer to pay would have negative effects on the assets, financial position and earnings of the Vienna Insurance Group.

There is the further risk that due to, for example, environmental catastrophes or terrorism, the Vienna Insurance Group will only be able to enter into reinsurance agreements at higher costs or will be unable to transfer certain risks to reinsurance companies in the future, which may have a negative impact on the assets, financial position and earnings of the Vienna Insurance Group.

***The Vienna Insurance Group is exposed to the risk of damages as a result of criminal manipulation.***

As an internationally active insurance group, the Vienna Insurance Group is exposed to the risk of damages as a result of criminal manipulation. Due to the extensive nature of the distribution network, it is not possible to rule out such manipulation in the future. This could have negative effects on the assets, financial position and earnings of the Vienna Insurance Group.

***The Vienna Insurance Group depends to a great extent on the support of complex IT systems, which could be considerably impaired by internal and external factors.***

The Vienna Insurance Group is dependent on the functioning of an efficient IT system (hardware and software). IT systems are susceptible to a number of problems, such as computer viruses, hackers, damage to critical IT centres or hardware defects. The partial or complete failure of the Vienna Insurance Group's IT systems could lead to a significant disruption of business processes, a temporary shutdown of business operations, to claims for damages and/or a loss of customers. During operation of the Group-wide SAP system which is not completely implemented in all Group Companies, there may be disruptions of business processes, loss of data and problems with data retrieval and other malfunctions and risks. Should such events or similar events occur and lead to damages or lost revenues, there could be a material adverse effect on the Vienna Insurance Group's assets, financial position and earnings.

***A change of management could result in a loss of know-how.***

The economic success of the Vienna Insurance Group is to a significant degree also dependent on the existing market and insurance knowledge of its management. The loss of executives or of employees in key positions could materially adversely affect the assets, financial position and earnings of the Vienna Insurance Group if it is not possible to fill the vacant positions with equally qualified executives within an appropriate time period.

***The Issuer can give no assurance that it will be able to meet its established financial targets.***

The Vienna Insurance Group continuously sets financial targets which, based on factors including the present market and insurance regulatory conditions, appear to it to be achievable. Many factors, over some of which the Vienna Insurance Group has no influence, may have a material adverse effect on the ability of the Vienna Insurance Group to achieve these targets. Currently unknown circumstances or factors may arise which the Vienna Insurance Group has not considered and which could prevent the attainment of the Group's targets.

***Regulatory conditions for the Vienna Insurance Group can change; non-compliance with regulatory requirements could result in the imposition of sanctions or can have other adverse effects.***

The Issuer and its most important subsidiaries are insurance companies and are subject to insurance regulations within and outside of Austria. Among other things, such regulations include rules concerning:

- equity capital of insurance companies and insurance groups;
- permissibility of using capital assets to secure actuarial reserves;
- licenses of the various Group companies of the Vienna Insurance Group;

- marketing activities and the sale of insurance contracts; and
- withdrawal rights of policyholders.

New regulations on solvency (“Solvency II”) are currently being discussed at the EU level by insurance companies operating in the EU. However, the effects of these framework conditions cannot be assessed yet, as work on the drafts is not sufficiently advanced. Changes to the general legal framework can require restructurings and accordingly cause higher costs or reduce the income prospects of the Vienna Insurance Group, which could have a material adverse effect on the assets, financial position and earnings of the Group. See “Insurance Supervision”. If a Group company were to violate regulatory requirements in a country, there is a risk that the regulatory agency in the affected country could issue injunctions effecting, or impose fines on, the Vienna Insurance Group and its managers. Such injunctions could have detrimental effects on the ongoing business activity of the Vienna Insurance Group and in the most extreme case could lead to the termination of further business activity of the Vienna Insurance Group in the affected country or as a whole. In addition, the imposition of fines could have a material adverse effect on the assets, financial position and earnings of the Vienna Insurance Group. Moreover, were the Group found to be in violation of regulatory requirements this could lead to intensified supervision of the Vienna Insurance Group and, accordingly, to an increase in the Group’s administrative expenses. If regulatory orders or fines against the Vienna Insurance Group were to become publicly known, this could lead to a loss of confidence among customers and business partners, which could also materially adversely affect the financial position and earnings of the Vienna Insurance Group.

***Under Austrian regulations, the solvency ratios of the Vienna Insurance Group are measured at the WST-Versicherungsverein level.***

The principal shareholder of the Issuer, WST-Versicherungsverein, is a mutual insurance company which, in compliance with the provisions of insurance regulation statutes contributed its entire insurance operations to the Issuer. Under Austrian law, adherence to regulatory solvency ratios is measured at the WST-Versicherungsverein level. Although the Articles of Association of WST-Versicherungsverein state that WST-Versicherungsverein must act in the interests of the Issuer, WST-Versicherungsverein is not subject to any other restrictions on its other business or investment decisions. Such decisions may have an impact on adherence to regulatory solvency ratios. A failure to comply with the regulatory solvency guidelines by WST-Versicherungsverein on a consolidated basis could result in a downgrading of the credit rating and to measures being taken by the insurance regulatory authority and thus have a material adverse effect on the assets, financial position and earnings of the Vienna Insurance Group.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the Terms and Conditions that, subject to completion and as supplemented in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes represented by Global Notes representing each Series. Either (i) the full text of these Terms and Conditions together with the relevant provisions of Part A of the Final Terms or (ii) these Terms and Conditions as so completed and/or supplemented (and subject to simplification by the deletion of non-applicable provisions), shall be attached to such Global Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. References in these Conditions to Notes are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

***The FMA has not reviewed the English translation of the Terms and Conditions.***

### ANLEIHEBEDINGUNGEN

der

Tief nachrangigen, [fest und variabel]  
[variabel] [fest] verzinslichen  
Inhaberschuldverschreibungen ohne  
Fälligkeitstag

#### § 1

#### DEFINITIONEN UND AUSLEGUNG

Soweit aus dem Zusammenhang nicht etwas anderes hervorgeht, haben die nachfolgenden Begriffe in diesen Anleihebedingungen die folgende Bedeutung:

**Abgezinsten Marktpreis** hat die in § 5(2)(c)(i) festgelegte Bedeutung.

**Aktienkapital** bezeichnet Stammaktien und alle anderen Kapitalien (einschließlich Vorzugsaktien) des Emittenten, die gleichrangig im Hinblick auf die Beteiligung am Liquidationserlös mit Stammaktien sind.

**Angepasste Vergleichbare Rendite** hat die in § 5(2)(c)(ii) festgelegte Bedeutung.

**Anleihebedingungen** bezeichnet diese Bedingungen der Schuldverschreibungen.

### TERMS AND CONDITIONS

of the

Perpetual Deeply Subordinated [Fixed-to-Floating] [Floating] [Fixed] Rate Global Notes

#### § 1

#### DEFINITIONS AND INTERPRETATION

Unless the context otherwise requires, the following terms will have the following meanings in these Terms and Conditions:

**Make Whole Amount** has the meaning specified in § 5(2)(c)(i).

**Share Capital** means the ordinary shares and all other capital (including preference shares) of the Issuer, ranking *pari passu* with the ordinary shares as to participation in liquidation proceeds.

**Adjusted Comparable Yield** has the meaning specified in § 5(2)(c)(ii).

**Terms and Conditions** means these terms and conditions of the Notes.

**Anleihegläubiger** bezeichnet jeden Inhaber eines Miteigentumsanteils oder -rechts an einer Sammelurkunde.

**Aufsichtsrechtliches Ereignis** meint, dass durch eine Änderung der Gesetze oder relevanten Bestimmungen oder einer Änderung der Interpretation davon die Schuldverschreibungen nicht länger als Eigenmittel im Sinne des § 86h Abs 5 Versicherungsaufsichtsgesetz oder einer vergleichbaren Anrechnung im Sinne einer ersetzenden regulatorischen Bestimmung anrechenbar sind (die Emittentin wird an die Zahlstelle ein Gutachten eines anerkannten unabhängigen Wirtschaftsprüfers liefern, in dem bestätigt wird, dass dies der Fall ist).

**Aufzählungsereignis** meint, dass (i) der Zahlstelle ein Gutachten eines anerkannten unabhängigen Steuerberaters übergeben worden ist, aus dem hervorgeht, dass die Emittentin verpflichtet ist, oder verpflichtet sein wird, Zusätzliche Beträge (wie in § 7 definiert) (A) als Folge einer Änderung oder Ergänzung der Gesetze (oder von aufgrund dieser Gesetze erlassener Bestimmungen oder Vorschriften) der Republik Österreich oder einer ihrer Gebietskörperschaften oder Steuerbehörden, oder (B) als Ergebnis einer Änderung oder Ergänzung der offiziellen Auslegung oder Anwendung solcher Gesetze oder Vorschriften durch eine gesetzgebende Körperschaft, ein Gericht, eine Regierungsstelle oder eine Aufsichtsbehörde (einschließlich des Erlasses von Gesetzen sowie der Bekanntmachung gerichtlicher oder aufsichtsrechtlicher Entscheidungen), die in jedem Fall (x) an oder nach dem Ausgabetag oder (y) im Falle von nicht als erste Tranche einer Serie begebenen Schuldverschreibungen, an oder nach dem Ausgabetag der Schuldverschreibungen der ersten Tranche dieser Serie, in Kraft tritt, zu zahlen; und (ii) die Emittentin dieses Risiko nicht durch das Ergreifen zumutbarer Maßnahmen vermeiden kann.

**Ausgabetag** ist in den Endgültigen

**Noteholder** means any holder of a co-ownership participation or right in a Global Note.

**Regulatory Event** means that as a result of a change in law or applicable regulation or in the interpretation thereof, the Notes are no longer eligible as own funds according to sec 86h para 5 of the Austrian Insurance Supervision Act (*Versicherungsaufsichtsgesetz*) or comparably eligible in accordance with any replacing regulatory provision (the Issuer will deliver to the Paying Agent an opinion of a recognised independent auditor confirming that this is so).

**Gross-up Event** means that (i) an opinion of a recognised independent tax counsel has been delivered to the Paying Agent, stating that the Issuer has or will become obliged to pay Additional Amounts (as defined in § 7) (A) as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of the Republic of Austria or any political subdivision or any taxing authority thereof or therein, or (B) as a result of any amendment to, or change in, any official interpretation or application of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination), which in either case is enacted, promulgated or issued (x) on or after the Issue Date or, (y) in case of Notes issued in a tranche other than the first tranche of a Series, on or after the date of issue of the notes of the first tranche of such Series; and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

**Issue Date** is specified in the Final Terms.



Bedingungen festgelegt.

**Austauschtag** hat die in § 2(2)(b) festgelegte Bedeutung.

**Beauftragte Stellen** hat die in § 9(2) festgelegte Bedeutung.

**Berechnungsstelle** hat die in § 9(2) festgelegte Bedeutung.

**Bildschirmseite** bezeichnet, wenn der Referenzsatz EURIBOR ist, Reuters Seite EURIBOR 01, oder, wenn der Referenzsatz LIBOR ist, Reuters Seite LIBOR 1, oder eine andere Bildschirmseite von Reuters oder einem anderen Informationsanbieter als Nachfolger, welche die jeweilige Reuters Seite zur Anzeige solcher Sätze ersetzt, oder die Seite, Absatz, Überschrift, Spalte oder anderen Teil einer bestimmten Informationsdienstleistung, der in den Endgültigen Bedingungen bestimmt sein kann.

**Clearingsystem** bezeichnet Clearstream Luxemburg und Euroclear.

**Clearstream Luxemburg** bezeichnet Clearstream Banking, société anonyme, Luxemburg.

**Dauersammelurkunde** hat die in § 2(2)(a) festgelegte Bedeutung.

**Emittentin** ist die WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group.

**Endgültige Bedingungen** meint das Dokument, in dem die endgültigen Bedingungen für die jeweilige Emission von Schuldverschreibungen enthalten sind, die diese Anleihebedingungen ergänzen.

**Erster Rückzahlungstag** ist der in den Endgültigen Bedingungen festgelegte Tag.

**Euroclear** bezeichnet Euroclear Bank S.A./N.V. als Betreiberin des Euroclear

**Exchange Date** has the meaning specified in § 2(2)(b).

**Agents** has the meaning specified in § 9(2).

**Calculation Agent** has the meaning specified in § 9(2).

**Screen Page** means, if the Reference Rate is EURIBOR, Reuters page EURIBOR 01, or, if the Reference Rate is LIBOR, Reuters page LIBOR 01, or in each case, such other screen page of Reuters or such other information service, which is the successor to each such Reuters page for the purpose of displaying such rates, or the page, section, caption, column or other part of a particular information service as may be specified in the Final Terms.

**Clearing System** means each of Clearstream Luxembourg and Euroclear.

**Clearstream Luxembourg** means Clearstream Banking, société anonyme, Luxembourg.

**Permanent Global Note** has the meaning specified in § 2(2)(a).

**Issuer** means WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group.

**Final Terms** means the document which contains the final terms of each issue of Notes which completes and supplements these Terms and Conditions.

**First Call Date** is the date specified as such in the Final Terms.

**Euroclear** means Euroclear Bank S.A./N.V., as operator of the Euroclear system.

Systems.

**Festzinssatz** ist der in den Endgültigen Bedingungen festgelegte Zinstag.

**Fester Verzinsungsbeginn** ist der in den Endgültigen Bedingungen festgelegte Tag.

**Fester Zinstagequotient** bezeichnet im Hinblick auf die Berechnung eines Zinsbetrages auf jede Schuldverschreibung für einen Festen Zinszeitraum oder einen Teil davon den gemäß den Endgültigen Bedingungen errechneten Quotienten.

**Fester Zinszahlungstag** ist der in den Endgültigen Bedingungen festgelegte Tag.

**Fester Zinszeitraum** meint den Zeitraum ab dem Festen Verzinsungsbeginn (einschließlich) bis zum unmittelbar folgenden Festen Zinszahlungstag (ausschließlich) sowie danach den Zeitraum ab einem Festen Zinszahlungstag (einschließlich) bis zum unmittelbar folgenden Festen Zinszahlungstag (ausschließlich) oder, wenn dies früher ist, dem Festen Verzinsungsende (ausschließlich) oder dem Tag (ausschließlich), an dem der Zinslauf endet.

**Festes Verzinsungsende** ist der in den Endgültigen Bedingungen festgelegte Tag.

**Festgelegte Währung** ist die in den Endgültigen Bedingungen festgelegte Währung.

**Festgelegter Nennbetrag** ist der in den Endgültigen Bedingungen festgelegte Nennbetrag.

**Geringste Währungseinheit** meint bei Euro einen Betrag von 0,01 Euro, und bei anderen Währungen als Euro den geringsten Betrag der betreffenden Währung, der als gesetzliches Zahlungsmittel in dem Land (oder den Ländern) der betreffenden Währung erhältlich ist.

**Fixed Interest Rate** is the rate specified as such in the Final Terms.

**Fixed Interest Commencement Date** is the date specified as such in the Final Terms.

**Fixed Day Count Fraction** means, in respect of the calculation of an amount of interest on each Note for any Fixed Interest Period or part thereof the fraction calculated in accordance with the Final Terms.

**Fixed Interest Payment Date** is the date specified as such in the Final Terms.

**Fixed Interest Period** means the period beginning on and including the Fixed Interest Commencement Date and ending on but excluding the immediately succeeding Fixed Interest Payment Date, and, thereafter, the period beginning on and including each Fixed Interest Payment Date and ending on but excluding the immediately succeeding Fixed Interest Payment Date, or if earlier, the Fixed Interest Termination Date or the date on which the Notes cease to bear interest.

**Fixed Interest Termination Date** is the date specified as such in the Final Terms.

**Specified Currency** is the currency specified in the Final Terms.

**Specified Denomination** is the denomination specified as such in the Final Terms.

**Minimum Unit** means, with respect to euro, 0.01 euro, and with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

**Gesamtnennbetrag** meint den in den Endgültigen Bedingungen bestimmten Gesamtnennbetrag der Schuldverschreibungen.

**Geschäftstag** bezeichnet jeden Tag (außer einen Samstag oder einen Sonntag), an dem TARGET (das Trans-European Automated Real Time Gross settlement Express Transfer System) zum Betrieb geöffnet ist.

**Gleichrangige Wertpapiere** bezeichnet Wertpapiere oder Instrumente (ausgenommen diese Schuldverschreibungen) (i) der Emittentin, die mit den Verpflichtungen der Emittentin gemäß den Schuldverschreibungen im gleichen Rang stehen oder als im Rang gleichstehend bezeichnet werden, oder (ii) einer Konzerngesellschaft unter einer Garantie oder sonstigen Haftungsübernahme der Emittentin, sofern die Verpflichtungen der Emittentin unter der Garantie oder sonstigen Haftungsübernahme mit den Verpflichtungen der Emittentin aus den Schuldverschreibungen im gleichen Rang stehen oder als mit diesen im Rang gleichstehend bezeichnet werden.

**Jahresgewinn** meint den Jahresgewinn der Emittentin für das der Zinszahlung vorgehende Geschäftsjahr, ermittelt nach UGB (Unternehmensgesetzbuch) unter Berücksichtigung der Bestimmungen des Versicherungsaufsichtsgesetzes. Der Jahresgewinn beinhaltet den Jahresüberschuss/-fehlbetrag für das betreffende Geschäftsjahr zusätzlich aller Beträge, die Rücklagen zugewiesen werden oder durch Auflösung von Rücklagen entstehen, nicht aber Gewinnvorträge aus dem vorigen Geschäftsjahr, die noch keiner Rücklage zugewiesen worden sind.

**Konzerngesellschaft** ist jedes mit der Emittentin verbundene Unternehmen im

**Aggregate Principal Amount** means the aggregate principal amount of the Notes, as specified in the Final Terms.

**Business Day** means any day (other than a Saturday or a Sunday) on which TARGET (the Trans-European Automated Real Time Gross settlement Express Transfer System) is operating.

**Parity Securities** means any securities or instruments (other than these Notes) which have been issued by (i) the Issuer and rank (or are expressed to rank) *pari passu* with the Issuer's obligations under the Notes, or (ii) any Group Entity with the benefit of a guarantee or other support undertaking given by the Issuer where the Issuer's obligations under such guarantee or other support undertaking rank (or are expressed to rank) *pari passu* with the Issuer's obligations under the Notes.

**Profit** means the amount of the annual profit (*Jahresgewinn*) of the Issuer for the business year preceding the interest payment, prepared in accordance with the Austrian Commercial Code (Unternehmensgesetzbuch) and taking into account the provisions of the Austrian Insurance Supervision Act (Versicherungsaufsichtsgesetz). Such annual profit amount includes the net earnings / losses for the business year plus all amounts transferred into or out of applicable reserve accounts, but not including any residual retained earnings from the prior business year that have not yet been moved into reserves.

**Group Entity** means any of the Issuer's affiliated enterprises within the meaning of

Sinne des § 15 des Aktiengesetzes.

sec 15 of the Austrian Stock Corporation Act (*Aktiengesetz*).

**Marge** meint den in den Endgültigen Bedingungen festgelegten Prozentsatz.

**Margin** means the percentage rate specified in the Final Terms.

**Nachrangige Wertpapiere** bezeichnet Aktienkapital oder jedes andere Wertpapier oder Instrument mit Eigenkapitalcharakter (i) der Emittentin, das den Verpflichtungen der Emittentin gemäß den Schuldverschreibungen im Rang nachsteht oder als im Rang nachstehend bezeichnet wird, oder (ii) einer Konzerngesellschaft unter einer Garantie oder sonstigen Haftungsübernahme der Emittentin, sofern die Verpflichtungen der Emittentin unter der Garantie oder sonstigen Haftungsübernahme den Verpflichtungen der Emittentin aus den Schuldverschreibungen im Rang nachstehen oder als diesen im Rang nachstehend bezeichnet werden.

**Junior Securities** means Share Capital or any other equity security or other instrument which has been issued by (i) the Issuer and ranks (or is expressed to rank) junior to the Issuer's obligations under the Notes, or (ii) any Group Entity with the benefit of a guarantee or other support undertaking given by the Issuer where the Issuer's obligations under such guarantee or other support undertaking rank (or are expressed to rank) junior to the Issuer's obligations under the Notes.

**Obligatorischer Zinszahlungstag** hat die in § 4(3)(a) festgelegte Bedeutung.

**Compulsory Interest Payment Date** has the meaning specified in § 4(3)(a).

**Optional Zinszahlungstag** hat die in § 4(3)(a) festgelegte Bedeutung.

**Optional Interest Payment Date** has the meaning specified in § 4(3)(a).

**Qualifizierende Schuldverschreibungen** hat die in § 5(6) festgelegte Bedeutung.

**Qualifying Notes** has the meaning specified in § 5(6).

**Referenzbanken** sind diejenigen Banken, deren Angebotssätze zur Ermittlung des angezeigten Angebotssatzes zu dem Zeitpunkt benutzt wurden, als solch ein Angebot letztmals auf der Bildschirmseite angezeigt wurde.

**Reference Banks** means those banks whose offered rates were used to determine a quotation when such quotation last appeared on the Screen Page.

**Referenzsatz** meint den als solchen in den Endgültigen Bedingungen festgelegten Satz.

**Reference Rate** means the rate specified as such in the Final Terms.

**Rendite-Aufschlag** ist der in den Endgültigen Bedingungen festgelegte Rendite-Aufschlag.

**Yield Spread** is the yield spread specified in the Final Terms.

**Sammelurkunde** hat die in § 2(2)(a) festgelegte Bedeutung.

**Global Note** has the meaning specified in § 2(2)(a).

**Schuldverschreibungen** meint diese Emission der tief nachrangigen, [fest und variabel] [variabel] [fest] verzinslichen Inhaberschuldverschreibungen ohne Fälligkeitstag, einschließlich sämtlicher weiterer Schuldverschreibungen, die gemäß § 10 begeben werden und eine einheitliche Serie mit den Schuldverschreibungen bilden.

**Steuerereignis** meint, dass (i) der Zahlstelle ein Gutachten eines anerkannten unabhängigen Steuerberaters übergeben worden ist, aus dem hervorgeht, dass (A) als Folge einer Änderung oder Ergänzung der Gesetze (oder von aufgrund dieser Gesetze erlassener Bestimmungen oder Vorschriften) der Republik Österreich oder einer ihrer Gebietskörperschaften oder Steuerbehörden, oder (B) als Ergebnis einer Änderung oder Ergänzung der offiziellen Auslegung oder Anwendung solcher Gesetze oder Vorschriften durch eine gesetzgebende Körperschaft, ein Gericht, eine Regierungsstelle oder eine Aufsichtsbehörde (einschließlich des Erlasses von Gesetzen sowie der Bekanntmachung gerichtlicher oder aufsichtsrechtlicher Entscheidungen), die in jedem Fall (x) an oder nach dem Ausgabetag oder (y) im Falle von nicht als erste Tranche einer Serie begebenen Schuldverschreibungen, an oder nach dem Ausgabetag der Schuldverschreibungen der ersten Tranche dieser Serie, in Kraft tritt, veröffentlicht oder erlassen wird, Zinsen, die von der Emittentin in Bezug auf die Schuldverschreibungen zahlbar sind, von der Emittentin für die Zwecke der österreichischen Ertragssteuern (insbesondere für Zwecke der Körperschaftsteuer) nicht mehr in mindestens demselben Umfang wie bei der Begebung der Schuldverschreibungen oder wie bei der Begebung der ersten Tranche von Schuldverschreibungen derselben Serie abzugsfähig sind, bzw innerhalb von 90 Tagen nach dem Datum dieses Gutachtens nicht mehr abzugsfähig sein werden; und (ii) die Emittentin dieses Risiko nicht durch das Ergreifen zumutbarer Maßnahmen

**Notes** means this issue of Perpetual Deeply Subordinated [Fixed-to-Floating] [Floating] [Fixed] Rate Global Notes, including any further Notes issued pursuant to § 10 that form a single series with the Notes.

**Tax Event** means that (i) an opinion of a recognised independent tax counsel has been delivered to the Paying Agent, stating that, (A) as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of the Republic of Austria or any political subdivision or any taxing authority thereof or therein, or (B) as a result of any amendment to, or change in, any official interpretation or application of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination), which in either case is enacted, promulgated or issued (x) on or after the Issue Date or, (y) in case of Notes issued in a tranche other than the first tranche of a Series, on or after the date of issue of the notes of the first tranche of such Series, interest payable by the Issuer in respect of the Notes is no longer, or within 90 days from the date of that opinion will no longer be, deductible by the Issuer for Austrian corporate income tax purposes (in particular for the purpose of the *Körperschaftsteuer*) to at least the same degree as upon issue of the Notes or, as the case may be, the first tranche of the notes of the same Series; and (ii) such risk cannot be avoided by the Issuer taking reasonable measures available to it.

vermeiden kann.

**Streitigkeiten** hat die in § 12(3) festgelegte Bedeutung.

**Variabler Verzinsungsbeginn** ist in den Endgültigen Bedingungen festgelegt.

**Variabler Zinssatz** hat die in § 4(2)(c) festgelegte Bedeutung.

**Variabler Zinstagequotient** bezeichnet im Hinblick auf die Berechnung eines Zinsbetrages auf jede Schuldverschreibung für einen Variablen Zinszeitraum oder einen Teil davon den gemäß den Endgültigen Bedingungen errechneten Quotienten.

**Variabler Zinszahlungstag** ist in den Endgültigen Bedingungen festgelegt.

**Variabler Zinszeitraum** meint den Zeitraum zwischen dem Variablen Verzinsungsbeginn und dem unmittelbar folgenden Variablen Zinszahlungstag sowie danach den Zeitraum zwischen jedem Variablen Zinszahlungstag und dem unmittelbar folgenden Variablen Zinszahlungstag oder, wenn dies früher ist, dem Variablen Verzinsungsende oder dem Tag, an dem der Zinslauf endet.

**Variables Verzinsungsende** ist in den Endgültigen Bedingungen festgelegt.

**Vereinigte Staaten** sind die Vereinigten Staaten von Amerika, einschließlich deren Bundesstaaten und des District of Columbia und deren Besitztümer (einschließlich Puerto Rico, die U.S. Virgin Islands, Guam, American Samoa, Wake Island und die Northern Mariana Islands).

**Verfahren** hat die in § 12(3) festgelegte Bedeutung.

**Vorläufige Sammelurkunde** hat die in § 2(2)(a) festgelegte Bedeutung.

**Disputes** has the meaning specified in § 12(3).

**Floating Interest Commencement Date** is specified in the Final Terms.

**Floating Interest Rate** has the meaning specified in § 4(2)(c).

**Floating Day Count Fraction** means, in respect of the calculation of an amount of interest on each Note for any Floating Interest Period or part thereof the fraction calculated in accordance with the Final Terms.

**Floating Interest Payment Date** is specified in the Final Terms.

**Floating Interest Period** means the period between the Floating Interest Commencement Date and the immediately succeeding Floating Interest Payment Date, and, thereafter, the period between each Floating Interest Payment Date and the immediately succeeding Floating Interest Payment Date, or if earlier, the Floating Interest Termination Date or the date on which the Notes cease to bear interest.

**Floating Interest Termination Date** is specified in the Final Terms.

**United States** means the United States of America including the States thereof and the District of Columbia and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

**Proceedings** has the meaning specified in § 12(3).

**Temporary Global Note** has the meaning specified in § 2(2)(a).

**Vorzeitiger Rückzahlungsbetrag** hat die in § 5(2) festgelegte Bedeutung.

**Vorzeitiger Rückzahlungstag** hat die in § 5(2) festgelegte Bedeutung.

Im **Wesentlichen Gleich Günstig** bedeutet hinsichtlich einer vorgeschlagenen Ersetzung von Schuldverschreibungen oder einer Änderung der Anleihebedingungen gemäß § 5(6), Bedingungen zu beinhalten und in einer Weise emittiert zu werden, welche den Anleihegläubigern in allen wesentlichen kommerziellen Aspekten mindestens die gleichen Zinsbedingungen und wirtschaftlichen Rechte und Leistungen wie die Schuldverschreibungen verschaffen.

**Zahlstelle** hat die in § 9(1) festgelegte Bedeutung.

**Zahlstellenabkommen** meint das Zahlstellenübereinkommen, welches von der Emittentin mit der Zahlstelle am ● abgeschlossen wird.

**Zinsbetrag** hat die in § 4(2)(d) festgelegte Bedeutung.

**Zinsfestlegungstag** bezeichnet den zweiten Geschäftstag vor dem Beginn des jeweiligen Variablen Zinszeitraumes.

**Zinszahlungstag** bezeichnet jeden Festen Zinszahlungstag und Variablen Zinszahlungstag.

**Zinszeitraum** meint einen Festen Zinszeitraum oder einen Variablen Zinszeitraum.

**Zusätzliche Beträge** hat die in § 7 festgelegte Bedeutung.

**Early Redemption Amount** has the meaning specified in § 5(2).

**Early Redemption Date** has the meaning specified in § 5(2).

**Materially as Favourable** means, when used in connection with a proposed substitution of Notes or variation of the Terms and Conditions pursuant to § 5(6), to contain terms and to be issued in a manner which provides the Noteholders in all material commercial respects with at least the same interest terms and economic rights and benefits as are attached to the Notes.

**Paying Agent** has the meaning specified in § 9(1).

**Paying Agency Agreement** means the paying agency agreement concluded between the Issuer and the Paying Agent on ●.

**Interest Amount** has the meaning specified in § 4(2)(d).

**Interest Determination Date** means the second Business Day prior to the commencement of the relevant Floating Interest Period.

**Interest Payment Date** means each Fixed Interest Payment Date and Floating Interest Payment Date.

**Interest Period** means a Fixed Interest Period or a Floating Interest Period.

**Additional Amounts** has the meaning specified in § 7.

## § 2

**NENNBETRAG UND STÜCKELUNG;  
VERBRIEFUNG; ÜBERTRAGBARKEIT**

## § 2

**PRINCIPAL AMOUNT AND  
DENOMINATION; FORM;  
TRANSFERABILITY**

(1) *Nennbetrag und Stückelung.* Diese Emission der tief nachrangigen, [fest und variabel] [variabel] [fest] verzinslichen Inhaberschuldverschreibungen ohne Endfälligkeitstag der WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group (die **Emittentin**) im oben definierten Gesamtnennbetrag ist eingeteilt in an den Inhaber zahlbare und untereinander gleichrangige Teilschuldverschreibungen mit einem Nennbetrag, der jeweils dem Festgelegten Nennbetrag entspricht (die **Schuldverschreibungen**).

(2) *Verbriefung.*

(a) *Vorläufige Sammelurkunde.* Die Schuldverschreibungen sind anfänglich durch eine vorläufige Sammelurkunde (die **Vorläufige Sammelurkunde**) ohne Zinsscheine verbrieft, die gegen eine Dauersammelurkunde (die **Dauersammelurkunde** und zusammen mit der Vorläufigen Sammelurkunde jeweils eine **Sammelurkunde**) ohne Zinsscheine austauschbar sein wird. Jede Sammelurkunde trägt die eigenhändigen Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin und ist von der Zahlstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.

(b) *Austausch.* Die Vorläufige Sammelurkunde wird an einem Tag (der **Austauschtag**) gegen die Dauersammelurkunde ausgetauscht, der nicht weniger als 40 Tage und nicht mehr als 180 Tage nach dem Ausgabetag liegt. Der Austausch und jede Zahlung von Zinsen auf die Vorläufige Sammelurkunde werden nur nach Vorlage von Bescheinigungen erfolgen, wonach die wirtschaftlichen Eigentümer oder die Eigentümer der Schuldverschreibungen, die durch die Vorläufige Sammelurkunde verbrieft sind, keine U.S.-Personen (U.S. person), wie im United States Securities Act

(1) *Principal Amount and Denomination.* This issue of Perpetual Deeply Subordinated [Fixed-to-Floating] [Floating] [Fixed] Rate Global Notes by WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group (the **Issuer**) in the Aggregate Principal Amount (as defined above) is divided into Notes payable to bearer and ranking *pari passu* among themselves, each with a principal amount equalling the Specified Denomination (the **Notes**).

(2) *Form.*

(a) *Temporary Global Note.* The Notes are initially represented by a temporary global note (the **Temporary Global Note**) without coupons which will be exchangeable for a permanent global note (the **Permanent Global Note** and, together with the Temporary Global Note, each a **Global Note**) without coupons. Each Global Note shall be signed manually by two authorised signatories of the Issuer and shall be authenticated by or on behalf of the Paying Agent. Definitive Notes and interest coupons will not be issued.

(b) *Exchange.* The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the **Exchange Date**) not earlier than 40 days and not later than 180 days after the Issue Date. Such exchange and any payment of interest on Notes represented by a Temporary Global Note shall only be made upon delivery of certification to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person as defined by the United States Securities Act of 1933. Any such certification received on or after the 40th day after the



von 1933 definiert, sind. Jede dieser Bescheinigungen, die am oder nach dem 40. auf den Ausgabetag folgenden Tag eingeht, wird als Ersuchen behandelt werden, die Vorläufige Sammelurkunde wie oben beschrieben auszutauschen. Wenn Schuldverschreibungen im Austausch für die Vorläufige Sammelurkunde geliefert werden, sind sie nur außerhalb der Vereinigten Staaten zu liefern.

(3) *Clearingsystem.* Die Sammelurkunden werden voraussichtlich bei der Oesterreichischen Kontrollbank AG, Am Hof 4, 1010 Wien als Wertpapier-Sammelbank eingeliefert und solange von dem oder im Namen des Clearingsystems verwahrt, bis sämtliche Verpflichtungen der Emittentin aus den Schuldverschreibungen erfüllt sind.

(4) *Übertragbarkeit.* Den Anleihegläubigern stehen Miteigentumsanteile oder -rechte an den Sammelurkunden zu, die nach Maßgabe des anwendbaren Rechts und der jeweils geltenden Regelwerke des Clearingsystems übertragen werden.

### § 3

#### RANG DER SCHULDVERSCHREIBUNGEN

(1) *Rang.* Die Schuldverschreibungen begründen direkte, nicht besicherte, tief nachrangige Verbindlichkeiten der Emittentin, die (a) nachrangig gegenüber allen anderen bestehenden und zukünftigen nicht nachrangigen und nachrangigen Verbindlichkeiten der Emittentin sind, (ausgenommen jene anderen tief nachrangigen Verbindlichkeiten, die mit den Schuldverschreibungen im gleichen Rang stehen oder als im Rang gleichstehend bezeichnet werden), soweit zwingende gesetzliche Bestimmungen nichts anderes vorschreiben, (b) untereinander und mit Gleichrangigen Wertpapieren im gleichen Rang stehen und (c) vorrangig gegenüber Nachrangigen Wertpapieren sind. Im Fall der Liquidation, der Auflösung oder der Insolvenz der Emittentin oder eines Ausgleichs oder

Issue Date will be treated as a request to exchange such Temporary Global Note as described above. Notes, if any, delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States.

(3) *Clearing System.* The Global Notes are expected to be delivered to the Austrian Control Bank, Am Hof 4, 1010 Vienna in its function as Central Securities Depository and will be kept in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Notes have been satisfied.

(4) *Transferability.* The Noteholders will receive co-ownership participations or rights in the Global Notes that are transferable in accordance with applicable law and applicable rules of the Clearing System.

### § 3

#### RANKING OF THE NOTES

(1) *Status.* The Notes constitute direct, unsecured and deeply subordinated obligations of the Issuer ranking (a) junior to all present or future unsubordinated and other subordinated debt obligations of the Issuer (save for other deeply subordinated debt obligations which rank or are expressed to rank *pari passu* with the Notes), except in each case as otherwise required by mandatory provisions of law, (b) *pari passu* among themselves and with Parity Securities, and (c) senior to all Junior Securities. In the event of a liquidation, dissolution or insolvency of the Issuer or composition or other proceedings for the avoidance of insolvency of the Issuer, Noteholders shall participate in the liquidation proceeds after all claims from holders of unsubordinated and other subordinated debt

eines anderen der Abwendung der Insolvenz der Emittentin dienenden Verfahrens sind die Anleihegläubiger nach Befriedigung oder Sicherstellung aller Gläubiger aus nicht nachrangigen und nachrangigen Verbindlichkeiten (ausgenommen jenen tief nachrangigen Verbindlichkeiten die mit den Schuldverschreibungen im gleichen Rang stehen oder als im Rang gleichstehend bezeichnet werden), gleichrangig untereinander und mit Gläubigern Gleichrangiger Wertpapiere und vor Befriedigung der Ansprüche von Inhabern Nachrangiger Wertpapiere am Liquidationserlös beteiligt. Die Beteiligung am Liquidationserlös pro Schuldverschreibung ist mit dem Nennwert je Schuldverschreibung (zuzüglich der seit dem unmittelbar vorhergehenden Zinszahlungstag (inklusive) bis zum Rückzahlungstag (exklusive) aufgelaufenen Zinsen) begrenzt. Zahlungen aus Liquidationserlösen erfolgen nur nach vollständiger Befriedigung oder Sicherstellung aller Gläubiger, einschließlich Gläubigern aus nachrangigen Verbindlichkeiten, die den Schuldverschreibungen im Rang vorgehen (aber ausgenommen jene nachrangigen Verbindlichkeiten, die mit den Schuldverschreibungen im gleichen Rang stehen oder als im Rang gleichstehend bezeichnet werden).

*(2) Aufrechnungsverbot. Keine Besicherung.* Die Anleihegläubiger sind nicht berechtigt, Forderungen aus den Schuldverschreibungen gegen mögliche Forderungen der Emittentin gegen sie aufzurechnen. Die Emittentin ist nicht berechtigt, Forderungen gegenüber Anleihegläubigern gegen Verpflichtungen aus den Schuldverschreibungen aufzurechnen. Für die Rechte der Anleihegläubiger aus den Schuldverschreibungen ist diesen keine Sicherheit durch die Emittentin oder durch Dritte gestellt; eine solche Sicherheit wird auch zu keinem Zeitpunkt gestellt werden.

obligations of the Issuer (save for deeply subordinated debt obligations which rank or are expressed to rank *pari passu* with the Notes) have been satisfied or secured, *pari passu* amongst themselves and with claims of holders of Parity Securities, and senior to claims of holders of Junior Securities. The participation of each Note in such liquidation proceeds shall be capped at the principal amount of the Notes (together with any interest accrued since and including the immediately preceding Interest Payment Date to but excluding the repayment date). Liquidation proceeds shall only be payable in respect of the Notes after payment in full of all creditors of the Issuer including holders of its subordinated debt ranking or expressed to rank senior to the Notes (but, for the avoidance of doubt, excluding holders of any liability ranking or expressed to rank *pari passu* with the Notes).

*(2) No set-off. No security.* The Noteholders may not set off any claims arising under the Notes against any claims that the Issuer may have against them. The Issuer may not set off any claims it may have against any Noteholder against any claims of such Noteholder under the Notes. No security is, or shall at any time be, provided by the Issuer or any other person securing rights of the Noteholders under the Notes.

#### **§ 4 VERZINSUNG**

##### *(1) Feste Verzinsung.*

(a) Soweit in den Endgültigen Bedingungen die Bestimmungen für feste Verzinsung als anwendbar bestimmt sind, werden die Schuldverschreibungen vorbehaltlich § 4(3) mit dem in den Endgültigen Bedingungen festgelegten Festzinssatz bezogen auf ihren Nennbetrag ab dem Festen Verzinsungsbeginn (einschließlich) bis zu dem in den Endgültigen Bedingungen bestimmten Festen Verzinsungsende (ausschließlich) verzinst.

(b) Die festen Zinsen sind jährlich am Festen Zinszahlungstag eines jeden Jahres im Nachhinein zahlbar.

(c) Zinsen, die auf einen Festen Zinszeitraum von weniger als einem Jahr zu berechnen sind, werden durch Multiplikation des Festzinssatzes mit dem Festen Zinstagequotienten (wie oben definiert) und dem Nennbetrag je Schuldverschreibung berechnet, wobei der daraus resultierende Betrag auf die nächste Geringste Währungseinheit auf- oder abgerundet wird, und 0,5 oder mehr einer Geringsten Währungseinheit aufgerundet werden.

##### *(2) Variable Verzinsung.*

(a) Soweit in den Endgültigen Bedingungen die Bestimmungen für variable Verzinsung als anwendbar bestimmt sind, wird der Nennbetrag der Schuldverschreibungen vorbehaltlich § 4(3) ab dem Variablen Verzinsungsbeginn (einschließlich) bis zum Variablen Verzinsungsende (ausschließlich) mit dem von der Berechnungsstelle festgestellten Variablen Zinssatz (oder den Variablen Zinssätzen) verzinst.

(b) Die variablen Zinsen sind vierteljährlich im Nachhinein an den Variablen Zinszahlungstagen eines jeden Jahres

#### **§ 4 INTEREST**

##### *(1) Fixed Rate Interest.*

(a) To the extent the provisions for fixed rate interest are specified as applicable in the Final Terms, interest on the principal amount of the Notes, subject to § 4(3), from and including the Fixed Interest Commencement Date to and excluding the Fixed Interest Termination Date specified in the Final Terms shall accrue at the Fixed Interest Rate determined in the Final Terms.

(b) Fixed rate interest shall be payable annually in arrears on the Fixed Interest Payment Date in each year.

(c) If interest is to be calculated for a Fixed Interest Period of less than one year, it shall be calculated by multiplying the Fixed Interest Rate with the Fixed Day Count Fraction (as defined above) and the principal amount of each Note, and rounding the resulting figure to the nearest Minimum Unit, with 0.5 or more of a Minimum Unit being rounded upwards.

##### *(2) Floating Rate Interest.*

(a) To the extent the provisions for floating rate interest are specified as applicable in the Final Terms, interest on the principal amount of the Notes from and including the Floating Interest Commencement Date to but excluding the Floating Interest Termination Date shall, subject to § 4(3), accrue at the Floating Interest Rate(s) determined by the Calculation Agent in accordance with the Final Terms.

(b) Floating rate interest shall be payable quarterly in arrears on the Floating Interest Payment Dates each year.

zahlbar.

(c) Der variable Zinssatz (der **Variable Zinssatz**) für jeden Variablen Zinszeitraum ist, sofern nachstehend nichts Abweichendes bestimmt wird, der angezeigte Angebotssatz (ausgedrückt als Prozentsatz per annum) für den in den Endgültigen Bedingungen bestimmten Referenzsatz für den jeweiligen Variablen Zinszeitraum, der auf der Bildschirmseite am Zinsfestlegungstag um 11:00 Uhr (Londoner Ortszeit im Fall von LIBOR oder Brüsseler Ortszeit im Falle von EURIBOR) angezeigt wird, zuzüglich der Marge, wobei alle Festlegungen durch die Berechnungsstelle erfolgen.

Sollte die Bildschirmseite nicht zur Verfügung stehen, oder wird kein Angebotssatz angezeigt (in jedem dieser Fälle zu der genannten Zeit), wird die Berechnungsstelle von fünf von ihr ausgewählten Referenzbanken (wie oben definiert) deren jeweilige Angebotssätze (jeweils als Prozentsatz per annum ausgedrückt) für den Referenzsatz für den betreffenden Variablen Zinszeitraum gegenüber führenden Banken im Londoner Interbanken-Markt (im Falle von LIBOR) oder im Interbanken-Markt in den Teilnehmerstaaten der dritten Stufe der Wirtschafts- und Währungsunion im Sinne des Vertrages über die Europäische Union (im Falle von EURIBOR) anfordern. Maßgeblich sind die Sätze um ca. 11:00 Uhr (Londoner Ortszeit im Fall von LIBOR oder Brüsseler Ortszeit im Falle von EURIBOR) am Zinsfestlegungstag. Sofern zwei oder mehr der ausgewählten Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, ist der Variable Zinssatz für den betreffenden Variablen Zinszeitraum das arithmetische Mittel dieser Angebotssätze (falls erforderlich, auf- oder abgerundet auf das nächste ein tausendstel Prozent, wobei 0,0005 aufgerundet wird), zuzüglich der Marge.

Für den Fall, dass der Variable Zinssatz nicht gemäß den vorstehenden Bestimmungen

(c) The floating interest rate (the **Floating Interest Rate**) for each Floating Interest Period will, except as provided below, be the offered quotation displayed (expressed as a percentage rate per annum) for the Reference Rate specified in the Final Terms for that Floating Interest Period which appears on the Screen Page as of 11:00 a. m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date, plus the Margin, all as determined by the Calculation Agent.

If the Screen Page is not available or if no such quotation is available, in each case and at such time, the Calculation Agent shall request five Reference Banks (as defined above) selected by it to each provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate for the relevant Floating Interest Period applicable to leading banks in the London interbank market (in case of LIBOR) or in the interbank market of the participating Member States in the third stage of the Economic and Monetary Union, as contemplated by the Treaty on the European Union (in case of EURIBOR). The relevant offered quotations shall be those offered at approximately 11:00 a. m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date. As long as two or more of the selected Reference Banks provide the Calculation Agent with such offered quotations, the Floating Interest Rate for such Floating Interest Period shall be the arithmetic mean of such offered quotations (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards), plus the Margin.

If the Floating Interest Rate cannot be determined in accordance with the foregoing

ermittelt werden kann, ist der Variable Zinssatz der Angebotssatz oder das arithmetische Mittel der Angebotssätze auf der Bildschirmseite, wie vorstehend beschrieben, an dem letzten Tag vor dem Zinsfestlegungstag, an dem ein solcher Angebotssatz bzw. solche Angebotssätze angezeigt wurde(n), zuzüglich der Marge.

(d) Die Berechnungsstelle wird zu oder baldmöglichst nach jedem Zinsfestlegungstag den Variablen Zinssatz bestimmen und den auf den gesamten Nennbetrag der Schuldverschreibungen zahlbaren Zinsbetrag (der **Zinsbetrag**) für den entsprechenden Variablen Zinszeitraum berechnen. Der Zinsbetrag ergibt sich aus der Multiplikation des Variablen Zinssatzes mit dem Variablen Zinstagequotienten (wie oben definiert) und dem Nennbetrag je Schuldverschreibung, wobei der daraus resultierende Betrag auf die nächste Geringste Währungseinheit auf- oder abgerundet wird, und 0,5 oder mehr einer Geringsten Währungseinheit aufgerundet werden.

(e) Die Berechnungsstelle wird veranlassen, dass der Variable Zinssatz, der Zinsbetrag für den jeweiligen Variablen Zinszeitraum, jeder Variable Zinszeitraum und der betreffende Variable Zinszahlungstag der Emittentin und jeder Börse, an der die Schuldverschreibungen zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, sowie den Anleihegläubigern gemäß § 11 unverzüglich, aber keinesfalls später als am vierten auf die Festlegung folgenden Geschäftstag mitgeteilt werden.

(f) Falls ein Variabler Zinszahlungstag auf einen Tag fallen würde, der kein Geschäftstag ist, wird der Variable Zinszahlungstag auf den nächstfolgenden Geschäftstag verschoben, es sei denn, jener würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall fällt der Variable Zinszahlungstag auf den unmittelbar

provisions, the Floating Interest Rate shall be the offered quotation or the arithmetic mean of the offered quotations on the Screen Page, as described above, on the last day preceding the Interest Determination Date on which such quotation or, as the case may be, quotations were offered, plus the Margin.

(d) The Calculation Agent shall, on or as soon as practicable after each Interest Determination Date, determine the Floating Interest Rate and calculate the amount of interest (the **Interest Amount**) payable on the aggregate principal amount of the Notes for the relevant Floating Interest Period. Each Interest Amount shall be calculated by multiplying the Floating Interest Rate with the Floating Day Count Fraction (as defined above) and the principal amount of each Note and rounding the resulting figure to the nearest Minimum Unit, with 0.5 or more of a Minimum Unit being rounded upwards.

(e) The Calculation Agent will cause the Floating Interest Rate, each Interest Amount for each Floating Interest Period, each Floating Interest Period and the relevant Floating Interest Payment Date to be notified to the Issuer and, if required by the rules of any stock exchange on which the Notes are listed from time to time, to such stock exchange, and to the Noteholders in accordance with § 11 without undue delay, but, in any case, not later than on the fourth Business Day after their determination.

(f) If any Floating Interest Payment Date would otherwise fall on a day which is not a Business Day, the Floating Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which case the Floating Interest Payment Date shall be the immediately preceding

vorausgehenden Geschäftstag.

Business Day.

(g) Sämtliche Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Berechnungsstelle für die Zwecke dieser Anleihebedingungen gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern nicht vorsätzliches Fehlverhalten oder ein offensichtlicher Irrtum vorliegt) für die Emittentin und die Anleihegläubiger bindend.

(g) All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Terms and Conditions by the Calculation Agent shall (in the absence of wilful default or manifest error) be binding upon the Issuer and the Noteholders.

**(3) Zinszahlungsbeschränkungen.**

**(3) Interest Payment Restrictions.**

(a) Die Emittentin trifft vorbehaltlich der Zahlung von Zinsen an einem Obligatorischen Zinszahlungstag (wie unten definiert) keine Verpflichtung zur Zahlung von Zinsen, die während eines Zinszeitraumes auflaufen, der an einem Optionalen Zinszahlungstag (wie unten definiert) endet, wenn sich die Emittentin dazu entschließt, dies nicht zu tun. Eine derartige Nichtzahlung begründet keinen Verzug der Emittentin und keine sonstige Verletzung ihrer Verpflichtungen aufgrund dieser Schuldverschreibungen oder für sonstige Zwecke.

(a) The Issuer shall, subject to payment of interest on a Compulsory Interest Payment Date (as defined below), have no obligation to pay any interest which accrues during an Interest Period ending on an Optional Interest Payment Date (as defined below) so long as it elects not to do so. Any such non-payment of interest shall not constitute a default of the Issuer and no other breach of obligations under the Notes or for any other purpose.

**Optionaler Zinszahlungstag** ist jeder Zinszahlungstag, der kein Obligatorischer Zinszahlungstag ist.

**Optional Interest Payment Date** shall be any Interest Payment Date which is not a Compulsory Interest Payment Date.

**Obligatorischer Zinszahlungstag** meint (vorbehaltlich des Vorliegens des erforderlichen unternehmensrechtlichen Jahresgewinns, siehe unten § 4(3)(b)) jeden Zinszahlungstag, an dem eine Dividende, Verzinsung, andere Ausschüttung oder Zahlung (einschließlich zum Zweck der Rückzahlung oder des Rückkaufs) in Bezug auf Gleichrangige Wertpapiere oder Nachrangige Wertpapiere, bei denen die Zahlung von Dividende, Verzinsung, anderer Ausschüttung oder Zahlung innerhalb der letzten 12 Monate unmittelbar vor einem Zinszahlungstag im Ermessen der Emittentin steht, gültig beschlossen oder bezahlt wurde, ausgenommen solche Dividenden, Zinsen,

**Compulsory Interest Payment Date** means (subject to the availability of sufficient Profit, see § 4(3)(b) below) an Interest Payment Date in respect of which any dividend, interest, other distribution or payment (including payments for a redemption or repurchase) has been validly resolved on, paid or made in respect of any Parity Securities or Junior Securities, where such dividend, interest, other distribution or payment is at the discretion of the Issuer during the twelve (12) months immediately preceding such Interest Payment Date, except where such dividend, interest, other distribution or payment (including payments for redemption or repurchase) is made wholly

andere Ausschüttungen oder Zahlungen (einschließlich zum Zweck der Rückzahlung oder des Rückkaufs von Aktien), die ausschließlich von einer Konzerngesellschaft an eine andere Konzerngesellschaft erfolgen. Wenn eine solche Dividende, Verzinsung, andere Ausschüttung oder Zahlung in Bezug auf solche Gleichrangigen Wertpapiere nur eine Teilzahlung des geschuldeten Betrages darstellt, reduziert sich der zahlbare Zinsbetrag gemäß den Schuldverschreibungen proportional.

(b) Ungeachtet der Bestimmungen des § 4(3)(a) erfolgen (auch an Obligatorischen Zinszahlungstagen) Zinszahlungen nur, soweit sie im unternehmensrechtlichen Jahresgewinn (wie oben definiert) der Emittentin des dem Tag der Fälligkeit der Zinszahlung jeweils vorangehenden Geschäftsjahres Deckung finden. Die Emittentin ist jedenfalls nicht verpflichtet, Zinszahlungen zu leisten, soweit

(i) diese Zinszahlungen gemeinsam mit Zinszahlungen, die die Emittentin vorher auf die Schuldverschreibungen im laufenden Geschäftsjahr bezahlt hat, und gemeinsam mit Ausschüttungen, die vorher auf Gleichrangige Wertpapiere im laufenden Geschäftsjahr geleistet wurden oder vorgeschlagen oder nach vernünftiger Einschätzung wahrscheinlich zahlbar sind, den unternehmensrechtlichen Jahresgewinn (wie oben definiert) des dem Tag der Fälligkeit der Zinszahlung jeweils vorangehenden Geschäftsjahres übersteigen; oder

(ii) durch diese Zinszahlungen die Eigenmittel der Emittentin gemäß § 73b Abs 2 Versicherungsaufsichtsgesetz unter das gesetzlich erforderliche Ausmaß sinken würden; oder

(iii) eine Anordnung der österreichischen Finanzmarktaufsichtsbehörde (oder einer anderen relevanten Regulierungsbehörde) in

by one Group Entity to another Group Entity. If any such dividend, interest, other distribution or payment in relation to such Parity Securities was only a partial payment of the amount so owing, interest payable on the Notes shall be reduced proportionally.

(b) Notwithstanding the provisions of § 4(3)(a) interest payments shall (for the avoidance of doubt also on Compulsory Interest Payment Dates) be made only to the extent covered by Profit (as defined above) for the business year preceding the due date in respect of the relevant interest payment. The Issuer shall in any event not be under an obligation to make interest payments to the extent that

(i) the aggregate of such interest payments, together with any interest payments previously paid by the Issuer in respect of the Notes in the then current business year and any distributions or other payments previously made, proposed or reasonably likely to be made on Parity Securities in the then current business year, would exceed the Profit (as defined above) for the business year preceding the due date in respect of such interest payments; or

(ii) such interest payments would result in a reduction of own funds of the Issuer according to sec 73b para 2 of the Austrian Insurance Supervision Act (*Versicherungsaufsichtsgesetz*) below the statutorily required level; or

(iii) there is in effect an order of the Austrian *Finanzmarktaufsichtsbehörde* (or any other relevant regulatory authority) prohibiting the

Kraft ist, die der Emittentin solche Zinszahlungen untersagt.

Issuer from making such interest payments.

Eine derartige Nichtzahlung begründet keinen Verzug der Emittentin und keine sonstige Verletzung ihrer Verpflichtungen aufgrund dieser Schuldverschreibungen oder für sonstige Zwecke.

Any such non-payment of interest shall not constitute a default of the Issuer and no other breach of obligations under the Notes or for any other purpose.

*(4) Nicht kumulative Zinszahlungen.* Die Zinszahlungen auf die Schuldverschreibungen sind nicht kumulativ. Wenn die Emittentin aufgrund der Bestimmungen des § 4(3)(a) oder § 4(3)(b) keine Zinsbeträge zahlt, erlischt der Anspruch der Anleihegläubiger auf diese Zinsbeträge für den Zeitraum, der an dem jeweiligen Zinszahlungstag endet, auch wenn für einen späteren Zinszeitraum Zinsbeträge bezahlt werden. Eine solche Nichtzahlung eines Zinsbetrages ist von der Emittentin gemäß § 11 unverzüglich bekannt zu machen, jedenfalls nicht später als am vierten Geschäftstag nach dem anwendbaren Zinszahlungstag.

*(4) Non-cumulative Interest Payments.* Interest payments on the Notes shall be non-cumulative. If the Issuer does not pay an amount of interest in respect of the Notes pursuant to § 4(3)(a) or § 4(3)(b), then the right of Noteholders to receive such amount of interest in respect of the Interest Period ending on the relevant Interest Payment Date will be extinguished, regardless of whether or not interest on the Notes is paid for any future Interest Period. In case of any such non payment of an amount of interest the Issuer shall give notice in accordance with § 11, without undue delay, but, in any case, not later than on the fourth Business Day after the applicable Interest Payment Date.

*(5) Ende des Zinslaufs.* Der Zinslauf der Schuldverschreibungen endet mit Ablauf des Tages, der dem Tag vorausgeht, an dem sie zur Rückzahlung fällig werden. Sollte die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlösen, endet die Verpflichtung zu Zahlung von Zinsen auf den ausstehenden Nennbetrag nicht am Fälligkeitstag, sondern erst mit dem Tag der tatsächlichen Rückzahlung der Schuldverschreibungen (ausschließlich).

*(5) Cessation of Interest Payments.* The Notes shall cease to bear interest from the end of the day which precedes the day on which they are due for redemption. If the Issuer fails to redeem the Notes when due, the obligation to pay interest on the outstanding principal amount shall continue to accrue beyond the due date until but excluding the date of actual redemption of the Notes.

## **§ 5**

### **RÜCKZAHLUNG UND RÜCKKAUF**

*(1) Keine Endfälligkeit.* Die Schuldverschreibungen haben keinen Endfälligkeitstag und werden, außer nach Maßgabe dieses § 5, nicht zurückgezahlt.

*(2) Kündigungsrecht der Emittentin und vorzeitige Rückzahlung aufgrund eines*

## **§ 5**

### **REDEMPTION AND PURCHASE**

*(1) No Scheduled Maturity.* The Notes have no final maturity date and shall not be redeemed except in accordance with the provisions of this § 5.

*(2) Issuer Call Right and Early Redemption for Gross-up, Tax or Regulatory Reasons.* If



*Aufzahlungs-, Steuer- oder Aufsichtsrechtlichen Ereignisses.* Bei Eintritt eines Aufzahlungsereignisses, eines Steuerereignisses oder eines Aufsichtsrechtlichen Ereignisses vor dem Ersten Rückzahlungstag ist die Emittentin berechtigt, die Schuldverschreibungen jederzeit oder, im Falle einer Rückzahlung während eines Variablen Zinszeitraumes, an einem Zinszahlungstag (insgesamt, jedoch nicht teilweise) durch eine unwiderrufliche Benachrichtigung der Anleihegläubiger gemäß § 11 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen zu kündigen und zum Vorzeitigen Rückzahlungsbetrag (wie nachstehend definiert) zurückzuzahlen. Die Benachrichtigung hat eine von zwei ordnungsgemäß befugten Vertretern der Emittentin unterzeichnete Bestätigung zu enthalten, wonach das anwendbare Aufzahlungsereignis, Steuerereignis oder Aufsichtsrechtliche Ereignis eingetreten ist.

Der Emittentin steht ein Kündigungsrecht im Sinne dieses § 5(2) nicht zu, soweit Verluste im Sinne von § 5(5) bestehen. Eine vorzeitige Rückzahlung gemäß diesem § 5(2) zu einem Rückzahlungsbetrag unter dem Vorzeitigen Rückzahlungsbetrag der Schuldverschreibungen ist in jedem Fall ausgeschlossen.

**Vorzeitiger Rückzahlungsbetrag** meint den für jede Schuldverschreibung an dem für die Rückzahlung bestimmten Tag (der **Vorzeitige Rückzahlungstag**) zahlbaren Betrag, der

(a) bei einer Kündigung aufgrund eines Aufzahlungsereignisses dem Nennbetrag der Schuldverschreibungen entspricht, oder

(b) bei einer Kündigung aufgrund eines Steuerereignisses oder eines Aufsichtsrechtlichen Ereignisses, wenn zum Zeitpunkt der Rückzahlung die Schuldverschreibungen mit einem variablen Zinssatz verzinst werden, dem Nennbetrag

at any time prior to the First Call Date either a Gross-up Event, a Tax Event, or a Regulatory Event occurs, the Issuer may call and redeem the Notes (in whole but not in part) at the Early Redemption Amount (as defined below) at any time or, in case of a redemption during a Floating Interest Period, on any Interest Payment Date, on giving not less than 30 and not more than 60 days' irrevocable notice to the Noteholders in accordance with § 11. Such notice shall include a confirmation, signed by two duly authorised representatives of the Issuer, that the applicable Gross-up Event, Tax Event, or Regulatory Event has occurred.

The Issuer shall not be entitled to call and redeem the Notes in accordance with this § 5(2) to the extent losses according to § 5(5) exist. In any event, no early redemption pursuant to this § 5(2) shall be made at a redemption amount less than the Early Redemption Amount of the Notes.

**Early Redemption Amount** means an amount payable in respect of each Note on the date fixed for redemption (the **Early Redemption Date**), which shall be in respect of:

(a) a redemption pursuant to a Gross-up Event the principal amount of the Note, or

(b) a redemption pursuant to a Tax Event or a Regulatory Event, if interest on the Notes at the time of redemption accrues at a floating interest rate, the principal amount of the Note,

der Schuldverschreibungen, oder

(c) bei einer Kündigung aufgrund eines Steuerereignisses oder eines Aufsichtsrechtlichen Ereignisses, wenn zum Zeitpunkt der Kündigung die Schuldverschreibungen mit einem festen Zinssatz verzinst werden, entweder (i) dem Nennbetrag der Schuldverschreibungen, oder (ii) dem Abgezinsten Marktpreis der Schuldverschreibungen entspricht, je nachdem, welcher Betrag höher ist,

in jedem Fall zuzüglich der seit dem letzten Zinszahlungstag (inklusive) bis zum Rückzahlungstag (exklusive) aufgelaufenen Zinsen.

Wobei folgendes gilt:

(i) **Abgezinster Marktpreis** meint, den von der Berechnungsstelle für jede Schuldverschreibung festgestellten und auf die nächste Geringste Währungseinheit aufgerundeten Betrag in der Festgelegten Währung (wobei eine halbe Geringste Währungseinheit aufgerundet wird), der der Summe von (A) dem abgezinsten Wert des Nennbetrages der Schuldverschreibung (unter der Annahme, dass diese am Ersten Rückzahlungstag fällig ist), und (B) den abgezinsten Werten der vorgesehenen Zinszahlungen (unter der Annahme, dass diese in voller Höhe zahlbar sind) für den Zeitraum ab dem Vorzeitigen Rückzahlungstag (einschließlich) bis zum Ersten Rückzahlungstag (ausschließlich). Die abgezinsten Werte von (A) und (B) werden errechnet, indem die Beträge unter Zugrundelegung eines Jahres mit 365 bzw 366 Tagen und der Zahl der tatsächlich in dem Jahr verstrichenen Tage und der Angepassten Vergleichbaren Rendite (wie unten definiert) abgezinst werden.

(ii) **Angepasste Vergleichbare Rendite** meint die Rendite, die am Tag der Rückzahlung für eine in der Festgelegten Währung denominierte Referenz-

(b) a redemption pursuant to a Tax Event or a Regulatory Event, if interest on the Notes at the time of redemption accrues at a fixed interest rate, the greater of (i) the principal amount of the Note, or (ii) the Make Whole Amount of the Note,

in each case together with any interest accrued since and including the last Interest Payment Date to but excluding the repayment date.

Whereby:

(i) **Make Whole Amount** means, in respect of each Note, an amount in the Specified Currency rounded to the nearest Minimum Unit (half a Minimum Unit being rounded upwards), as determined by the Calculation Agent, equal to the sum of (A) the then present value of the principal amount of the Note (assuming it to be due on the First Call Date), and (B) the then present values of the scheduled interest payments (assuming all such to be payable in full), for the period from and including the Early Redemption Date to and excluding the First Call Date. The present values of (A) and (B) shall be calculated by discounting the amounts, assuming a 365-day year or a 366-day year, as the case may be, and the actual number of days elapsed in such year and using the Adjusted Comparable Yield (as defined below).

(ii) **Adjusted Comparable Yield** means the yield at the date of redemption of the government benchmark security denominated in the Specified Currency and

Staatsanleihe zu zahlen wäre, die die Berechnungsstelle unter Berücksichtigung einer vergleichbaren Laufzeit mit der Restlaufzeit der Schuldverschreibungen bis zum Ersten Rückzahlungstag bestimmt hat, plus dem Rendite-Aufschlag.

(iii) **Rendite-Aufschlag** ist in den Endgültigen Bedingungen festgelegt.

(3) *Kündigung und vorzeitige Rückzahlung nach Wahl der Emittentin.* Die Emittentin kann die Wertpapiere an jedem Zinszahlungstag, der auf oder nach den Ersten Rückzahlungstag fällt, vollständig, aber nicht in Teilbeträgen nach unwiderruflicher Kündigungsmitteilung an die Anleihegläubiger gemäß § 11 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen zum Nennbetrag kündigen und zurückzahlen. Der Emittentin steht ein solches Kündigungsrecht nicht zu, soweit Verluste im Sinne von § 5(5) bestehen. Eine Rückzahlung nach Wahl der Emittentin zu einem Rückzahlungsbetrag unter dem Nennbetrag der Schuldverschreibungen ist in jedem Fall ausgeschlossen.

(4) *Verpflichtung zur Ersatzbeschaffung.* Jede Rückzahlung nach Wahl der Emittentin gemäß § 5(3) oder vorzeitige Rückzahlung aufgrund eines Aufzahlungs-, Steuer- oder Aufsichtsrechtlichen Ereignisses gemäß § 5(2) darf nur erfolgen, wenn die Emittentin zuvor Kapital gleicher oder besserer Qualität ersatzweise beschafft. Die Bedingung zur Ersatzbeschaffung entfällt, wenn die österreichische Finanzmarktaufsichtsbehörde feststellt, dass die Emittentin auch nach Rückzahlung über ausreichende Eigenmittel verfügt, die für eine adäquate Risikoabdeckung erforderlich sind.

(5) *Verlustteilnahme.* Bei Rückzahlung der Schuldverschreibungen vor einer Liquidation der Emittentin nehmen die Schuldverschreibungen im selben Ausmaß wie Aktienkapital bis zur vollen Höhe am

selected by the Calculation Agent as having a maturity comparable to the remaining maturity of the Notes until the First Call Date, plus the Yield Spread.

(iii) **Yield Spread** is specified in the Final Terms.

(3) *Issuer Call Right and Early Redemption at the Option of the Issuer.* The Issuer may call and redeem the Notes (in whole but not in part) on any Interest Payment Date falling on or after the First Call Date at a redemption price equal to their aggregate principal amount on giving not less than 30 and not more than 60 days' irrevocable notice of redemption to the Noteholders in accordance with § 11. The Issuer shall not be entitled to call and redeem the Notes to the extent losses according to § 5(5) exist. In any event, no early redemption at the option of the Issuer shall be made at a redemption amount below the principal amount of the Notes.

(4) *Mandatory Replacement of Capital.* Any early redemption at the option of the Issuer according to § 5(3) or early redemption pursuant to a Gross-up Event, Tax Event or Regulatory Event according to § 5(2) shall only be made after the Notes have been substituted by capital of equal or better quality, unless the Austrian *Finanzmarktaufsichtsbehörde* determines that the Issuer has sufficient own funds required for adequate risk coverage even after repayment of the Notes.

(5) *Loss Participation.* In the case of a repayment of the Notes prior to a liquidation of the Issuer, the Notes shall participate in losses of the Issuer, pro-rata with Share Capital up to their principal amount. In the

unternehmensrechtlichen Verlust der Emittentin teil. Soweit solche Verluste (nach Verbrauch bzw unter Abzug sämtlicher allfälliger Rücklagen) bestehen, sind sie bei Rückzahlung vor Liquidation der Emittentin vom Nennbetrag der Schuldverschreibungen anteilig in Abzug zu bringen.

*(6) Ersetzung der Schuldverschreibungen oder Änderung der Anleihebedingungen.*

Wenn ein Aufzahlungsereignis, ein Steuerereignis oder ein Aufsichtsrechtliches Ereignis stattgefunden hat und weiterhin besteht, ist die Emittentin jederzeit berechtigt, eine Ersetzung aller, aber nicht einzelner Schuldverschreibungen oder eine Änderung der Anleihebedingungen vorzunehmen, sodass diese ersetztten oder geänderten Schuldverschreibungen Qualifizierende Schuldverschreibungen (wie nachstehend definiert) bleiben oder werden.

Eine Anzeige der Ersetzung oder Änderung der Schuldverschreibungen ist gemäß § 11 innerhalb von nicht weniger als 30 und nicht mehr als 60 Tagen bekannt zu machen. Diese Anzeige ist unwiderruflich. Im Zusammenhang mit einer Ersetzung oder Abänderung der Schuldverschreibungen gemäß diesem § 5(6) hat die Emittentin die Regeln jeder Börse, an der die Schuldverschreibungen dann allenfalls börsennotiert oder zum Handel zugelassen sind, einzuhalten.

**Qualifizierende Schuldverschreibungen** sind Wertpapiere, (i) deren Bedingungen für Investoren Im Wesentlichen Gleich Günstig (wie oben definiert) wie die Schuldverschreibungen sind (wie von der Emittentin im vernünftigen Ermessen bestimmt) und vorausgesetzt, dass eine von zwei ordnungsgemäß bevollmächtigten Vertretern der Emittentin unterzeichnete Bestätigung über diese Beurteilung (einschließlich einer Bestätigung, wonach die Bedingungen wie nachstehend in (ii)(A) und (ii)(B) beschrieben erfüllt sind) der Zahlstelle gegenüber (die sich auf die Bestätigung

case of repayment of the Notes prior to a liquidation of the Issuer, such losses (after consumption or deduction of all reserves, if any) are to be deducted from the principal amount of the Notes on a pro-rata basis.

*(6) Substitution or Variation of the Notes.* If a Gross up Event, a Tax Event or a Regulatory Event has occurred and is continuing, then the Issuer may effect a substitution at any time of all, but not some only, Notes or effect a variation of the Terms and Conditions of the Notes with the effect that such substituted or varied Notes remain or become (as the case may be) Qualifying Notes.

Notice of substitution or variation of the Notes shall be published in accordance with § 11 within not less than 30 and not more than 60 days. Such notice shall be irrevocable. In connection with a substitution or variation of the Notes pursuant to this § 5(6), the Issuer shall comply with the rules of each stock exchange (if any) where the Notes are then listed or admitted to trading.

**Qualifying Notes** mean securities that (i) have terms that are Materially as Favourable (as defined above) for investors as the Notes (as determined by the Issuer in its reasonable discretion), provided that a confirmation about such determination (including a confirmation that the conditions in (ii)(A) and (ii)(B) below are satisfied) has been signed by two duly authorised representatives of the Issuer and has been provided to the Paying Agent (who may rely on such confirmation) prior to the substitution or variation of the Notes, and (ii) are issued (A) by the Issuer or any wholly-owned direct

verlassen darf) vor der Ersetzung der Schuldverschreibungen oder der Änderung der Anleihebedingungen abgegeben wird, und (ii) die (A) von der Emittentin oder von einer 100%igen direkten oder indirekten Tochtergesellschaft der Emittentin mit einer Garantie oder anderen Haftungsübernahme der Emittentin begeben werden, und (B) (oder soweit zutreffend, die vorstehend beschriebene Garantie oder Haftungsübernahme der Emittentin) gleichrangig mit den Schuldverschreibungen sind, und (iii) (falls die Schuldverschreibungen notiert und zum Handel zugelassen sind) die im Geregelter Freiverkehr oder Amtlichen Handel der Wiener Börse oder einem geregelten Markt einer anderen Börse notieren und zum Handel zugelassen sind.

(7) *Rückkauf*. Die Emittentin und jede ihrer Konzerngesellschaften können vorbehaltlich gesetzlicher Grenzen jederzeit Schuldverschreibungen durch Angebot, auf dem freien Markt oder durch Privatkauf zu jedem beliebigen Preis kaufen. Derartig erworbene Schuldverschreibungen dürfen gehalten oder veräußert werden. Ein solcher Rückkauf begründet keine Rückzahlung im Sinne von § 5(2) oder § 5(3).

## § 6 ZAHLUNGEN

(1) *Zahlung von Kapital und Zinsen*. Die Emittentin verpflichtet sich, Kapital und Zinsen auf die Schuldverschreibungen bei Fälligkeit in der Festgelegten Währung zu zahlen. Derartige Zahlungen erfolgen an die Zahlstelle zur Weiterleitung an das Clearingsystem oder an dessen Order zur Gutschrift für die jeweiligen Kontoinhaber, vorausgesetzt, dass im Fall von Zinszahlungen der Zahlstelle Bescheinigungen vorgelegt werden, wonach die wirtschaftlichen Eigentümer oder die Eigentümer der Schuldverschreibungen, die durch die vorläufige Sammelurkunde verbrieft sind, keine U.S.-Personen, wie im

or indirect subsidiary of the Issuer with a guarantee or other support undertaking by the Issuer, and (B) rank (or the guarantee or other support undertaking, to the extent applicable, ranks) *pari passu* with the Notes, and (iii) (if the Notes are listed) are listed and admitted to trading on the Second Regulated Market or the Official Market of the Vienna Stock Exchange or on a regulated market of another stock exchange.

(7) *Repurchase*. The Issuer, or any of its Group Entities, may subject to applicable statutory provisions, purchase Notes on any date by tender, in the open market or by private agreement at any price. Such acquired Notes may be held or resold. Such repurchase shall not constitute a redemption according to § 5(2) or § 5(3).

## § 6 PAYMENTS

(1) *Payment of Principal and Interest*. The Issuer undertakes to pay in the Specified Currency, as and when due, principal and interest. Such payments shall be made to the Paying Agent for on-payment to the Clearing System or to its order for credit to the respective account holders, provided that in case of interest payments certifications have been delivered to the Paying Agent to the effect that the beneficial owners or owners of the Notes represented by the Temporary Global Note are not U.S. persons as defined by the United States Securities Act of 1933. Payments to the Clearing System or to its order shall, to the extent of amounts so paid

United States Securities Act von 1933 festgelegt, sind. Die Zahlung an das Clearingsystem oder an dessen Order, vorausgesetzt, die Schuldverschreibungen werden noch durch das Clearingsystem gehalten, befreit die Emittentin in Höhe der geleisteten Zahlung von ihren entsprechenden Verbindlichkeiten aus den Schuldverschreibungen.

*(2) Fälligkeitstag kein Geschäftstag.* Falls ein Fälligkeitstag für die Zahlung von Kapital und/oder Zinsen kein Geschäftstag ist, erfolgt die Zahlung (unbeschadet § 4(2)(f)) erst am nächstfolgenden Geschäftstag; Anleihegläubiger sind nicht berechtigt, eine Zinszahlung oder eine andere Entschädigung wegen eines solchen Zahlungsaufschubs zu verlangen.

## **§ 7 STEUERN**

Sämtliche Zahlungen von Kapital und Zinsen in Bezug auf die Schuldverschreibungen werden ohne Einbehalt oder Abzug von Steuern, Abgaben, Festsetzungen oder behördlicher Gebühren jedweder Art geleistet, die von der Republik Österreich oder einer ihrer Gebietskörperschaften oder Behörden mit der Befugnis zur Erhebung von Steuern auferlegt, erhoben, eingezogen, einbehalten oder festgesetzt werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben. In einem solchen Falle wird die Emittentin solche zusätzlichen Beträge (**Zusätzliche Beträge**) zahlen, dass die Anleihegläubiger die Beträge erhalten, die sie ohne Einbehalt oder Abzug erhalten hätten. Diese Zusätzlichen Beträge sind jedoch nicht in Bezug auf Schuldverschreibungen zahlbar,

(a) die von einem Anleihegläubiger oder in dessen Namen zur Zahlung vorgelegt werden, der solchen Steuern, Abgaben, Festsetzungen oder behördlichen Gebühren in Bezug auf diese Schuldverschreibungen dadurch unterliegt, dass er eine Verbindung

and provided the Notes are still held by the Clearing System, constitute a valid discharge of the Issuer from its corresponding obligations under the Notes.

*(2) Due Date not a Business Day.* If the due date for any payment of principal and/or interest is not a Business Day, payment shall (without prejudice to § 4(2)(f)) be made on the next following Business Day; a Noteholder shall have no right to claim payment of interest or other indemnity in respect of such delay in payment.

## **§ 7 TAXES**

All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Austria or any of its political subdivisions or authorities that has power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts (**Additional Amounts**) as will result in receipt by the Noteholders of the same amounts as they would have received without such withholding or deduction, except that no Additional Amounts will be payable in respect of any Note:

(a) presented for payment by or on behalf of a Noteholder who is liable to pay such taxes, duties, assessments or governmental charges in respect of such Note by reason of it having some connection with the Republic of Austria other than the mere holding of that

zu der Republik Österreich hat, die nicht nur aus der bloßen Inhaberschaft der Schuldverschreibungen besteht; oder

(b) die von einem Anleihegläubiger oder in dessen Namen zur Zahlung vorgelegt werden, der einen solchen Einbehalt oder Abzug nach rechtzeitiger Aufforderung durch die Emittentin durch Vorlage eines Formulars oder einer Urkunde und/oder durch Abgabe einer Nichtansässigkeits-Erklärung oder Inanspruchnahme einer vergleichbaren Ausnahme oder Geltendmachung eines Erstattungsanspruches hätte vermeiden können; oder

(c) die später als 30 Tage nach dem Tag vorgelegt werden, an dem die betreffende Zahlung erstmals fällig wird, oder, falls nicht der gesamte an diesem Fälligkeitstag zahlbare Betrag an oder vor diesem Fälligkeitstag bei der Zahlstelle eingegangen ist, dem Tag, an dem den Anleihegläubigern der Erhalt des Gesamtbetrags nach Maßgabe des § 11 bekannt gemacht wurde, ausgenommen der betreffende Anleihegläubiger wäre am letzten Tag dieser Zeitspanne von 30 Tagen berechtigt gewesen, Zusätzliche Beträge zu erhalten; oder

(d) im Hinblick auf Abzüge oder Einbehalte aufgrund (i) der Richtlinie des Rates 2003/48/EC oder einer anderen Richtlinie der Europäischen Union, welche die Beschlüsse der Versammlung des Rates der Wirtschafts- und Finanzminister der Europäischen Union (ECOFIN) vom 26. bis 27. November 2000 betreffend die Besteuerung von Zinserträgen umsetzt, (ii) einer zwischenstaatlichen Vereinbarung über deren Besteuerung, an der die Republik Österreich oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die eine solche Richtlinie, Verordnung oder Vereinbarung umsetzt oder befolgt; oder

(e) die von einem Anleihegläubiger oder in dessen Namen zur Zahlung vorgelegt

Note; or

(b) presented for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting any form or certificate and/or making a declaration of non-residence or similar claim for exemption or refund upon timely request by the Issuer; or

(c) presented for payment more than 30 days after the date on which the payment in question first becomes due or, if the full amount payable on such due date has not been received by the Paying Agent on or prior to such due date, the date on which notice of receipt of the full amount has been given to the Noteholders in accordance with § 11, except to the extent that the respective Noteholder would have been entitled to such Additional Amounts on the last day of such period of 30 days; or

(d) with respect to deduction or withholdings made pursuant to (i) European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26- 27 November 2000 on the taxation of savings income, (ii) any international treaty or understanding relating to such taxation and to which the Republic of Austria or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding; or

(e) by or on behalf of a Noteholder who would have been able to avoid such

werden, der diesen Einbehalt oder Abzug durch Vorlage der Schuldverschreibungen bei einer Zahlstelle in einem anderen Mitgliedstaat der Europäischen Union hätte vermeiden können.

Eine Bezugnahme in diesen Anleihebedingungen auf Kapital oder Zinsen schließt jegliche Zusätzlichen Beträge im Hinblick auf Kapital bzw. Zinsen ein, die gemäß diesem § 7 zahlbar sind.

## **§ 8 VERJÄHRUNG**

Die Verjährungsfrist aus Ansprüchen auf das Kapital beträgt zehn Jahre. Die Verjährungsfrist aus Ansprüchen auf Zinsen beträgt drei Jahre.

## **§ 9 BEAUFTRAGTE STELLEN**

(1) *Zahlstelle*. Erste Bank der oesterreichischen Sparkassen AG ist die anfängliche Zahlstelle (die **Zahlstelle**).

(2) *Berechnungsstelle*. Erste Bank der oesterreichischen Sparkassen AG wird als anfängliche Berechnungsstelle bestellt (die **Berechnungsstelle**, und gemeinsam mit der Zahlstelle, die **Beauftragten Stellen**).

(3) *Rechtsverhältnisse der Beauftragten Stellen*. Die Beauftragten Stellen handeln ausschließlich als Beauftragte der Emittentin und übernehmen keine Verpflichtungen gegenüber den Anleihegläubigern; es wird kein Vertrags-, Auftrags- oder Treuhandverhältnis zwischen ihnen und den Anleihegläubigern begründet.

(4) *Ersetzung von Beauftragten Stellen*. Die Emittentin behält sich das Recht vor, jederzeit andere Beauftragte Stellen zu beauftragen oder eine solche Beauftragung zu beenden und zusätzliche oder Nachfolger von Beauftragten Stellen zu ernennen. Solange die Schuldverschreibungen nicht zur

withholding or deduction by presenting the Note to a Paying Agent in another Member State of the European Union.

Any reference in these Terms and Conditions to principal or interest will be deemed to include any Additional Amounts in respect of principal or interest (as the case may be) which may be payable under this § 7.

## **§ 8 LIMITATION**

The limitation period shall be ten years in respect of principal and three years in respect of interest on the Notes.

## **§ 9 AGENTS**

(1) *Paying Agent*. Erste Bank der oesterreichischen Sparkassen AG shall be the initial paying agent (the **Paying Agent**).

(2) *Calculation Agent*. Erste Bank der oesterreichischen Sparkassen AG shall be appointed as initial calculation agent (the **Calculation Agent**, and together with the Paying Agent, the **Agents**).

(3) *Status of the Agents*. The Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of contract, agency or trust for or with any of the Noteholders.

(4) *Replacement of Agents*. The Issuer reserves the right at any time to appoint other Agents or terminate such appointment and to appoint successor or additional Agents. The Issuer will ensure that until all Notes have been redeemed, a Paying Agent and a Calculation Agent are appointed at all times.



Gänze zurückbezahlt wurden, wird die Emittentin sicherstellen, dass stets eine Zahlstelle und eine Berechnungsstelle beauftragt sind. Die Emittentin wird ferner gewährleisten, dass solange die Schuldverschreibungen an einer Börse notiert sind, jederzeit eine Zahlstelle in dem Staat beauftragt ist, in dem die Börse ihren Sitz hat, soweit die Regularien dieser Börse dies verlangen. Den Anleihegläubigern werden Änderungen in Bezug auf die Beauftragten Stellen oder ihre jeweils angegebenen Geschäftsstellen umgehend gemäß § 11 mitgeteilt.

#### **§ 10 AUFSTOCKUNG**

Die Emittentin kann ohne Zustimmung der Anleihegläubiger weitere Schuldverschreibungen begeben, die in jeder Hinsicht (oder in jeder Hinsicht mit Ausnahme der ersten Zinszahlungen und der Bestimmungen in § 2(2)) die gleichen Bedingungen wie diese Schuldverschreibungen haben und die zusammen mit diesen Schuldverschreibungen eine einzige Serie bilden.

#### **§ 11 MITTEILUNGEN**

(1) *Zeitung.* Falls die Schuldverschreibungen zum Handel an einer oder mehreren Börsen zugelassen werden, gelten sämtliche Mitteilungen an die Anleihegläubiger als ordnungsgemäß bekannt gemacht, wenn sie in dem Staat einer jeden Wertpapierbörse, an der die Schuldverschreibungen notiert werden, in einer Tageszeitung mit landesweiter Verbreitung veröffentlicht werden, solange diese Notierung fort dauert und die Regeln der jeweiligen Börse dies erfordern. Jede Mitteilung gilt mit dem Tag der ersten Veröffentlichung als bekannt gemacht; falls eine Veröffentlichung in mehr als einer Tageszeitung zu erfolgen hat, ist der Tag maßgeblich, an dem die

Furthermore, for as long as the Notes are listed on a stock exchange, the Issuer will at all times ensure that a Paying Agent is appointed in the jurisdiction in which such stock exchange is located, where required by the rules of such stock exchange. Notice of any changes relating to the Agents or to their specified offices will be given without undue delay to the Noteholders in accordance with § 11.

#### **§ 10 FURTHER ISSUES**

The Issuer may without the consent of the Noteholders issue further Notes which have the same Terms and Conditions as these Notes in all respects (or in all respects, except for the first payment of interest and the provisions contained in § 2(2)) and form a single series with these Notes.

#### **§ 11 NOTICES**

(1) *Newspaper.* If the Notes are admitted for trading on one or more stock exchanges, all notices to the Noteholders are deemed to be properly published if they are published in a daily newspaper with nationwide circulation in the state of each stock exchange on which the Notes are listed, for so long as the listing of the Notes continues and the rules of any such exchange so require. Any such notice shall be deemed to have been given on the date of first publication or, when required to be published in more than one daily newspaper, on the date on which the notice has first been published in all required daily newspapers.

Bekanntmachung erstmals in allen erforderlichen Tageszeitungen erfolgt ist.

(2) *Elektronische Kommunikationssysteme.* Die Emittentin wird ferner alle die Schuldverschreibungen betreffenden Mitteilungen über eines oder mehrere elektronische Kommunikationssysteme bekanntmachen. Die Bekanntmachungen werden voraussichtlich jeweils auf Bloomberg und/oder Reuters erscheinen.

## **§ 12 ANWENDBARES RECHT UND GERICHTSSTAND**

(1) *Anwendbares Recht.* Form und Inhalt der Schuldverschreibungen sowie die Rechte und Pflichten der Anleihegläubiger und der Emittentin unterliegen ausschließlich österreichischem Recht.

(2) *Erfüllungsort.* Erfüllungsort ist Wien, Republik Österreich.

(3) *Gerichtsstand.* Die Emittentin vereinbart zugunsten der Anleihegläubiger, dass das für Wien Innere Stadt zuständige Gericht der Gerichtsstand für alle Klagen, Verfahren oder Rechtsstreitigkeiten gegen die Emittentin, die aus oder im Zusammenhang mit den Schuldverschreibungen entstehen (jeweils **Verfahren** oder **Streitigkeiten**), ist. Die Emittentin erkennt diesen Gerichtsstand zu diesem Zweck unwiderruflich an.

(4) *Verzicht auf Einreden.* Die Emittentin verzichtet unwiderruflich darauf, Einwendungen oder Einreden geltend zu machen, die jetzt oder in Zukunft gegen die Vereinbarung vorgebracht werden könnten, dass die für Wien Innere Stadt zuständigen Gerichte der Gerichtsstand für alle Verfahren und Streitigkeiten sein soll, und verpflichtet sich, nicht zu bestreiten, dass diese Gerichte geeignet oder zuständig sind.

(5) *Nichtausschließlichkeit.* Die Gerichtsstandsvereinbarung beschränkt nicht

(2) *Electronic Communications.* In addition, the Issuer shall publish all notices concerning the Notes by way of one or more electronic communication systems. It is expected that such notices will be communicated through the electronic communication systems of Bloomberg and/or Reuters.

## **§ 12 GOVERNING LAW AND JURISDICTION**

(1) *Governing law.* The form and contents of the Notes and the rights and obligations of the Noteholders and the Issuer shall be governed exclusively by, and construed in accordance with Austrian law.

(2) *Place of Performance.* Place of performance is Vienna, Republic of Austria.

(3) *Jurisdiction.* The Issuer agrees for the benefit of the Noteholders that the courts competent for Vienna First District shall have jurisdiction for any actions, proceedings or legal disputes against the Issuer which may arise out of or in connection with the Notes (**Proceedings** and **Disputes** respectively) and, for that purpose, the Issuer irrevocably submits to the jurisdiction of such courts.

(4) *Waiver of Defences.* The Issuer irrevocably waives any objection which it might now or hereafter have to the courts competent for Vienna Inner City being the forum for any Proceedings and Disputes, and agrees not to claim that these courts are not a convenient or appropriate forum.

(5) *Non-exclusivity.* The submission to the jurisdiction of the above courts shall not (and

das Recht eines Anleihegläubigers (und wird auch nicht dahingehend ausgelegt), Verfahren vor einem anderen zuständigen Gericht (beispielsweise, falls gesetzlich für die Verfahren und Streitigkeiten vorgeschrieben, eines Verbrauchergerichtsstandes) anzustrengen. Ebenso wenig schließt die Einleitung von Verfahren an einem oder mehreren Gerichtsständen die Einleitung von Verfahren an einem anderen Gerichtsstand aus (gleichgültig, ob diese gleichzeitig geführt werden oder nicht), falls und soweit dies rechtlich zulässig ist.

### **§ 13 SPRACHE**

Diese Anleihebedingungen sind in deutscher Sprache abgefasst und mit einer Übersetzung in die englische Sprache versehen. Der deutsche Wortlaut ist allein rechtsverbindlich. Die englische Übersetzung ist unverbindlich und dient nur der Anwenderfreundlichkeit.

shall not be construed so as to) limit the right of any Noteholder to take Proceedings in any other court of competent jurisdiction (for example, if mandated by applicable statute for the proceedings, a court competent for actions brought by consumers), nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

### **§ 13 LANGUAGE**

These Terms and Conditions are drawn up in the German language and provided with an English language translation. The German version shall be the only legally binding version. The English translation is not binding and is for convenience only.

## ENGLISH LANGUAGE PRO FORMA FINAL TERMS

*The German version of the Pro Forma Final Terms is the only legally binding version. The English translation is not binding and is for convenience only.*

*Nur die deutsche Fassung des Musters der Endgültigen Bedingungen ist verbindlich. Die englische Fassung ist unverbindlich und dient nur der Anwenderfreundlichkeit.*

*The Final Terms in respect of each issue of Notes will be substantially in the following form, duly supplemented and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the Pro Forma Final Terms but denotes directions for completing the Final Terms.*

Final Terms dated [insert date]

ISIN: [insert]

### WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group

Issue of [Aggregate Principal Amount]

Perpetual Deeply Subordinated [Fixed-to-Floating] [Floating] [Fixed] Rate Notes

under the EUR 500,000,000

#### Hybrid Debt Issuance Programme

[The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so in:

(i) circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or

(ii) those Public Offer Jurisdictions mentioned in paragraph 31 of Part A below, provided such person is one of the persons mentioned in paragraph 31 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances]<sup>1</sup>.

[The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a Relevant Member State) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member

State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].<sup>2</sup>

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the Prospectus dated 13 May 2008 [and the supplemental Prospectus dated [●]]<sup>3</sup> which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms relating to the issue of Notes described therein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Prospectus dated 13 May 2008 [and the Supplemental Prospectus dated [insert date]] (the **Prospectus**). These Final Terms contain the final terms of the Notes. Full information on the Issuer and the Notes is only available on the basis of a combination of these Final Terms and the Prospectus. The Prospectus is available for inspection at the registered office of the Issuer and the specified offices of the Paying Agent.

*[In relation to each item, unless specified otherwise, include the relevant details or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

- |                                |   |
|--------------------------------|---|
| 1. (i) Issuer:                 | WIENER STÄDTISCHE Versicherung AG<br>Vienna Insurance Group |
| 2. (i) Series Number:          | [ ]   |
| (ii) Tranche Number:           | [ ]   |
| 3. Specified Currency:         | [ ]   |
| 4. Aggregate Principal Amount: |   |
| (i) Series:                    | [ ]   |
| (ii) Tranche:                  | [ ]   |
| 5. (i) Issue Price:            | [ ] per cent. of the Aggregate Principal Amount             |
| (ii) Net proceeds:             | [ ]   |
| 6. Specified Denomination:     | [ ]   |
| 7. Issue Date:                 | [ ]   |

8. Maturity Date: none, perpetual
9. Interest Basis: [ % Fixed Rate]  
 [[specify reference rate] +/- % Margin]  
 [Other (specify)]  
 (further particulars specified below)
10. Redemption/Payment Basis: perpetual
11. Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]*
12. Put/Call Options: Issuer Call on Interest Payment Dates on or after First Call Date
13. Status of the Notes: Deeply subordinated, perpetual
14. Admission to trading and estimated expenses relating to admission to trading: *[Second Regulated Market (Geregelter Freiverkehr) of the Wiener Börse AG (the Vienna Stock Exchange)/ Other / None / specify estimate]*
15. Method of distribution: [Syndicated/Non-syndicated]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- 16. Fixed Rate Interest Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Fixed Interest Commencement Date: [ ]
- (ii) Fixed Interest Termination Date: [ ]
- (iii) Fixed Interest Rate: [ ] per cent. per annum payable annually in arrear
- (iv) Fixed Interest Payment Date: [ ] in each year
- (v) Fixed Day Count Fraction: [ ]
- (vi) Other terms: [Not Applicable/give details]
- 17. Floating Rate Interest Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph.)*

- (i) Floating Interest Commencement Date: [ ]
- (ii) Floating Interest Termination Date: [ ]
- (iii) Floating Interest Payment Dates: [ ]
- (iv) Reference Rate: [ ]
- (v) Screen Page: [ ] *(insert only in case not already set out in the Terms and Conditions)*
- (vi) Margin: [+/-][ ] per cent. per annum
- (vii) Floating Day Count Fraction: [ ]
- (viii) Yield Spread: [ ]
- (ix) Other terms: [Not Applicable/*give details*]

## PROVISIONS RELATING TO REDEMPTION

- 18. Call Option** Applicable
- (i) Optional redemption date(s) (Call): Any Interest Payment Date falling on or after the First Call Date
- (ii) Optional redemption amount(s) (Call) of each Note and method, if any, of calculation of such amount(s): [ ] per Note of [ ] specified denomination
- (iii) First Call Date: [ ]
- (iv) Notice period: Not less than 30 and not more than 60 days
- 19. Put Option:** Not Applicable
- 20. Final Redemption Amount of each Note:** Not Applicable
- 21. Early Redemption Amount:** As set out in the terms and conditions

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 22. Applicable Law:** Austrian
- 23. Form of Notes:** Global Notes

Temporary Global Note exchangeable for a Permanent Global Note

24. New Global Note: No
25. Consolidation provisions: [Not Applicable/*give details*]
26. Other terms or special conditions: [Not Applicable/*give details*]

## DISTRIBUTION

27. (i) If syndicated, names of Managers: [Not Applicable/*give names and address*]
- (ii) Date of [Subscription] Agreement: [ ]
- (iii) Stabilising Manager (if any): [Not Applicable/*give name and address*]
- (iv) Market Maker (if any): [Not Applicable/*give name and address*]
28. If non-syndicated, name of Dealer: [Not Applicable/*give name*]
29. Total commission and concession: [ ] per cent of the Aggregate Principal Amount
30. U.S. Selling Restrictions: [Reg. S Compliance Category 2; United States Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") TEFRA C/TEFRA D/TEFRA not applicable]
31. Non-exempt Offer: [Not Applicable] [An offer of the Notes may be made by the Managers [and specify, if applicable]] other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) – which must be jurisdictions where the Prospectus and any supplements have been passported*] (**Public Offer Jurisdictions**) during the period from [specify date] until [specify date] (**Offer Period**). See further paragraph 8 of Part B below.
32. Additional selling restrictions: [Not Applicable/*give details*]
33. Additional tax disclosure: [Not Applicable/*give details*]



## PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on the *Geregelter Freiverkehr* of the Vienna Stock Exchange] [other market] of the Notes described herein] pursuant to the EUR 500,000,000 Hybrid Debt Issuance Programme of WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group.

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [(Relevant third party information) has been extracted from (*specify source*). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

By: \_\_\_\_\_  
Duly authorised

By: \_\_\_\_\_  
Duly authorised

## PART B - OTHER INFORMATION

### 1. Listing

- (i) Listing: [Geregelter Freiverkehr (Vienna) /None]
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Geregelter Freiverkehr (Vienna Stock Exchange) [with effect from [●]].]  
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Geregelter Freiverkehr (Vienna Stock Exchange)] [with effect from [●]].] [Not Applicable.]
- (Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*

### 2. Ratings:

The Notes to be issued have been rated:

[S & P: [●]]

[[Other]: [●]]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3. Interest of natural and legal persons involved in the [Issue/Offer]

["Save as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]  
[Other]

### [4. Reasons for the offer, estimated net proceeds and total expenses

- [(i) Reasons for the offer [ ]

*(See ["Use of Proceeds"] wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*

[(ii)] Estimated net proceeds: [ ]

[(iii)] Estimated total expenses: [ ]  
*(Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*

[(iv)] Details of the offer: *(Include details relating to public offer.)*

#### **[5. Fixed Rate Notes only – Yield**

Indication of yield: [ ]  
 The yield is calculated at the Issue Date on the basis of the Issue Price by application of arithmetical principles. It is not an indication of future yield.]]

#### **[6. Floating Rate Notes only – Historic Interest Rates:**

Details of historic [LIBOR / EURIBOR / other] rates can be obtained from [Reuters].]

#### **7. Operational Information**

(i) ISIN Code: [ ]

(ii) Common Code: [ ]

(iii) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and relevant details: [Not applicable/give name(s) and details]

(iv) Delivery: Delivery [against/free of] payment

(v) Names and addresses of initial Paying Agent: *Erste Bank der oesterreichischen Sparkassen AG, Graben 21, 1010 Vienna, Austria*

(vi) Additional Paying Agent(s) (if any): *[Give name and address]*

(vii) Eurosystem Eligibility No

(viii) Additional issue authorisations (if any): [Not Applicable/give details]

## 8. Terms and Conditions of the Offer

- |   |  |
|---|--|
| (i) Offer Price:  | [Issue Price] [ <i>specify</i> ]       |
| (ii) Conditions to which the public offer is subject:   | [Not Applicable/ <i>give details</i> ] |
| (iii) Description of the application process:   | [Not Applicable/ <i>give details</i> ] |
| (iv) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:                                  | [Not Applicable/ <i>give details</i> ] |
| (v) Details of the minimum and/or maximum amount of application:  | [Not Applicable/ <i>give details</i> ] |
| (vi) Details of the method and time limits for paying up and delivering the Notes:  | [Not Applicable/ <i>give details</i> ] |
| (vii) Manner in and date on which results of the offer are to be made public:   | [Not Applicable/ <i>give details</i> ] |
| (viii) Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not Applicable/ <i>give details</i> ] |
| (ix) Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:              | [Not Applicable/ <i>give details</i> ] |
| (x) Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:         | [Not Applicable/ <i>give details</i> ] |
| (xi) Amount of any expenses and taxes specifically charged to the subscriber or purchaser:  | [Not Applicable/ <i>give details</i> ] |
| (xii) Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.              | [None/ <i>give details</i> ]           |

<sup>1</sup> Include this legend where a non-exempt offer of Notes is anticipated.

<sup>2</sup> Include this legend where only an exempt offer of Notes is anticipated.

<sup>3</sup> Only include details of a supplemental Prospectus in which the Conditions have been amended for the purposes of all future issues under the Programme.

## GERMAN LANGUAGE PRO FORMA FINAL TERMS

*The German version of the Pro Forma Final Terms is the only legally binding version. The English translation is not binding and is for convenience only.*

*Nur die deutsche Fassung des Musters der Endgültigen Bedingungen ist verbindlich.  
Die englische Fassung ist unverbindlich und dient nur der Anwenderfreundlichkeit.*

*The Final Terms in respect of each issue of Notes will be substantially in the following form, duly supplemented and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the Pro Forma Final Terms but denotes directions for completing the Final Terms.*

Endgültige Bedingungen vom [Datum einfügen]

ISIN: [einfügen]

### WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group

Emission von [Gesamtnennbetrag]

Tief nachrangigen, [fest und variabel] [variabel] [fest] verzinslichen Inhaberschuldverschreibungen  
ohne Fälligkeitstag

unter dem EUR 500.000.000

#### Hybrid Debt Issuance Programme

[Der unten genannte Prospekt (wie durch diese Endgültigen Bedingungen vervollständigt) wurde auf der Grundlage angefertigt, dass, ausgenommen wie in Unterpunkt (ii) unten genannt, jedes Angebot von Schuldverschreibungen in einem Mitgliedstaat des Europäischen Wirtschaftsraumes, der die Prospektrichtlinie (2003/71/EG) umgesetzt hat (jeweils ein **Relevanter Mitgliedstaat**) gemäß einer Ausnahme vom Erfordernis der Veröffentlichung eines Prospektes für das Angebot der Schuldverschreibungen gemäß der Prospektrichtlinie, wie im Relevanten Mitgliedstaat umgesetzt, erfolgt. Dementsprechend darf eine Person, die ein Angebot der Schuldverschreibungen macht oder plant, dies nur tun:

(i) unter Umständen, in denen keine Verpflichtung für die Emittentin oder einen Dealer besteht, einen Prospekt gemäß Artikel 3 der Prospektrichtlinie zu veröffentlichen oder einen Nachtrag zu einem Prospekt gemäß Artikel 16 der Prospektrichtlinie zu erstellen, jeweils für solch ein Angebot; oder

(ii) in jenen Jurisdiktionen, in denen ein öffentliches Angebot erfolgt, die in Punkt 31 von Teil A unten genannt sind, vorausgesetzt die Person ist eine der in Punkt 31 von Teil A unten genannten Personen und dieses Angebot wird, während der dort für diese Zwecke genannten Angebotsfrist gemacht.

Weder die Emittentin noch ein Dealer haben der Stellung eines Angebotes von Schuldverschreibungen in anderen Umständen zugestimmt.]<sup>1</sup>

[Der unten genannte Prospekt (wie durch diese Endgültigen Bedingungen vervollständigt) wurde auf der Grundlage angefertigt, dass jedes Angebot von Schuldverschreibungen in einem Mitgliedstaat des Europäischen Wirtschaftsraumes, der die Prospektrichtlinie (2003/71/EG) umgesetzt hat (jeweils ein **Relevanter Mitgliedstaat**) gemäß einer Ausnahme vom Erfordernis der Veröffentlichung eines Prospektes für das Angebot der Schuldverschreibungen gemäß der Prospektrichtlinie, wie im Relevanten Mitgliedstaat umgesetzt, erfolgt. Dementsprechend darf eine Person, die ein Angebot der Schuldverschreibungen macht oder plant, dies nur in Umständen tun, in denen keine Verpflichtung für die Emittentin oder einen Dealer entsteht, einen Prospekt gemäß Artikel 3 der Prospektrichtlinie zu veröffentlichen oder einen Nachtrag zu einem Prospekt gemäß Artikel 16 der Prospektrichtlinie zu erstellen, jeweils für solch ein Angebot. Weder die Emittentin noch ein Dealer haben der Stellung eines Angebotes von Schuldverschreibungen in anderen Umständen zugestimmt.]<sup>2</sup>

## TEIL A - VERTRAGLICHE BEDINGUNGEN

Hierin verwendete Ausdrücke gelten als definiert wie in den Anleihebedingungen (die **Anleihebedingungen**) des Prospekts vom 13. Mai 2008 vorgesehen [und dem Nachtrag zum Prospekt vom [•]] der [die] [gemeinsam]<sup>3</sup> einen Basisprospekt für die Zwecke der Prospektrichtlinie (Richtlinie 2003/71/EG) (die **Prospektrichtlinie**) darstell(t)(en). Dieses Dokument stellt die Endgültigen Bedingungen für die Begebung der hierin beschriebenen Schuldverschreibungen dar. Begriffe, die in diesem Dokument verwendet werden, gelten für Zwecke der im Prospekt vom 13. Mai 2008 [und dem Nachtrag vom [Datum einfügen]] (der **Prospekt**) enthaltenen Anleihebedingungen als definiert. Diese Endgültigen Bedingungen enthalten die endgültigen Bedingungen der Schuldverschreibungen. Eine vollständige Information über die Emittentin und die Schuldverschreibungen ist nur auf Basis einer Zusammenschau dieser Endgültigen Bedingungen und des Prospektes möglich. Der Prospekt kann an der Geschäftsadresse der Emittentin und den angegebenen Geschäftsadressen der Zahlstelle eingesehen werden.

*[Hinsichtlich jeder Angabe sind, wenn nichts anderes angegeben ist, die relevanten Details anzugeben oder als "Nicht anwendbar" zu bezeichnen. Die Nummerierung sollte so bleiben, wie sie jetzt vorgegeben ist, auch wenn "Nicht anwendbar" für einzelne Absätze oder Unter-Absätze angegeben wird. Kursive Schrift enthält Hinweise zur Vervollständigung der Endgültigen Bedingungen.]*

- |    |                      |   |
|----|----------------------|---|
| 1. | (i) Emittentin:      | WIENER STÄDTISCHE Versicherung AG<br>Vienna Insurance Group |
| 2. | (i) Serie:           | [ ]   |
|    | (ii) Tranche:        | [ ]   |
| 3. | Festgelegte Währung: | [ ]   |
| 4. | Gesamtnennbetrag:    |   |
|    | (i) Serie:           | [ ]   |
|    | (ii) Tranche:        | [ ]   |
| 5. | (i) Ausgabepreis:    | [ ] % des Gesamtnennbetrages                                |

- (ii) Nettoerlös: [ ]
6. Festgelegte Stückelung: [ ]
7. Ausgabetag: [ ]
8. Endfälligkeit: Keine, ewige Laufzeit
9. Zinsbasis: [ % Festzinssatz]  
[[Referenzsatz angeben] +/- % Marge]  
[Andere (angeben)]  
  
(Weitere Einzelheiten unten)
10. Rückzahlung/Zahlungsmodalität: ewige Laufzeit
11. Wechsel der Verzinsungsmodalitäten oder Rückzahlungs-/Zahlungsbasis: *[Details zu einem Wechsel der Verzinsungsmodalitäten oder Rückzahlungs-/Zahlungsbasis einfügen]*
12. Kündigungswahlrechte: Kündigungswahlrecht der Emittentin an den Zinszahlungstagen am oder nach dem Ersten Rückzahlungstag
13. Rang der Schuldverschreibungen: Tief nachrangig, ewig
14. Zulassung zum Handel und geschätzte Kosten der Zulassung zum Handel: [Geregelter Freiverkehr der Wiener Börse AG / Andere / Keine / *Schätzung angeben*]
15. Vertriebsmethode: [Syndiziert/Nicht syndiziert]

## **BESTIMMUNGEN ZUR ZAHLUNG VON ZINSEN**

- 16. Bestimmungen zur festen Verzinsung** [Anwendbar/Nicht anwendbar]  
*(Wenn nicht anwendbar, sind die übrigen Unterabsätze dieses Absatzes zu streichen)*
- (i) Fester Verzinsungsbeginn: [ ]
- (ii) Festes Verzinsungsende: [ ]
- (iii) Festzinssatz: [ ] % per annum zahlbar jährlich im Nachhinein
- (iv) Fester Zinszahlungstag: [ ] jährlich
- (v) Fester Zinstagequotient: [ ]
- (vi) Andere Bestimmungen: [Nicht anwendbar/*Details einfügen*]



**17. Bestimmungen zur variablen Verzinsung**

[Anwendbar/Nicht anwendbar]  
(Wenn nicht anwendbar, sind die übrigen Unterabsätze dieses Absatzes zu streichen)

- |        |                              |  |
|--------|------------------------------|--|
| (i)    | Variabler Verzinsungsbeginn: | [ ]  |
| (ii)   | Variables Verzinsungsende:   | [ ]  |
| (iii)  | Variable Zinszahlungstage:   | [ ]  |
| (iv)   | Referenzsatz:                | [ ]  |
| (v)    | Bildschirmseite:             | [ ] (nur einfügen, wenn nicht in den Anleihebedingungen angeführt) |
| (vi)   | Marge:                       | [+/-][ ] % per annum   |
| (vii)  | Variabler Zinstagequotient:  | [ ]  |
| (viii) | Rendite-Aufschlag:           | [ ]  |
| (ix)   | Andere Bestimmungen:         | [Nicht anwendbar/Details einfügen]                                 |

**BESTIMMUNGEN ZUR RÜCKZAHLUNG**

**18. Wahlrecht der Emittentin**

Anwendbar

- |       |  |   |
|-------|--|---|
| (i)   | Wahlrückzahlungstag(e):  | Jeder Zinszahlungstag am oder nach dem Ersten Rückzahlungstag |
| (ii)  | Wahlrückzahlungsbetrag jeder Schuldverschreibung und Methode, wenn vorhanden, zur Berechnung eines solchen Betrages: | [ ] pro Schuldverschreibung mit einer Stückelung von [ ]      |
| (iii) | Erster Rückzahlungstag:  | [ ]   |
| (iv)  | Kündigungsfrist:   | Nicht weniger als 30 und nicht mehr als 60 Tage               |

19. Wahlrecht der Anleihegläubiger: Nicht anwendbar

20. Endfälliger Rückzahlungsbetrag pro Schuldverschreibung: Nicht anwendbar

21. Vorzeitiger Rückzahlungsbetrag: Wie in den Anleihebedingungen angegeben

**ALLGEMEINE BESTIMMUNGEN**

22. Anwendbares Recht: österreichisches Recht
23. Verbriefung: Inhaberpapier  
Vorläufige Sammelurkunde, die gegen eine Dauersammelurkunde ausgetauscht werden kann
24. "New Global Note": Nein
25. Konsolidierungsbestimmungen: [Nicht anwendbar / *Details angeben*]
26. Andere Bestimmungen oder spezielle Bedingungen: [Nicht anwendbar / *Details angeben*]

## VERTRIEB

27. (i) Wenn syndiziert, Namen der Manager: [Nicht anwendbar/*Namen und Adresse einfügen*]
- (ii) Datum des [Übernahme-] Vertrages: [ ]
- (iii) Stabilisierungs-Manager (wenn vorhanden): [Nicht anwendbar/*Namen und Adresse einfügen*]
- (iv) Market Maker (wenn vorhanden): [Nicht anwendbar/*Namen und Adresse einfügen*]
28. Wenn nicht syndiziert, Name des Dealers: [Nicht anwendbar/*Name einfügen*]
29. Gesamtkommissionen und Gebühren: [ ] % des Gesamtnennbetrages
30. US Verkaufsbeschränkungen: [Reg. S Compliance Category; United States Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") TEFRA / TEFRA D / TEFRA nicht anwendbar]
31. Nicht ausgenommenes Angebot: [Nicht anwendbar] [Ein Angebot der Schuldverschreibungen darf von den Managern gemacht werden [und [angeben, wenn anwendbar]] anders als gemäß Artikel 3(2) der Prospektrichtlinie in [*relevante(n) Mitgliedsaat(en) angeben – dies müssen Jurisdiktionen sein, in die der Prospekt und eventuelle Nachträge notifiziert wurden*] (***Jurisdiktionen in denen ein öffentliches***

**Angebot erfolgt**) während eines Zeitraumes von [Datum angeben] bis [Datum angeben] (**Angebotsfrist**). Siehe auch Punkt 8 von Teil B unten.

32. Zusätzliche Verkaufsbeschränkungen: [Nicht anwendbar/*Details einfügen*]

33. Zusätzliche Steuerinformationen: [Nicht anwendbar/*Details einfügen*]

## ZWECK DER ENDGÜLTIGEN BEDINGUNGEN

Diese Endgültigen Bedingungen beinhalten die endgültigen Bedingungen, die erforderlich sind, um diese Emission von Schuldverschreibungen gemäß dem EUR 500.000.000 Hybrid Debt Issuance Programme der WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group zu begeben [und] [in den Jurisdiktionen, in denen ein öffentliches Angebot erfolgt, öffentlich anzubieten] [und] [deren Zulassung zum Regelmäßigen Freiverkehr [der Wiener Börse AG] [anderer Markt] zu erhalten].

## VERANTWORTLICHKEIT

Die Emittentin übernimmt die Verantwortung für die in diesen Endgültigen Bedingungen enthaltenen Angaben. [(Relevante Information von Seiten Dritter) wurde aus (*Quelle angeben*) entnommen. Die Emittentin bestätigt, dass diese Informationen sorgfältig wiedergegeben wurden und dass, soweit ihr bekannt ist und wie sie sich aufgrund der von (*Quelle angeben*) veröffentlichten Angaben versichern konnte, keine Tatsachen verschwiegen wurden, die die wiedergegebenen Informationen unrichtig oder irreführend machen würden].

Unterzeichnet für die Emittentin:

Durch: \_\_\_\_\_  
als befugter Vertreter

Durch: \_\_\_\_\_  
als befugter Vertreter

## PART B – ANDERE INFORMATIONEN

### 1. Börsenotierung

- (i) Börsenotierung: [Geregelter Freiverkehr (Wien) / keine]
- (ii) Zulassung zum Handel: [Ein Antrag auf Zulassung der Schuldverschreibungen zum Handel im Geregelten Freiverkehr (Wiener Börse AG) [mit Wirkung vom [●]] wurde von der (oder für die) Emittentin gestellt.] [Ein Antrag auf Zulassung der Schuldverschreibungen zum Handel im Geregelten Freiverkehr (Wiener Börse AG) [mit Wirkung vom [●]] soll von der (oder für die) Emittentin gestellt werden.] [Nicht anwendbar.]
- (Wenn eine Aufstockung dokumentiert wird, Erläuterung, dass die anderen Schuldverschreibungen bereits zum Handel zugelassen sind.)*

### 2. Ratings:

[Die zu begebenden Schuldverschreibungen haben folgendes Rating:]

[S&P: [●]]

[[Andere]: [●]]

*[Kurze Darstellung der Bedeutung des Ratings muss eingefügt werden, wenn diese vorher von der Rating Agentur veröffentlicht wurde.]*

*(Obige Offenlegung soll das Rating von Schuldverschreibungen jener Art darstellen, die unter dem Programm generell emittiert werden, oder wenn eine Serie eigens gerated wurde, dieses Rating.)*

### 3. Interessen natürlicher oder juristischer Personen, die in [die Emission / das Angebot] involviert sind

[Soweit nicht in ["Subscription and Sale"] beschrieben, ist der Emittentin nicht bekannt, dass eine Person, die in das Angebot der Schuldverschreibungen involviert ist, ein materielles Interesse an dem Angebot hat.]  
[Andere]

### 4. Gründe für das Angebot, geschätzter Nettoerlös und Gesamtkosten

- |                                  |   |
|----------------------------------|---|
| [(i) Gründe für das Angebot      | [ ]<br>(Siehe ["Use of Proceeds"] Textierung im Prospekt – wenn die Gründe für das Angebot andere sind als zur Gewinnerzielung und/oder zur Absicherung von bestimmten Risiken, sind diese Gründe hier anzugeben.)] |
| [(ii)] Geschätzter Nettoerlös:   | [ ]   |
| [(iii)] Geschätzte Gesamtkosten: | [ ]<br>(Nettoerlös und Gesamtkosten in (i) und (ii) sind nur anzugeben, wenn eine Offenlegung unter (i) oben erfolgt.)  |
| [(iv) Details des Angebots:      | (Details zum öffentlichen Angebot anzugeben.)]  |

**[5. Nur festverzinsliche Schuldverschreibungen – Rendite**

- |                     |  |
|---------------------|--|
| Angabe der Rendite: | [ ]<br>Die Rendite wird am Ausgabebetag auf Basis des Ausgabepreises durch Anwendung arithmetischer Prinzipien errechnet. Sie stellt keine Indikation der künftigen Rendite dar.]] |
|---------------------|--|

**[6. Nur Variabel Verzinsliche Schuldverschreibungen – Historische Zinssätze**

[Einzelheiten über historische [LIBOR / EURIBOR / andere] Zinssätze können bei [Reuters] bezogen werden.]

**7. Operationelle Informationen**

- |  |   |
|--|---|
| (i) ISIN Code:   | [ ]   |
| (ii) Common Code:  | [ ]   |
| (iii)Andere(s) Clearingsystem(e) als Euroclear und Clearstream, Luxemburg und relevante Details: | [Nicht anwendbar/Name(n) und Details]   |
| (iv) Lieferung:  | Lieferung [gegen/frei von] Zahlung  |
| (v) Anfängliche Zahlstelle:  | <i>Erste Bank der oesterreichischen Sparkassen AG, Graben 21, 1010 Wien, Österreich</i> |
| (vi) Zusätzliche Zahlstelle(n) (wenn vorhanden):   | <i>[Namen und Adresse einfügen]</i>   |
| (vii) Eurosystem-fähig:  | Nein  |

(viii) Zusätzliche Ausgabegenehmigungen (wenn vorhanden): [Nicht anwendbar/*Details einfügen*]

**8. Bedingungen, denen das öffentliche Angebot unterliegt**

- (i) Angebotspreis: [Ausgabepreis] [*angeben*]
- (ii) Bedingungen des Angebotes: [Nicht anwendbar/*Details angeben*]
- (iii) Beschreibung des Antragstellungsverfahrens: [Nicht anwendbar/*Details angeben*]
- (iv) Beschreibung der Möglichkeit, Zeichnungen zu verringern und Methode, um die überschüssigen Beträge an die Antragsteller zurückzuzahlen: [Nicht anwendbar/*Details angeben*]
- (v) Einzelheiten zum Mindest und/oder Höchstbetrag der Zeichnung: [Nicht anwendbar/*Details angeben*]
- (vi) Einzelheiten über die Methode und Fristen für die Bedienung der Wertpapiere und ihre Lieferung: [Nicht anwendbar/*Details angeben*]
- (vii) Art und Weise und Termin, auf die bzw an dem die Ergebnisse des Angebots bekanntzumachen sind: [Nicht anwendbar/*Details angeben*]
- (viii) Verfahren für die Ausübung eines etwaigen Vorzugsrechts, die Übertragbarkeit der Zeichnungsrechte und die Behandlung von nicht ausgeübten Zeichnungsrechten: [Nicht anwendbar/*Details angeben*]
- (ix) Kategorien der potenziellen Investoren, denen die Wertpapiere angeboten werden und Angabe, ob Tranchen bestimmten Märkten vorbehalten werden: [Nicht anwendbar/*Details angeben*]
- (x) Verfahren zur Meldung des den Zeichnern zugeteilten Betrags und Angabe, ob eine Aufnahme des Handels vor dem Meldeverfahren möglich ist: [Nicht anwendbar/*Details angeben*]
- (xi) Kosten und Steuern, die speziell dem Zeichner oder Käufer in Rechnung gestellt werden: [Nicht anwendbar/*Details angeben*]

(xii) Name(n) und Adresse(n) der [Keine/*Details angeben*]  
Plazierer in den einzelnen Ländern des  
Angebots:

<sup>1</sup> Diesen Text einfügen, wenn ein nicht ausgenommenes Angebot von Schuldverschreibungen erfolgen soll.

<sup>2</sup> Diesen Text einfügen, wenn ein ausgenommenes Angebot von Schuldverschreibungen erfolgen soll.

<sup>3</sup> Nur Einzelheiten von Nachträgen zum Prospekt einfügen, in denen die Bedingungen für alle künftigen Emissionen unter dem Programm geändert werden.

## **USE OF PROCEEDS**

The net proceeds from the issue of any Notes will be used by the Issuer to finance acquisitions in the CEE region, for its general funding purposes, and to strengthen the capital base of the Issuer.



## **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

### **Initial Issue of Notes**

Upon the initial deposit of a Global Note representing the Notes with OeKB or a depositary for OeKB, OeKB or the respective other securities depositary will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

If a Global Note is deposited with OeKB or a depositary for OeKB, Notes may also be credited to the accounts of subscribers with the Issuer or with other clearing systems through direct or indirect accounts with OeKB held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with OeKB or other clearing systems.

### **Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, OeKB or any other clearing system as the holder of a Note represented by a Global Note must look solely to Euroclear, Clearstream, Luxembourg, OeKB or such other clearing system (as the case may be) for its share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Notes, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, OeKB or such other clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

## **WIENER STÄDTISCHE VERSICHERUNG AG VIENNA INSURANCE GROUP**

The Issuer is a stock corporation under Austrian law. It is registered in the companies register of the Commercial Court of Vienna under the number FN 75687f. The name of the company is "WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group". Its registered office is in Vienna. Its business address is Schottenring 30, 1010 Vienna, which is also where its main offices are located. Its telephone number is +43-0-50350-20 000 and its fax number is +43-0-50350-99-20 000. The commercial names of the Issuer are "Wiener Städtische" and "Vienna Insurance Group".

The Issuer was founded on 5 December 1991, and registered on 9 December 1991. The Issuer is incorporated for an unlimited period. Under a contribution in kind and transfer agreement dated 29 May 1992, the complete insurance operations of Wiener Städtische Wechselseitige Versicherungsanstalt were spun off and transferred to the Issuer as a contribution in kind pursuant to § 61a VAG, effective as of 31 December 1991. Before that date, "Wiener Städtische" operated the insurance business in the legal form of a Versicherungsverein auf Gegenseitigkeit (mutual insurance society), the "Wiener Städtische Wechselseitige Versicherungsanstalt". Since then, the Versicherungsverein auf Gegenseitigkeit has operated under the name "Wiener Städtische Wechselseitige Versicherungsanstalt – Vermögensverwaltung" and performs the function of a financial holding company.

The shares of the Issuer have been included in the Austrian Traded Index (ATX) since 19 September 2005. During the capital increase of December 2005, 18,642,400 no-par value bearer shares were issued. Since 20 December 2005, all 105,000,000 no-par value bearer shares of the Company have been listed on the Official Market of the Vienna stock exchange and on the Main Market of the Prague Stock Exchange since 1 February 2008.

### **Capital Increase 2008**

On the basis of an authorization in the articles of association, the management board of the Issuer adopted a resolution on 20 April 2008, to increase the share capital of the company, which currently amounts to EUR 109,009,251.26, by EUR 23,878,216.94 to EUR 132,887,468.20 by issuing up to 23,000,000 new shares, without excluding statutory subscription rights. Erste Bank der oesterreichischen Sparkasse AG, J.P. Morgan Securities Ltd. and Merrill Lynch International have been authorized to underwrite the new shares pursuant to § 153 para. 6 AktG under the condition that (i) the new shares are offered to shareholders for subscription (indirect subscription offer), and (ii) placement of the new shares is carried out to the extent that subscription rights are not exercised within the subscription period pursuant to § 153 para. 1 AktG. After the capital increase resolved on 20 April 2008 the share capital of the Issuer will amount to EUR 132,887,468.20, subdivided into 128,000,000 common bearer shares.

### **Purpose of the Company**

The Issuer's purpose is set forth in § 2 of the Articles of Association. According to this section, the Issuer's purpose is to continue the insurance operations of Wiener Städtische Wechselseitige Versicherungsanstalt, which were transferred pursuant to § 61a VAG by way of universal succession. As a rule, taking out an insurance policy with the Issuer results in membership in WST-Versicherungsverein. However, the Issuer can also enter into insurance agreements that do not result in such membership.

The Issuer directly and indirectly operates in the life insurance business, including supplementary insurance, health insurance and casualty insurance, and the non-life insurance business (loss and damage insurance) to the extent that such operations have been licensed by the FMA. The Issuer's purpose also includes:

- Holding interests in other companies;
- Insurance brokerage;
- Acting as an advisor in matters of insurance;
- Brokerage of mortgage loans and personal loans as well as securities brokerage, to the extent that such activities are connected with its insurance business;
- Brokerage of building savings contracts;
- Performance of services in automatic data processing and information technology;
- Establishment and management of organizational facilities for companies in which the Company holds an interest or with which cooperation agreements have been entered into;
- Performance of administrative services for companies in which the Company holds an interest, or with which a cooperation agreement has been entered into; and
- Operating private hospitals in the operating form of a company walk-in health clinic for the medical care of the Company's employees.

The Issuer has both domestic and foreign operations.

### **Wiener Städtische Wechselseitige Versicherungsanstalt - Vermögensverwaltung**

The Issuer's principal shareholder is Wiener Städtische Wechselseitige Versicherungsanstalt - Vermögensverwaltung ("WST-Versicherungsverein"). WST-Versicherungsverein holds shares representing approximately 72% of the share capital of the Issuer. To the knowledge of the Issuer, the remaining shares of the Issuer are in free float. Except for WST-Versicherungsverein, no other person directly or indirectly holds an interest exceeding 5% of the share capital. With this interest in the share capital, WST-Versicherungsverein holds a controlling interest in the Issuer. WST-Versicherungsverein has a controlling influence on the Issuer, its business activities and its dividend distribution policy.

Since the conversion of the non-voting preferred stock to common stock in June 2005, all shareholders of the Issuer have identical voting rights. Neither WST-Versicherungsverein nor any other shareholder has voting rights which differ from those of any other shareholders.

Management believes that the Issuer's corporate governance structure, together with the relevant provisions of Austrian corporate law, provide sufficient safeguards against the abuse of controlling interests by shareholders.

### **Vienna Insurance Group**

The Issuer is both an operating insurance company and the parent company of the multinational Vienna Insurance Group. The Issuer and the Vienna Insurance Group are also part of the Wiener Städtische Wechselseitige Versicherungsanstalt – Vermögensverwaltung group which has its registered office in Vienna.

## Business

### Overview

With approximately 17 million customers, the Vienna Insurance Group is among the largest international insurance groups in the CEE region based on gross premiums written, which amounted to EUR 6,912 million in 2007 (2006: EUR 5,882 million) (Source: Internal analysis based on data for the first three quarters of 2007 of the national insurance associations and supervisory authorities). It has life and non-life insurance business operations in Austria and in 22 other countries, primarily in the CEE region. In the CEE region, the Group is active in Albania, Bulgaria, Georgia, Croatia, Estonia, Latvia, Lithuania, Macedonia, Poland, Romania, Russia, Serbia, Slovakia, Slovenia (through a branch of the Issuer), the Czech Republic, Turkey, Ukraine, Hungary and Belarus. The Vienna Insurance Group operates independent companies in Germany and Liechtenstein and also operates in Italy through a branch of the Issuer. Unless otherwise indicated, all financial data contained in this section has been audited or are derived from audited numbers.

The diagram below sets forth the countries in which the Vienna Insurance Group operates (except for Estonia, Latvia and Lithuania) and the brand name logos used by the Group companies in each country:



In addition to its solid position in its home market Austria, the Vienna Insurance Group is primarily growing into the emerging countries of the CEE region. The insurance business outside Austria is gaining increasing importance for the Group (share of overall gross premiums generated outside Austria: 2007 – 46.5%; 2006 – 41.6%; 2005 – 36.7%). Based on its internal analysis of the local data of national insurance authorities, management believes that, with a market share of approximately 12.1%, it is the second largest insurance group based on gross premiums written among Western publicly traded insurance companies operating in the core CEE markets (excluding Serbia). Based on the same analysis, management believes that no other Western publicly traded insurance group generates a higher percentage of its group premiums from operations in the CEE countries.

In sales and distribution, the Vienna Insurance Group pursues a multi-brand strategy. The most important brands under which the Vienna Insurance Group operates include “Wiener Städtische” and “DONAU” in Austria, “Kooperativa,” and “CPP” in the Czech Republic, “Kooperativa,” “Komunálna” and “Kontinuita” in Slovakia, “Compensa,” “BENEFIA,” “Royal Polska” and “PZM” in Poland, and “Omniasig,” “Unita,” “Asirom,” and “Agras” in Romania. The Vienna Insurance Group also pursues a multi-brand strategy in the remaining CEE countries in which it is active

It is part of the Vienna Insurance Group’s philosophy to operate newly acquired companies under their respective brand names, which are already established in the local market and familiar to their customers. In 2006, the name Vienna Insurance Group was introduced as the “surname” after the local “first names” of the individual corporations. This highlighted the Group’s growing international importance and, while furthering its multi-brand strategy, unified these diverse brands under the Vienna Insurance Group umbrella.

Through the retention of local brand names as “first names,” existing sales and distribution relationships are maintained, and the acquired company can continue to focus on its marketing activities and expansion of its business. However, in order to benefit from synergies, the companies generally cooperate in the administrative area, i.e. internal service functions are centrally administered, whereas the individual companies each maintain their own identity and presence in the local market. By taking advantage of Group synergies, individual companies are able to develop products that are specifically adapted to the local market, conduct local marketing campaigns, and enter into sales cooperation arrangements that are suited to the market.

In fiscal year 2007, the property and casualty insurance business of the Issuer had a net-combined ratio of under 100% and achieved the lowest net-combined ratio compared to the Austrian insurance market in recent years. (Source: Internal analysis based on FMA data). Due to improvements in business processes in the Austrian group insurance companies, the acquisition expense ratio improved from 19.9% in fiscal year 2005 to 19.5% in fiscal year 2006 and deteriorated slightly to 19.9% in fiscal year 2007. The administrative expense ratio improved from 6.3% in fiscal year 2005 and 6.4% in fiscal year 2006 to 6.2% in fiscal year 2007. On average, the Vienna Insurance Group had 20,307 employees in fiscal year 2007.

### ***Business Lines***

The Vienna Insurance Group’s business activities comprise three core lines of business: property and casualty insurance, health insurance, and life insurance.

#### ***Property and Casualty Insurance***

The Vienna Insurance Group offers a large variety of property and casualty insurance products for private persons, households, and small, mid-sized, and large businesses under various brand names in Austria, Germany and the CEE region, including motor vehicle and non-motor vehicle insurance (the so-called “non-motor vehicle insurance classes”), which also encompasses accident insurance. The specific type of insurance offered differs in the various countries in which the Vienna Insurance Group operates, and the individual composition of the products can vary from country to country.

The motor vehicle insurance segment includes motor vehicle liability insurance and collision and passenger accident insurance. In addition, individualized customer needs can be met through supplementary products.

The non-motor vehicle insurance classes include the entire spectrum of property insurance (fire, wind storm, water pipe damage, burglary and theft, business interruption, and glass breakage insurance as well as transportation, aviation and technology insurance) as well as accident, general liability, and legal costs insurance. The Vienna Insurance Group offers its retail customers primarily homeowners and household insurance and legal costs insurance. Comprehensive insurance protection is provided to commercial customers for residential buildings and to small and mid-sized companies with residential property insurance and business insurance. In addition the Vienna Insurance Group offers individualized insurance solutions to large Austrian corporate customers in the fire, business interruption, technology, aviation, transit, and general liability insurance segments. Large international customers are serviced in Austria by Austrian domestic companies and, in the CEE region, through a network of local subsidiaries.

In connection with personal accident insurance, products are offered for individuals (adults and children), families, and groups of persons (associations, companies, fire departments). Personal accident insurance provides coverage for permanent disability, accident benefits, costs associated with the accident, and accidental death.

In fiscal year 2007, the property and casualty insurance segment of the Vienna Insurance Group had gross premiums written of EUR 3,671.2 million and had a net-combined ratio of 95.5%. Its earnings before tax amounted to EUR 265.1 million in the 2007 fiscal year.

#### *Life Insurance*

The life insurance business of Vienna Insurance Group includes conventional risk and protection products as well as saving and pensions products. The latter include annuity insurance, fund- and index-linked products as well as, in Austria, government-subsidized retirement pension plans (at preferential premiums). The range of products is different in the various countries in which the Vienna Insurance Group operates. There is a trend toward fund- and index-linked products in new business. For fiscal year 2007, the life insurance division had gross premiums written of EUR 2,934.2 million and its earnings before taxes amounted to EUR 157.2 million.

#### *Health Insurance*

Health insurance products are primarily sold by the Vienna Insurance Group in Austria through individual and group insurance policies.

Private health insurance primarily provides a supplement to state social insurance. The most important areas are special care (health) insurance (Sonderklasseversicherung), daily allowance insurance (Taggeldversicherung), and insurance for ambulatory patients' medical expenses. Recently, long-term healthcare insurance has gained in importance.

In fiscal year 2007, the health insurance division had gross premiums written of EUR 306.6 million and earnings before taxes of EUR 15.0 million.

The following table sets forth gross premiums written for the core lines of business for the periods presented:

	Fiscal year ended 31 December					
	2007	2006	2005	2007	2006	2005
	(in EUR millions)			(in %)		
Property and casualty	3,671.2	3,067.2	3,563.3	53.1	52.1	51.2
Life	2,934.2	2,516.5	2,156.4	42.5	42.8	43.1
Health	306.6	297.9	288.1	4.4	5.1	5.7
Total	6,911.9	5,881.5	5,007.8	100.0	100.0	100.0

The Vienna Insurance Group's own sales force is its most important distribution channel in Austria. The Issuer also relies on brokers and distribution agents who are contributing an increasingly larger share to total sales. The third most important distribution channel in Austria is through bank intermediaries. The importance of individual distribution channels varies depending on the area of business and the Group company. For the Issuer and DONAU, the Group's own sales force is the most important distribution channel, followed by sales and distribution through brokers and agents. Sales through banks and savings institutions currently make up a small percentage of total sales for the Issuer and DONAU. However, BA-CA Versicherung sells its products primarily through Bank Austria Creditanstalt AG. In the CEE region, the Vienna Insurance Group's sales also rely on various distribution channels. The importance of the particular distribution channel differs significantly in the various local markets. For example, in the Czech Republic and Slovakia, the Group's own sales force, sales through brokers and multi-level marketing are heavily relied upon.

### **Strategy**

The following discussion of the Vienna Insurance Group's strategy contains forward-looking statements. For a discussion of the risks associated with the Vienna Insurance Group's strategic goals, see "Risk Factors".

The Vienna Insurance Group's primary goal is to achieve long-term, steady growth in sales and earnings. In order to achieve this goal, the Vienna Insurance Group has implemented two core strategies: (i) to sustain and grow the insurance business in Austria where the Group is among the main insurers and (ii) to selectively expand in the dynamic growth markets in the CEE region. The Group's short-term and medium-term goals are to successfully integrate acquired companies into the Vienna Insurance Group and, over the long-term, to create a unified corporate culture.

The Group's core strategies are as follows:

*Sustaining and growing its leading position in Austria.*

#### Organic growth

The Vienna Insurance Group seeks to sustain and grow its position in the Austrian insurance market. In fiscal year 2007, EUR 3,695.4 million, or approximately 53.5%, of the Group's gross premiums written, and EUR 286.8 million, or approximately 65.6%, of the Group's pre-tax earnings were generated in Austria. Although the Austrian insurance market is in principle a developed market, insurance penetration, particularly in the area of life insurance, is significantly below the EU-15 countries. In particular, new business opportunities will arise in the coming years as a result of

changes in the social system and the related increase in demand for private insurances which has already been occurring for some years. The Vienna Insurance Group seeks to use this opportunity to grow its share in the domestic market.

#### Strong sales

The Vienna Insurance Group has a well established sales network in Austria, which it plans to continue to expand. The effectiveness of the Group's own sales force, which is the primary sales and distribution channel in this network, will be further strengthened through customer-oriented changes in the sales and handling processes. In some areas the Vienna Insurance Group works with independent distribution partners, which is planned to be intensified in the future. Through its cooperation agreements with two of the largest credit institutions (Bank Austria Creditanstalt AG and the Erste Bank Group), the Vienna Insurance Group sells through bank intermediaries, and is endeavouring to foster its position by collaborating with additional partners as part of its multi-brand sales model. A general sales and distribution agreement was entered into with Erste Bank AG.

#### *Targeted geographical growth into the CEE region*

#### Regional presence in the CEE

With the establishment of a joint venture in the former Czechoslovakia in 1990, the Vienna Insurance Group was the first Western insurance group to establish a private insurance company in the CEE region. Since then, its market presence in the area has continually grown. In order to expand its activities in the CEE countries, the Vienna Insurance Group relied on an intensive market observation process in which its existing subsidiaries and their local contacts were heavily involved. The Vienna Insurance Group now has insurance companies and branches in 23 countries, of which 19 are countries in the CEE region. The Vienna Insurance Group operates in all medium- and large-sized countries in the CEE region. Through its growth and further regional expansion in recent years, the Vienna Insurance Group has attained the second best market position in the CEE region overall and is currently ranked first in the non-life segment (Source: Analysis of data of national insurance associations). Compared with its primary competitors in the CEE region, UNIQA, Allianz, ING and Generali, the Vienna Insurance Group's share of gross premiums written in the CEE region as a percentage of total gross premiums written of the Group is the highest at 42.9% in 2007 (37.5% in 2006) (Source: Annual reports of competitors).

#### Attaining a solid market position

The Vienna Insurance Group seeks to become one of the three largest insurance companies in each of the CEE markets in which it operates. It has already achieved a market position in the top three in the following core markets: Albania, Bulgaria, Czech Republic, Georgia, Romania and Slovakia. (Source: Analysis of data of national insurance associations). The Group's steady expansion of its presence in the CEE region will continue through organic growth on the one hand and acquisitions on the other.

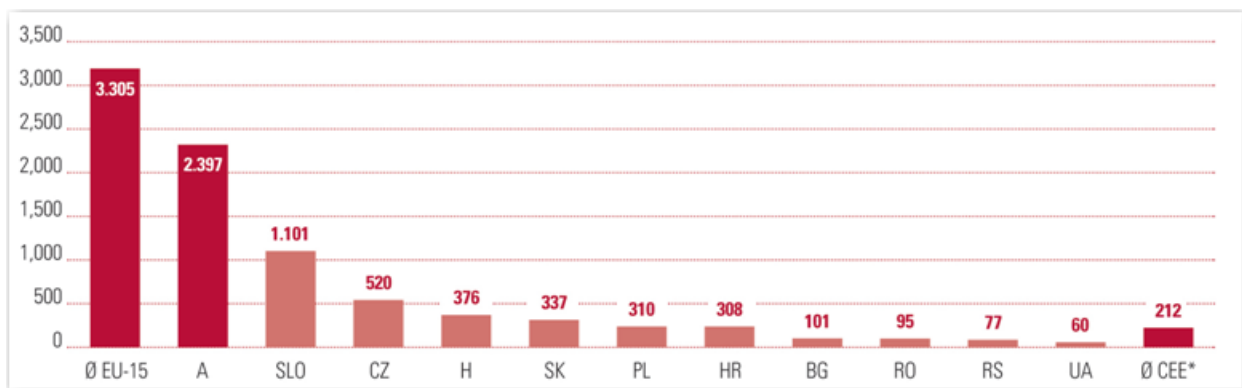
- The CEE region is currently under-supplied in terms of high-quality insurance products. The dynamic economic development of the region has been accompanied by a significant increase in the need of corporate and retail customers for insurance services. The demand for insurance services in these markets generally follows the following pattern: initially, the focus is on insuring material goods (motor vehicles, homes). The demand for savings and retirement products follows



later, as a result of changes in the social system. The prerequisite for a strong demand for these products is the development of a broad middle class. The Vienna Insurance Group seeks to tap the potential of this target group.

- The region's long-term "catch-up" potential is evident from its insurance density (per capita premiums). In 2006, this amounted to USD 212.0 in the CEE region (excluding Russia and Belarus) as compared to USD 3,305.0 in the EU-15 countries (Source: Sigma No. 4/2007).

The following table shows the insurance density in the indicated countries for the year 2006 (per capita insurance premiums in USD):



\* Slovenia (SLO), Czech Republic (CZ), Hungary (H), Slovakia (SK), Poland (PL), Croatia (HR), Bulgaria (BG), Romania (RO), Serbia (RS) and Ukraine (UA)

(Source: Swiss Re sigma No. 4/2007)

The Vienna Insurance Group's core strategies are implemented according to the following management principles, which are intended to guarantee optimal access to customers, mutual use of synergies, and a broad diversification of risks throughout the entire Group:

- Think globally – act locally

Due to numerous acquisitions in recent years, the Vienna Insurance Group's management has gained considerable experience in effectively integrating new acquisitions into the Group. The aim of the Group is to combine the experience of local employees with the Group's quality standards in order to offer high-quality insurance services in all the markets in which the Group operates. Part of the philosophy of the Vienna Insurance Group is to seek to continue operating newly acquired companies under their current brand names, which have been established at the local level and are familiar to customers. As a result, existing sales relationships are maintained, and the focus of marketing activities can be placed on the continued development of the relevant company. By taking advantage of Group synergies, individual companies are able to develop products that are specifically adapted to the market, conduct local marketing campaigns, and enter into cooperative sales arrangements that are suited to the market. Administrative and cost structures are kept lean through shared use of back-office services and Group-wide purchasing of services. In sales, the Group relies on a combination of its own salesmen, brokers and bank intermediaries. This combination ensures the optimal use of the Group's cross-selling potential and avoids dependence on any one sales partner.

- Strong anchor in the local market

Most of the individual Group companies are managed by local teams, who are familiar with the prevailing market environments in their respective countries through many years of experience. The Group provides strategic guidance to local companies by appointing at least one manager from Austria to their supervisory boards and often also an additional manager to their management boards. If there are several subsidiaries in a country, the smaller subsidiaries are generally assigned organizationally to the largest subsidiary, which provides direction. In general, the profits that are generated remain in the companies to support further corporate growth.

- Support from headquarters

At the same time, local companies receive support from the Group in key areas of activity. In particular, the Group provides (i) a Group-wide reinsurance concept, (ii) the mathematical insurance capabilities of the Group's actuarial office, (iii) electronic data processing support, (iv) cross-border services to corporate customers, (v) management of financial assets with the support of the Group's own capital investment company (Ringturm KAG) and (vi) the transfer of specialized know-how to individual Group companies. The Vienna Insurance Group believes that this approach provides its Group companies with the necessary flexibility to optimally adapt themselves to local market conditions, enabling the Group to better attain its strategic goals.

- Diversification

The Group aims to keep risks low over the long-term through broad diversification in all areas. This is accomplished through geographic diversification and the various distribution channels of the Group, which currently operates in 23 countries. As a consequence, a deterioration in the insurance industry environment in one market will have only a limited effect on the Group as a whole. The Group's multi-brand strategy enables it to address various target groups and use various distribution channels in individual countries. The Group seeks a balanced ratio of life to non-life businesses and of retail to corporate businesses in each of the individual markets in which it operates.

In addition, the Vienna Insurance Group sets mid- and short-term financial targets for the Group. The most important of these targets for the years from 2008 through 2011 include:

- achieving gross written premiums of more than EUR 12.0 billion in 2011;
- achieving earnings before taxes in 2011 of approximately EUR 1.05 billion;
- maintaining a net-combined ratio in the property and casualty insurance segment of under 100%;
- dividend payments of at least 30% of the net profit; and
- achieving return on equity (RoE) before taxes of approximately 20% in 2011.

All financial targets have been set on the assumption of the acquisition of Sparkassen Versicherung Aktiengesellschaft which operates in the life and non-life insurance business in Austria, its subsidiaries and companies in which Sparkassen Versicherung Aktiengesellschaft holds a minority interest which operate in the life insurance business in the Czech Republic, Croatia, Hungary and Slovakia, BCR

Asigurari de Viata (BCR Life) which operates in the life insurance business in Romania, and BCR Asigurari which operates in the non-life insurance business in Romania and the disposition of UNITA and a substantial interest of BA-CA Versicherung without taking into account the proceeds from the capital increase of April/May 2008 and excluding any other acquisitions. These are financial targets and not forecasts, predictions or guarantees. Management believes that these targets are reasonable under present market conditions and can be completed as, and in the timeframe, currently contemplated. However, the Vienna Insurance Group cannot guarantee that it can attain these targets. Many factors over which it has no influence could have a negative impact on its ability to attain these targets.

### ***The Companies of the Vienna Insurance Group***

#### ***Austria***

In Austria, the Vienna Insurance Group currently includes the Issuer, DONAU Versicherung AG Vienna Insurance Group ("DONAU") (approximately 89% interest), and BA-CA Versicherung AG (60.5% interest). At the end of March 2008, the Issuer announced that it had agreed to sell 50.5% of its 60.5% interest in BA-CA Versicherung to ERGO International AG.

The Issuer is an operating insurance company as well as the parent company of the Group. DONAU operates in the property and life insurance business throughout Austria. BA-CA Versicherung operates almost exclusively in the life insurance business but also offers a range of accident insurance products. It primarily uses the branches of Bank Austria Creditanstalt AG as its distribution channel.

In addition, the Group has a minority interest of approximately 32.0% in Wüstenrot Versicherung.

The Vienna Insurance Group has a number of domestic and foreign affiliates that supplement the business of the Group but are not themselves insurance companies. These companies represent diverse industries, all of which are closely related to the insurance industry. The notes to the fiscal year 2007 annual financial statements of the Issuer, which are included elsewhere in this Prospectus, contain detailed information on the Group's structure.

#### ***Czech Republic***

WST-Versicherungsverein entered the Czech insurance market in 1990 as co-founder of the predecessor to Kooperativa pojišťovna, a.s. in the former Czechoslovakia. After the country was divided in 1993, and with the direct participation of the Vienna Insurance Group, the national offices in Prague and Brno were converted into two separate stock corporations in the Czech Republic. In 1999, the two Czech Kooperativa companies merged. Today, the Czech company Kooperativa pojišťovna, a.s., Vienna Insurance Group ("Kooperativa Prague") is the largest Vienna Insurance Group company outside Austria. According to the statistics published by the Czech Insurance Association, Kooperativa Prague ranked second in the Czech insurance market (based on gross premiums written). CPP was in eighth place (Source: Statistics of the Czech Insurance Association).

#### ***Slovakia***

The Vienna Insurance Group holds interests in three insurance companies in Slovakia KOOPERATIVA poisťovňa, a.s., Vienna Insurance Group ("Kooperativa Bratislava"), KOMUNÁLNA poisťovňa, a.s., Vienna Insurance Group ("Komunálna") and KONTINUITA poisťovňa, a.s., Vienna Insurance Group ("Kontinuita"). Kooperativa Bratislava was co-founded by WST-Versicherungsverein

in 1990 in the former Czechoslovakia. Kooperativa Bratislava emerged (as had Kooperativa Prague) from Kooperativa poisťovňa, a.s., which was co-founded by WST-Versicherungsverein in 1990. Komunálna has belonged to the Vienna Insurance Group since 2001, Kontinuita since 2002. In 2007, the three Slovak affiliates together ranked second in the market according to statistics published by the Slovakian Insurance Association.

### *Poland*

The Vienna Insurance Group holds an interest in seven insurance companies in Poland: BENEFIA Towarzystwo Ubezpieczeń Majątkowych S.A. (Benefia Non-Life), BENEFIA Towarzystwo Ubezpieczeń na Życie S.A. (Benefia Life), Towarzystwo Ubezpieczeń Compensa S.A. (Compensa Non-Life), Towarzystwo Ubezpieczeń na Życie Compensa S.A. (Compensa Life), Royal Polska Towarzystwo Ubezpieczeń na Życie S.A. (Royal Polska), Towarzystwo Ubezpieczeń Interrisk S.A. Vienna Insurance Group (previously Cigna) and FinLife Towarzystwo Ubezpieczeń na Życie S.A. (FinLife) (pending government approvals). Compensa Non-Life and Compensa Life were founded in 1990; the Vienna Insurance Group acquired an interest in these companies in 2001. The other companies were also founded in the 1990s and, were integrated into the Group between 2005 and 2007 through acquisitions. In 2007, all Polish companies held by the Group collectively ranked sixth in terms of gross premiums written (Source: Internal analysis based on preliminary data of 2007 of the Insurance Supervisory Authority, KNF).

### *Romania*

The Vienna Insurance Group has a participating interest in five insurance companies in Romania: Unita Vienna Insurance Group S.A. (Unita), Agras Vienna Insurance Group S.A. (Agras), Omniasig Vienna Insurance Group S.A. (Omniasig Non-Life), Omniasig Asigurari de Viata S.A. (Omniasig Life) and Asigurarea Romaneasca Asirom. S.A. (Asirom). In 1990, Unita was founded as Romania's first private insurance company and has belonged to the Vienna Insurance Group since 2001. The Group acquired majority holdings in Omniasig Life and Non-Life in 2005 and acquired Asirom at the end of 2007. In 2007, the Vienna Insurance Group together with its Group companies, including Asirom, ranked first in the market (Source: Internal analysis based on preliminary data of 2007 of the Insurance Profile Issue March 2008 – 1/2008(18)).

### *The Rest of Europe*

After its entry in the Czech and Slovakian insurance markets, the Vienna Insurance Group continued its European expansion, especially in the CEE region. In addition to the CEE countries, the Vienna Insurance Group is also represented in Germany, Italy and Liechtenstein. Apart from Austria, the Vienna Insurance Group sees Bulgaria, Croatia, the Czech Republic, Hungary Poland, Romania, Serbia and Slovakia as its core markets. The Vienna Insurance Group aims to be among the main players in the insurance industry in these markets and to gain a position among the five largest market participants.

In recent years, the Vienna Insurance Group has completed a number of acquisitions and entered a number of new CEE markets. The table below provides an overview of the Vienna Insurance Group's total market position including life and non-life as at 31 December 2007 (except for Albania, Bulgaria, Estonia, Georgia, Serbia, Latvia, Lithuania and Ukraine and excluding the insurance operations to be acquired from Erste Bank Group in Austria, Croatia, Czech Republic, Hungary, Romania and Slovakia) and the year of market entry in the countries in which it operates:

Country/Company	Market position	Year
Austria	1	1824
Germany	negligible	1990
Slovakia	2	1990
Czech Republic	2	1990
Hungary	9	1996
Poland	6	1998
Croatia	4	1999
Italy	negligible	1999
Liechtenstein	n.a.	2000
Romania	1	2001
Bulgaria	1	2002
Belarus	13	2002
Serbia	4	2003
Ukraine	6	2004
Slovenia	n.a.	2004
Georgia	2	2005
Russia	n.a.	2006
Turkey	13	2007
Albania	3	2007
Macedonia	n.a.	2007
Estonia	9	2007
Latvia	13	2007
Lithuania	18	2007

#### **Wiener Städtische AG Vienna Insurance Group**

The Issuer is active in all classes of insurance in the Austrian market. In 2007, the Issuer was first in the life insurance segment, second in the property and casualty insurance segment, and second in the health insurance segment, as measured by gross premiums written (Source: Internal analysis based on preliminary data 2007 VVO ("Verband der Versicherungsunternehmen Österreichs")).

The following table sets forth the Issuer's gross premiums written, the results of ordinary business activities and capital assets for fiscal years 2007 and 2006:

	Fiscal year ended 31 December	
	2007	2006
	(in EUR million)	
Gross premiums written	2,578.8	2,474.0
Property/casualty	1,126.5	1,007.9
Life	1,145.7	1,168.2
Health	306.6	297.9
Results of ordinary business activities	179.0	151.5
Capital assets	10,505.3	9,784.3

The Issuer offers products in all lines of business and classes to retail, commercial, and corporate customers. In the property and casualty insurance business, the Issuer offers a large variety of small,

medium and large custom tailored products. In the life insurance business, the Issuer sells a large share of group insurance as compared to the other Group affiliates. Moreover, the Issuer has positioned itself well with its state-subsidized pension plan product, Premien Pension. Health insurance is offered exclusively by the Issuer.

The Issuer has a broad customer base among both retail and corporate customers. Its customer structure broadly reflects the structure of the Austrian population: men and women are represented in approximately equal proportions. The distribution of the Issuer's customers among the various occupational groups and phases of life (single persons, families, working people and retirees) is also relatively uniform.

## **Capital Assets**

### *Overview*

The Vienna Insurance Group's financial results are highly dependent on the quality and performance of the Group's investment portfolio. In fiscal year 2007, profit from capital investments and interest was EUR 995.8 million, in fiscal year 2006 it was EUR 711.4 million, and in fiscal year 2005 it was EUR 593.9 million. The Group's capital investments totalled EUR 20,171.4 million as of 31 December 2007, EUR 17,260.4 million as of 31 December 2006, and EUR 15,162.7 million as of 31 December 2005. These figures refer to capital investments excluding the capital investments of unit-linked and index-linked life insurance, as those are neither a source of revenue nor risk for the Vienna Insurance Group.

The Group's capital investments are made in fixed-interest securities (bonds, loans/credit), equities, real estate, participations and structured investment products. All such investments take the Group's overall risk position into consideration under the investment strategy provided for this purpose. When determining volumes and limits for open transactions, the risk inherent in the specified categories and market risk are of fundamental importance. Capital investment strategy is specified in the Group's investment guidelines, which are constantly monitored for compliance by the central risk controlling unit and internal audit. Investment guidelines are centrally established and all Group companies are required to comply with these guidelines, taking the respective local regulations into account.

The capital investment strategy for Austria can be summarized as follows:

- The Vienna Insurance Group follows a long-term, conservative investment policy.
- The Vienna Insurance Group focuses on using its asset mix to ensure that cash flows match its long-term liability profile and to create permanent increases in value by utilizing correlation and diversification effects for the individual asset classes.
- Depending on the asset class in question or on the objective within asset classes, investments are managed within the Group or by outside management. Decisions in this regard are made by a committee set up for this purpose.
- Market risk management for securities is aimed both at providing a transparent view of the potential risks arising from price, interest-rate and currency fluctuations as they affect the value and results of security investments, and at minimizing these risks. Risks are minimized by setting position limits and by using a two-level limit system for potential risks.

- Changes in the market are monitored continuously and the allocation of portfolio assets is actively adjusted.
- The share of investment in equities (broken down) does not exceed 10%.
- Bond investments in non-investment grade debt are only made in exceptional cases and only upon a decision to this effect by the management board.

The capital investment strategy for the CEE region can be summarized as follows:

- The investment policy is more conservative than that for Austria.
- The focus is on liquid investment categories, primarily fixed-interest securities. Equity investments are of secondary importance.

This applies especially to the Czech Republic and Slovakia.

#### *Investment Portfolio*

In accordance with the Group's conservative investment policy, the Vienna Insurance Group's directly held investment portfolio contains a large proportion of fixed-interest securities and loans in the amount of approximately 60%. As a rule the share of investment in equities is maintained below 10%, and the share in real estate is historically at approximately 10%, in both cases measured by book value of the total investment portfolio.

The table below sets forth the distribution of investments in the Vienna Insurance Group portfolio as of 31 December 2007 and 2006, broken down into the property and casualty, health, and life insurance categories in EUR million:

	Fiscal year ended 31 December					
	2007			2006		
	Property and casualty	Health	Life	Property and casualty	Health	Life
	(in EUR million)					
Land and buildings	370.6	147.5	2,350.7	1,410.5	123.1	641.9
Shares in affiliated companies and participations	640.8	121.4	208.7	231.5	107.4	193.4
Loans	106.0	120.3	961.1	166.6	112.3	778.5
Other securities	1,780.2	442.5	12,250.9	1,816.3	603.1	10,531.3
Held to maturity	71.4	0.0	301.9	54.6	0.0	251.7
Available for sale	1,300.3	361.1	11,297.2	1,426.3	549.3	9,785.4
Trading	330.7	81.4	565.2	248.2	53.9	453.3
Financial Instruments (derivatives) recognized at fair value	77.9	0.0	86.5	87.3	0.0	41.0
Other financial assets	355.9	39.1	275.9	272.9	18.5	253.1
Total financial assets	3,253.4	870.7	16,047.2	3,897.9	964.4	12,398.1

The change in the category “land and buildings” in the fiscal year 2007 compared to the fiscal year 2006 is mainly due to the first time consolidation of the non profit housing development companies. Vienna Insurance Group’s investment portfolio and assets are not subject to material security interests.

As of 31 December 2007, the “Other securities” category consisted of an investment in equities of approximately 8%, an investment in bonds of approximately 75%, and approximately 3% in various other securities and 14% in investment funds. Compared to 31 December 2006, this distribution has changed marginally.

Approximately 93.6% of the investments in the “Other financial assets” category consist of bank deposits and 5.8% consist of deposit receivables from the assumption of reinsurance contracts.

### *Bonds*

As 31 December 2007, the Vienna Insurance Group’s directly held bond portfolio represented approximately 54% of total capital assets. Including the proportion of bonds held by investment funds, this results in a share of bonds in the amount of approximately 60% based on the total capital assets. The Vienna Insurance Group actively manages its bond portfolio using estimates of changes in interest rates, spreads and creditworthiness and taking into account limits on investments related to individual Issuers, creditworthiness, maturity, countries, currencies and issue volume. Investments in fixed-interest securities are almost always currency-congruent, i.e., made in the same currency as the obligations to policyholders. Currently, the Vienna Insurance Group is not planning to introduce any changes related to its bond portfolio strategy.

Under the Group’s investment guidelines for Austria, investments in bonds are made almost exclusively in investment grade bonds with a rating of AAA to BBB–. Investments in non-investment grade bonds are made only in individual cases and only upon a decision to this effect by the management board. The goal is to achieve the greatest possible diversification among individual Issuers, avoid accumulation risks, ensure good average creditworthiness, control foreign currency effects and make the majority of investments in middle to long-term maturities.

As a result of the very conservative risk politics of the Vienna Insurance Group and the avoidance of credit derivatives and complex credit structures, the exposure of the Vienna Insurance Group to the structured credit market is lower than 0.5% of total capital assets.

The following table sets forth the bond portfolio, managed by Vienna Insurance Group, of the Austrian companies in the Group as of 31 December 2007 and 2006, broken down by market value. Management of the bond portfolio within the Vienna Insurance Group is performed in part by the security investment departments of the insurance companies and in part by the investment company Ringturm KAG. The investment guidelines set by the Strategic Investment and Risk Committee (Securities) and the Tactical Investment Committee are carried out through the respective funds and portfolios. In the selection of pension funds not managed by the Group, the criteria and principles applied in the selection process are consistent with those applied within the Group.



	<b>Fiscal year ended 31 December</b>	
	<b>2007</b>	<b>2006</b>
Standard & Poor's Rating(1)	(in %)	
AAA	20.8	18.3
AA	35.1	31.2
A	37.7	43.2
BBB	5.8	6.7
BB	0.4	0.4
B	0.2	0.2

(1) or equivalent rating classes of other rating agencies (Moody's, Fitch).

The composition of the bonds of the Vienna Insurance Group's portfolio and their average rating has not materially changed since 31 December 2007.

The following table sets forth the remaining maturities as of 31 December 2007 and 2006 for the bonds in the portfolio described above. All bonds, including, for example, floating rate notes and callable bonds, are classified according to their longest possible remaining maturity.

	<b>Fiscal year ended 31 December</b>	
	<b>2007</b>	<b>2006</b>
	(in %)	
Remaining maturity of up to one year	3.0	2.1
Remaining maturity from one to three years	5.2	3.8
Remaining maturity from three to five years	9.1	8.7
Remaining maturity from five to seven years	11.7	11.9
Remaining maturity from seven to ten years	24.1	20.8
Remaining maturity from ten to fifteen years	17.9	20.9
Remaining maturity over fifteen years	29.0	31.8

### *Loans*

As of 31 December 2007, the Vienna Insurance Group's loan portfolio had a book value of EUR 1,187.4 million. Investments in loans and credits are used to create long-term positions for the insurance business, and are made only in instruments with top quality creditworthiness, particularly those from public institutions and non-profit housing construction companies, as well as mortgage loans. Overall, the loan portfolio is decreasing in significance relative to the Vienna Insurance Group's total investment portfolio because inviting bids on loans has become less important to the Austrian federal government and local authorities. Public institutions are instead increasingly raising needed financing by issuing bonds.

The following table sets forth the Vienna Insurance Group's loan portfolio as of 31 December 2007 and 2006, broken down by the different types of loans:

	<b>Fiscal year ended 31 December</b>	
	<b>2007</b>	<b>2006</b>
	<b>(% of loan portfolio)</b>	
Prepayments on policies	3.7	3.1
Mortgage loans	16.7	21.2
Loans to the Republic of Austria and public authorities	34.1	47.5
Loans with other collateral	17.6	22.6
Loans to affiliated companies	27.9	5.6

The Vienna Insurance Group's loan portfolio is focused primarily on borrowers within Austria. In comparison with the bond portfolio, the loan portfolio includes investments in long-term financing loans that were made in the last few years, as well as investments in formerly long-term Austrian government financing loans. The government loans in particular may be sold on short notice. The following table sets forth the Vienna Insurance Group's loan portfolio as of 31 December 2007 and 2006, broken down by remaining maturity:

	<b>Fiscal year ended 31 December</b>	
	<b>2007</b>	<b>2006</b>
	<b>(% of loan portfolio)</b>	
Remaining maturity of up to one year	3.9	19.2
Remaining maturity from one to five years	36.2	32.7
Remaining maturity from five to ten years	26.4	18.0
Remaining maturity more than ten years	33.5	30.2

### *Equities*

As of 31 December 2007, the Vienna Insurance Group's directly held equity investments were approximately 6.0% (as of 31 December 2006 approximately 7.0%) of the total book value of the investment portfolio, while if equity investments held indirectly through investment funds are included, total investment in equities was approximately 9.0% (as of 31 December 2006: 11.0%). In accordance with the investment guidelines for Austria, investments are managed using the "top-down" approach, subject to the constraint that diversification be used to reduce the market price risk of equities as much as possible. Key elements of diversification are provided by markets or regions, sectors or industries, capitalization (large, medium and small), cycles (value, growth) and valuation allocations (fundamental or quantitative models). The overall proportion of equities in the CEE region is small. Equities have only been a strategic asset class in certain countries. Equity investments in the CEE region are primarily made through investment funds managed by third parties.

Risk diversification within the Vienna Insurance Group's equity portfolio is achieved by geographic diversification. In addition to investments in solid international blue-chip securities, the portfolio also contains a variety of highly liquid blocks of shares in exchange-listed Austrian companies, such as OMV AG, voestalpine AG and Wienerberger AG. The subsidiaries in the CEE region are constrained by restrictive investment rules, so that equities in practice play no (or only a very small) part in their portfolios.

The following table sets forth the regional distribution of the equities portfolio managed by the Wiener Städtische Versicherung AG at 31 December 2007 and 2006, without consideration of the hedging option:

	Fiscal year ended 31 December	
	2007	2006
	(in %)	
Austria	56.3	58.2
EU (without Austria)	37.0	35.6
USA	6.5	6.1
Other countries/regions	0.2	0.1

Including equity investments held through funds would not result in a significantly different allocation.

### *Real Estate*

As of 31 December 2007, the Vienna Insurance Group's held real estate portfolio had a book value of EUR 2,868.7 million (market value: EUR 3,200.8 million) and a book value of EUR 2,175.6 million as of 31 December 2006 (market value: EUR 2,447.9 million). The real estate portfolio is used primarily to create highly inflation-resistant long-term positions for the insurance business, as well as to create hidden reserves. The real estate portfolio has represented approximately 14% of the total investment portfolio of the Vienna Insurance Group. To date, real estate has not been a strategic asset class for affiliated companies operating in the CEE region. The diversification and liquidity of the real estate portfolio has been, and will continue to be, improved by increasing the share invested in real estate funds. The share of capital assets represented by the total real estate portfolio will be reduced in the future.

The following table sets forth the Vienna Insurance Group's real estate portfolio as of 31 December 2007 and 2006, broken down by location and type of use of the various real estate holdings:

	Fiscal year ended 31 December	
	2007	2006
	(% of the real estate portfolio)	
Austria	94	92
Used by the Group	3	4
Used by outside parties	91	88
Other countries	6	8
Used by the Group	5	5
Used by outside parties	1	3

### *Participations*

As of 31 December 2007, the Vienna Insurance Group's participation portfolio had a book value of EUR 970.8 million and a book value of EUR 532.2 million as of 31 December 2006, in both cases calculated under IFRS. As a result, the ratio of participations to the book value of the total investment portfolio was approximately 5.0%.

The Vienna Insurance Group focuses predominantly on long-term participations in insurance companies or in companies whose activities are closely associated with the insurance industry. Reflecting greater concentration on the core business, the tendency over the last few years has been towards a reduction in purely financial participations outside of the insurance portfolio. To date, the Vienna Insurance Group has held only a few financial participations in the CEE region, with these serving primarily to support its insurance business operations.

### *Credit Rating*

In fiscal year 2007, the Issuer submitted itself to another interactive rating by the S&P's rating agency. In the results of the evaluation published in November 2007, S&P confirmed the Issuer's Insurer Financial Strength Rating and Counterparty Credit Rating of "A+", which it had issued in July 2005. The outlook of the company was again rated as "positive" (see below for a precise definition of this rating). In its reasons for the rating, some of the positive factors listed by S&P's were among others its strong operational performance in the core markets, and its strategic management approach. It also emphasized the risk-conscious expansion in the CEE region and management's ability to effectively handle the attendant risks. In addition, it noted that the Vienna Insurance Group's financial capacity continues to be large.

The reason provided by S&P for rating the company's outlook as stable was its strong long-term operating performance in its core markets and the continued positive development of the insurance business in the CEE region. The increasing share of profits of the foreign business and the company's long-term development in relation thereto were mentioned in this regard.

On 27 March 2008, S&P published a new research update increasing the outlook from stable to positive.

The S&P rating assigned to the Issuer is defined as follows:

Insurer Financial Strength Ratings evaluate the financial stability of an insurance company and therefore the company's ability to fulfil the obligations arising from its insurance business when needed. The ratings range from AAA (best rating), through AA, A, BBB, BB, B, CCC, to CC (worst rating). Ratings from "AAA" to, and including, "BBB" are referred to as "investment grade" ratings. Distinctions within the rating categories from AA to CCC may be indicated by adding a "+" or "-" sign to the rating. The financial stability of an insurance company receiving an "A" is rated as very good by S&P's. According to S&P's assessment, the probability that unfavourable developments in the company's environment will negatively impact its financial stability is somewhat higher than is the case for insurance companies in higher-rated categories.

The Counterparty Credit Rating is a general assessment of a borrower's ability to make payment on its financial obligations. The rating scale in this case also ranges from AAA (best rating), through AA, A, BBB, BB, B, CCC, to CC (worst rating). Ratings from "AAA" down to and including "BBB" are again classified as "investment grade". Distinctions within the rating categories from AA to CCC may be indicated by adding a "+" or "-" sign to the rating. According to S&P's assessment, a borrower with an "A" rating has a strong capacity to meet its financial obligations, but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than borrowers in higher-rated categories.

Each rating only expresses S&P's assessment at the time that the rating is awarded. S&P's may change its rating at any time. S&P's rating outlook provides an assessment of the potential direction of a long-term rating over the medium or long term. The assessment of a "stable" outlook means that S&P's estimates that there is only a small probability that the rating will change. A discussion of the risks that could result from a lowering of the rating for the Issuer is contained in the section entitled "Risk Factors—A downgrading of its rating could have a material adverse effect on the business of the Vienna Insurance Group".

#### *Legal and Arbitration Proceedings*

The Issuer and its affiliated companies are involved in a number of legal proceedings resulting from the ordinary course of business. The following contains a description of certain pending and threatened legal proceedings. To the extent not described in the following, management of the Issuer does not expect legal disputes, legal proceedings government or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), to which affiliated companies of the Vienna Insurance Group are a party or which are threatened to be brought against them will have a material adverse effect on the Issuer's or the Vienna Insurance Group's consolidated financial position or profitability.

#### Coverage-related Proceedings

In their capacity as insurance companies, the affiliated companies of the Vienna Insurance Group are involved as a defendant in a number of court proceedings or have been threatened with legal actions. In addition, there are proceedings to which affiliated companies of the Vienna Insurance Group are not a party, but whose outcome can have an effect on it due to agreements with other insurance companies on participation in losses. In the Vienna Insurance Group's opinion adequate provisions for Austrian affiliated companies have been set aside for all claims, based on the amount in dispute.

#### Threatened and Pending Judicial and Arbitration Actions

##### *Complaint by VKI based on its standing as an association*

In 2005, in an action in which it has standing to sue as an association, VKI (Verein für Konsumenteninformation, an Austrian consumer information association) objected to some of the clauses contained in Wiener Städtische's General Contract Conditions for traditional life insurance based on violation of the transparency requirement, and called on the Issuer to omit these clauses in the future. Since then, the complaint was also extended to include the General Contract Conditions used by the Issuer for unit-linked life insurance.

The objection is aimed specifically at the following traditional life insurance provisions:

- allocation of the full costs of writing a policy at the start of the policy (the Zillmer method or "zillmerization");
- deduction of a charge against the surrender value of a policy;
- restriction of valid declarations made by the insurer to those made in writing; and
- deemed delivery of a declaration made by the insurer to the policyholder when the declaration is sent to the last address of the policyholder known to the insurer.

With respect to unit-linked life insurance, VKI objects to the following General Contract Condition provisions:

- the way in which the costs of the policy are allocated against the insurance premium and the manner in which these costs are presented;
- deduction of a death risk premium from the actuarial reserve;
- specification of a direct debit procedure as the only possible way to make premium payments;
- charges for policy set-up costs and a processing fee in the case of policy surrender; and
- allocation of the costs of writing a policy to the start of the policy term.

In addition to the Issuer, the other Austrian companies in the Group, as well as most other large Austrian insurance companies, have comparable clauses in their General Contract Conditions. VKI has also initiated similar legal actions against UNION (which has meanwhile merged with BA-CA Versicherung) and other Austrian insurance companies. VKI has prevailed in the action and the Vienna Insurance Group has changed the respective clauses in its contracts.

#### *Proceeding Regarding BA-CA Versicherung's Potential Infringement of Minimum Risk Capital Regulations*

In a circular dated December 12, 2006, the FMA informed Austrian insurance companies that, in connection with fund- and index-linked life insurance, insurers are required to maintain a risk capital of at least 5% in excess of claim reserves in the case of death. On October 9, 2007, the FMA informed BA-CA Versicherung of its intention to initiate investigations of BA-CA Versicherung's possible infringement of applicable regulations regarding the operation of its contract insurance business. Such an infringement could be caused by four fund-linked or fund- combined tariffs with insufficient risk capital, in which case the risk capital would be covered by the insured collective in case of an insured event. On 17 March 2008, the FMA issued an administrative decree requesting BA-CA Versicherung to refrain offering these products at the current price level starting 15 April 2008. BA-CA Versicherung has changed its pricing and intends to file an appeal with the Austrian constitutional court and administrative court including a petition for suspensive effect of the decree.

#### *Decree issued by the FMA Regarding Pension Retirement Agreements*

In its decree dated 14 December 2007, the FMA required the Issuer to have a uniform guaranteed interest rate applying to accrued profits in previous years and the current year for all retirement pension insurance contracts in the same (respective) group of the cover fund (Deckungsstock). The Issuer has filed an appeal with the Austrian administrative court. The Issuer and FMA have settled the disagreement by agreeing on a proposal by the Issuer on a uniform interest yield for several insurance contracts.

#### *Trademarks and Patents*

The names "WIENER STÄDTISCHE", "VIENNA INSURANCE GROUP" and "VIG" have been applied for and registered as a trademark in Austria and many other countries, including all countries of importance to the Vienna Insurance Group's business operations. Trademarks protecting the words

and/or the word-and-picture combinations used by the key companies in the Vienna Insurance Group have also been applied for and registered in the countries in which they are located and in other countries relevant to the companies' business operations.

The Issuer and its Group companies are the owners of a number of domains, including "wienerstaedtische" in combination with the top level domains "com," "biz," and, in the future, also "eu" and numerous country-specific top level domains (in particular "at", "it", "si", "bg", "cz", "hu", "pl", "ro" and "sk"). The domain name "vienna-insurance-group" and "vig" were also registered in the top level "com" domain and in a number of country-specific top level domains.

Patents are of no importance to the operations of the Vienna Insurance Group.

### *Real Property*

As of 31 December 2007, the book value of land and buildings owned by companies in the Vienna Insurance Group was approximately EUR 2,868.7 million, of which land value amounts to approximately EUR 481.7 million. The overwhelming majority of commercial buildings used by the Vienna Insurance Group are owned by companies in the Group, and no major encumbrances have been recorded against the Vienna Insurance Group's land holdings.

### *Contracts Outside of the Ordinary Course of Business*

Other than the General Distribution Agreement entered into by the Issuer and Erste Bank AG in connection with the acquisition of the Sparkassen Versicherung Aktiengesellschaft which operates in the life and non-life insurance business in Austria, its subsidiaries and companies in which Sparkassen Versicherung Aktiengesellschaft holds a minority interest which operate in the life insurance business in the Czech Republic, Croatia, Hungary and Slovakia, BCR Asigurari de Viata (BCR Life) which operates in the life insurance business in Romania, and BCR Asigurari which operates in the non-life insurance business in Romania, neither the Issuer nor any of the affiliated companies of the Vienna Insurance Group is a party to a material contract, which has not been entered into in the ordinary course of business. There are no agreements, which have been entered into by any affiliated company of the Vienna Insurance Group which contain a provision pursuant to which one of the affiliated companies of the Vienna Insurance Group would incur an obligation or receive a right, that would be of material significance for the Vienna Insurance Group and was not entered into in the ordinary course of business.

### **Recent Developments**

Based on preliminary data, gross premiums written of the Vienna Insurance Group in the first quarter 2008 increased in line with the growth rate in the first quarter of 2007, driven both by acquisitions and organic growth. Both the life and non-life segments and all geographical markets contributed to the growth. The Issuer's management expects the growth in gross premiums written to continue in the second quarter of 2008. The recent volatility in the capital markets resulted both in a decline in all major stock indices and in higher risk spreads on fixed-income securities generally, and a decrease in Vienna Insurance Group's income from extraordinary financial results consisting of realized gains, income/loss from writeups and extraordinary gains/losses from writedowns in the first quarter of 2008 compared to the same period the previous year. Investment income is expected to decrease compared with the same period of the previous year. Profit before tax is expected to increase

compared with the same period of the previous year, due in particular to an improved actuarial result in the property and casualty insurance.

The development of shareholders equity since 1 January 2008 has been negatively impacted by the development in the capital markets, which had an adverse effect on the market value of Vienna Insurance Group's investment portfolio, which was partially offset by the actuarial result. While the Vienna Insurance Group cannot at this point calculate the exact amount of its shareholders equity at 31 March 2008, management believes that the development of its shareholder equity since 31 December 2007 will be in the range of a single digit increase or decrease.

In February 2008, the Vienna Insurance Group established a reinsurance company in the Czech Republic. The decision was based on the current situation of the reinsurance market, which is characterized by a consolidation of large reinsurance companies. The Vienna Insurance Group targets a premium volume of EUR 300 million and a return on equity of 20% in the coming two to three years from its reinsurance operations.

On 26 March 2008, companies of the Vienna Insurance Group and the Erste Bank Group signed a series of agreements which set out the framework for the acquisition of the insurance operations of the Erste Bank Group in Austria, Croatia, the Czech Republic, Hungary, Romania and Slovakia as well as the future distribution arrangement between the Vienna Insurance Group and the Erste Bank Group with respect to the distribution of each other's products. The Issuer will fund this acquisition from proceeds of the capital increase 2008 and other sources including Notes issued under this Programme.

In connection with these acquisitions, the Vienna Insurance Group offered to the competition authorities to divest itself of a substantial interest in BA-CA Versicherung and its participations in UNITA, a Romanian non-life insurance company. At the end of March 2008, the Vienna Insurance Group entered into an agreement to sell a majority of its shares in BA-CA Versicherung, which will result in a reduction of its stake to 10% plus one share, to ERGO Versicherungsgruppe, whose stake in BA-CA Versicherung will increase to approximately 80%. The sale will be consummated at the end of September 2008 and is subject to regulatory approval.

## **Management**

The Issuer has a two-tier management system. The management board is in charge of the day-to-day business and represents the company vis-à-vis third parties. The supervisory board appoints the members of the management board, removes them from office and supervises the management activities of the management board. The supervisory board is authorized to represent the Issuer in legal transactions with members of the management board and, in certain cases, in legal disputes against members of the management board. As a rule, the supervisory board is not authorized to make management decisions, but pursuant to the Austrian Stock Corporation Act and the Articles of Association, the management board is obligated to seek the consent of the supervisory board for certain actions.

The management board must report to the supervisory board at regular intervals on the business activities and the financial position of the Issuer. The supervisory board may also request special reports to be prepared on any matter relating to management.



The management board is assisted in the management of the Issuer by members of the extended board and in cross-regional issues by members of the Group management board and the extended Group board.

The members of the management board, the supervisory board, the extended board, the Group management board and the extended Group board can be contacted at the following address: WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group, Schottenring 30, 1010 Vienna, Austria.

### ***Members of the Management Board***

The Issuer's management board is composed of four, five or six persons. Substitute management board members may be appointed. The following persons are currently members and substitute members of the management board:

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Member since</b>	<b>Appointed until</b>
Dr. Günter Geyer	64	General director, chairman of the management board	1991	6/30/2011
Dkfm. Karl Fink	62	General director, member of the management board	1991	6/30/2011
Mag. Robert Lasshofer	50	Member of the management board, deputy general director	1999	6/30/2011
Dr. Rudolf Ertl	61	Member of the management board	2001	6/30/2011
Dr. Hans-Peter Hagen	48	Member of the management board	2004	6/30/2011
Dr. Martin Simhandl	46	Member of the management board	2004	6/30/2011
Mag. Peter Höfing	36	Substitute member of the management board	2007	6/30/2011
Dr. Judit Havasi	32	Substitute member of the management board	2007	6/30/2011
Ing. Martin Divis	34	Substitute member of the management board	2007	6/30/2011

#### ***Dr. Günter Geyer***

Dr. Günter Geyer was born in 1943. He studied law at the University of Vienna. In 1974, he joined Wiener Städtische Wechselseitige Versicherungsanstalt of which he was appointed secretary general in 1984 and a member of its management board in 1988. In 1991, he was appointed deputy general director of the Issuer. Since 1 July 2001, Dr. Geyer has been general director of the Issuer. Dr. Geyer's primary areas of responsibility on the management board are strategic planning, public relations, human resources management, international personnel development, international labour law, group marketing and investor relations. The countries for which he is responsible are Slovakia, Czech Republic and Hungary.

In addition to his responsibilities at the Issuer, Dr. Geyer currently holds directorships and offices in the following:

- Chairman of the supervisory board of Bank Austria Creditanstalt Versicherung Aktiengesellschaft
- Chairman of the supervisory board of DONAU Versicherung AG Vienna Insurance Group
- Chairman of the supervisory board of Kooperativa pojišťovna, a.s., Vienna Insurance Group, Bratislava
- Chairman of the supervisory board of Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague
- Chairman of the supervisory board of UNION Vienna Insurance Group Biztosító Rt.
- Deputy chairman of the supervisory board of SPARKASSEN VERSICHERUNG AG
- 2nd deputy chairman of the supervisory board of Casinos Austria AG
- Member of the supervisory board of Casinos Austria International Holding GmbH
- Member of the supervisory board of SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft
- Member of the supervisory board of Österreichische Verkehrsbüro Aktiengesellschaft
- Member of the supervisory board of WIEN ENERGIE GmbH
- Member of the supervisory board of Wien Holding GmbH
- Chairman of the management board of Wiener Städtische Wechselseitige Versicherungsanstalt-Vermögensverwaltung
- Vice-President of the Austrian Insurance Association (VVO)

#### *Dkfm. Karl Fink*

Dkfm. Karl Fink was born in 1945. He graduated in 1971 from the University of Economics and Business Administration in Vienna. After working for four years for Marubeni Corporation in Tokyo and Berlin, Dkfm. Fink joined Wiener Städtische Wechselseitige Versicherungsanstalt in 1975. From 1979 through 1987, Dkfm. Fink was chairman of the management board of Interrisk – Internationale Versicherungs-AG, Vienna. In 1987, he was appointed a member of the management board of Wiener Städtische Wechselseitige Versicherungsanstalt. In July 2004, he was appointed deputy general director and in October 2007 general director of the Issuer. Dkfm. Fink's primary areas of responsibility on the management board are large corporate clients (underwriting and claims), reinsurance (Austria and CEE), sponsoring and the associated companies under TBIH.

In addition to his responsibilities at the Issuer, Dkfm. Fink currently holds directorships and offices in the following:

- Chairman of the supervisory board of the life insurance company Bulgarski IMOTI
- Chairman of the supervisory board of the non-life insurance company Bulgarski IMOTI
- Chairman of the supervisory board of Bulstrad Insurance & Reinsurance Plc.
- Chairman of the supervisory board of TBIH Financial Services Group N.V.
- Deputy chairman of the supervisory board of Towarzystwo Ubezpieczen Compensa S.A.
- Deputy chairman of the supervisory board of Towarzystwo Ubezpieczen Na Zycie Compensa S.A.
- Deputy chairman of the supervisory board of DONAU Versicherung AG Vienna Insurance Group
- Deputy chairman of the supervisory board of KOOOPERATIVA poist'ovňa, a.s. Vienna Insurance Group, Bratislava
- Deputy chairman of the supervisory board of Kooperativa pojišťovna, a.s. Vienna Insurance Group, Prague
- Deputy chairman of the supervisory board of Vienna Insurance Group Polska Sp. Z o.o.
- Deputy chairman of the supervisory board of Wiener Städtische osiguranje akcionarsko drustvo

- Member of the supervisory board of the Austrian HAGELVERSICHERUNG Versicherungsverein auf Gegenseitigkeit
- Member of the supervisory board of AT&S Austria Technologie & Systemtechnik AG
- Member of the supervisory board of Towarzystwo Ubezpieczen Interrisk S.A. Vienna Insurance Group (formerly T.U. CIGNA STU S.A.)
- Member of the supervisory board of Insurance Company MSK Life Ltd.
- Member of the supervisory board of Wienerberger AG
- Member of the management board of Wiener Städtische Wechselseitige Versicherungsanstalt-Vermögensverwaltung
- Chairman of the Industrial Insurance committee of the Austrian Insurance Association (VVO)

#### *Mag. Robert Lasshofer*

Mag. Lasshofer was born in 1957. After completing his education at Höhere Technische Lehranstalt TGM (where he studied operations technologies – industrial engineering), he studied economics at the University of Vienna. In 1983, he joined Zentralsparkasse und Kommerzbank Vienna (now Bank Austria Creditanstalt AG). In 1987, Mag. Lasshofer joined UNION Versicherungs-AG. In 1998, he was appointed a member of the management board of DONAU Versicherung AG Vienna Insurance Group. Since 1999, Mag. Lasshofer has been a member of the management board of the Issuer. Mag. Lasshofer's primary areas of responsibility include marketing, sales, advertising and the nine regional offices. The country for which he is responsible is Liechtenstein.

In addition to his responsibilities at the Issuer, Mag. Lasshofer currently holds directorships and offices in the following:

- Deputy chairman of the supervisory board of VIENNA LIFE Lebensversicherung AG, Vienna Insurance Group
- 2<sup>nd</sup> Deputy chairman of the supervisory board of Ringturm Kapitalanlageges.m.b.H
- Deputy chairman of the supervisory board of Union Vienna Insurance Group Biztosító Rt.
- Member of the supervisory board of ATHENA Wien Beteiligungen AG
- Member of the supervisory board of SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft
- Member of the supervisory board of S-Bausparkasse der oesterreichischen Sparkassen AG
- Deputy chairman of the shareholder's committee of Finanzpartner GmbH

#### *Dr. Rudolf Ertl*

Dr. Ertl was born in Vienna in 1946. He completed his studies of law with a doctorate in 1969 at the University of Vienna. Thereafter he studied at the University of Economics and Business Administration in Vienna. Dr. Ertl joined Wiener Städtische Wechselseitige Versicherungsanstalt in 1972. In 1990, he was appointed a member of the management board of DONAU Versicherung AG Vienna Insurance Group. In 1999, he became a member of the extended board. Since July 2001, he has been a member of the management board of the Issuer. Dr. Ertl is primarily responsible for the business organization, IT (Austria and CEE), legal costs insurance (claims), real estate and real estate oriented investments, and company law departments. The country for which he is responsible is Serbia.

In addition to his responsibilities at the Issuer, Dr. Ertl currently holds directorships and offices in the following:

- Member of the management board of DONAU Versicherung AG Vienna Insurance Group
- Chairman of the supervisory board of Wiener Städtische osiguranje akcionarsko drustvo
- Chairman of the supervisory board of Towarzystwo Ubezpieczen Compensa S.A.
- Chairman of the supervisory board of Towarzystwo Ubezpieczen Na Zycie Compensa S.A.
- Chairman of the supervisory board of Royal Polska Towarzystwo Ubezpieczen na Zycie S.A.
- Chairman of the supervisory board of Vienna Insurance Group Polska Sp. Z o.o.
- Deputy chairman of the supervisory board of BENEFIA Towarzystwo Ubezpieczen Majatkowych S.A.
- Deputy chairman of the supervisory board of BENEFIA Towarzystwo Ubezpieczen na Zycie S.A
- Deputy chairman of the supervisory board of the life insurance company Bulgarski IMOTI
- Deputy chairman of the supervisory board of the insurance company Bulgarski IMOTI
- Deputy chairman of the supervisory board of WÜSTENROT Versicherungs-AG
- Member of the supervisory board of Towarzystwo Ubezpieczen Interrisk S.A. Vienna Insurance Group (formerly T.U. CIGNA STU S.A.)
- Member of the supervisory board of SPARKASSEN VERSICHERUNG Aktiengesellschaft

*Dr. Hans-Peter Hagen*

Dr. Hagen was born in 1959. He studied law at the University of Vienna, from which he graduated with a doctorate in 1987. In 1989, he joined Wiener Städtische Wechselseitige Versicherungsanstalt. In 1999, he became a member of the extended board and in July 2004, he was appointed a member of the management board of the Issuer. Dr. Hagen's primary areas of responsibility are general liability insurance (underwriting and claims), motor vehicle insurance (underwriting), legal costs insurance (underwriting), property insurance underwriting (retail business), property insurance (underwriting and claims excluding legal costs insurance and corporate clients).

In addition to his responsibilities at the Issuer, Dr. Hagen currently holds directorships and offices in the following:

- Member of the management board of Kooperativa pojišť'ovna, a.s., Vienna Insurance Group, Prague
- Deputy chairman of the supervisory board of INTERRISK Versicherungs-Aktiengesellschaft Vienna Insurance Group
- Deputy chairman of the administrative board of OMNIASIG Vienna Insurance Group S.A.
- Member of the supervisory board of INTERRISK Lebensversicherungs-Aktiengesellschaft Vienna Insurance Group
- Member of the supervisory board of OMNIASIG Asigurari de Viata S.A. Vienna Insurance Group
- Member of the supervisory board of UNITA Vienna Insurance Group S.A.
- Member of the supervisory board of DONAU Versicherung AG Vienna Insurance Group
- Member of the supervisory board of voestalpine AG

*Dr. Martin Simhandl*

Dr. Simhandl was born in 1961 and holds a law degree. In 1985, he joined Wiener Städtische Allgemeine Versicherungsanstalt. In 2000, he was appointed a member of the extended board of the Issuer. Since November 2004, Dr. Simhandl has been a member of the management board of the Issuer. Dr. Simhandl's primary areas of responsibility are finance and accounting, capital investment

(securities and funds, investment management) life, health and casualty insurance. The countries for which he is responsible are Ukraine and Germany.

In addition to his responsibilities at the Issuer, Dr. Simhandl currently holds directorships and offices in the following:

- Chairman of the supervisory board of INTERRISK Versicherungs-AG Vienna Insurance Group
- Chairman of the supervisory board of the insurance company KNIAZHA
- Chairman of the supervisory board of Erste gemeinnützige Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H.
- Chairman of the supervisory board of Ringturm Kapitalanlageges.m.b.H.
- Chairman of the supervisory board of Sparkassen Immobilien AG
- 1st deputy chairman of the supervisory board of CEE PROPERTY-INVEST IMMOBILIEN AG
- Deputy chairman of the supervisory board of INTERRISK Lebensversicherungs-AG Vienna Insurance Group
- Member of the supervisory board of Bank Austria Creditanstalt Versicherung AG
- Member of the supervisory board of DONAU Versicherung AG Vienna Insurance Group
- Member of the supervisory board of Sparkassen Versicherung Aktiengesellschaft
- Member of the supervisory board of TBIH Financial Services Group N.V.
- Member of the supervisory board of UNION Vienna Insurance Group Biztosító Rt.
- Member of the supervisory board of Wiener Hafen Management GmbH
- Member of the management board of Wiener Städtische Wechselseitige Versicherungsanstalt-Vermögensverwaltung
- Member of the shareholders' committee of TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH
- Member of the steering committee of Beteiligungs- und Immobilien GmbH
- Member of the steering committee of Beteiligungs- und Wohnungsanlagen GmbH
- Member of the steering committee of Beteiligungs- und Wohnungsanlagen GmbH & Co OEG
- Member of the steering committee of Humanomed Krankenhaus Management Gesellschaft mbH

### ***Substitute Members of the Management Board***

#### ***Mag. Peter Höfinger***

Mag. Peter Höfinger was born in 1971. In 1998, after completing his law studies, he joined an Austrian law firm working in Vienna and Prague before starting to work for Winterthur Versicherung, where he held a number of management positions, in companies of the corporate group in the Czech Republic and Poland. From 2001, Mag. Höfinger has been CEO of AXA Biztosító Rt., Hungary, before he moved to DONAU Versicherung in 2003, where he is a member of the management board responsible for distribution. In 2007, Mag. Höfinger became a member of the Group management board of the Issuer, where he provides assistance to the management board of the Issuer, primarily with respect to underwriting and claims by international corporates and large customers, property insurance (underwriting and claims; excluding legal costs insurance and corporate clients) and the international reinsurance service group. The countries for which he is responsible are Romania and Russia.

In addition to his responsibilities at the Issuer, Mag. Höfinger currently holds directorships and offices in the following:

- Member of the management board of DONAU Versicherung AG Vienna Insurance Group

- Member of the administrative board of OMNIASIG Vienna Insurance Group S.A.
- Deputy chairman of the supervisory board of OMNIASIG Asigurari de Viata S.A.
- Deputy chairman of the supervisory board of UNITA Vienna Insurance Group S.A.
- Member of the supervisory board of Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group (CPP)
- Member of the supervisory board of Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague
- Member of the supervisory board of Insurance Joint-Stock Company "STANDARD REZERV"
- Member of the supervisory board of Wiener Städtische osiguranje a.d.o.
- Member of the supervisory board of Joint Belarus-Austrian Insurance Company KUPALA
- Member of the supervisory board of Insurance Company ZASO Victoria Non-Life

*Dr. Judit Havasi*

Dr. Judit Havasi was born in 1975 and studied law in Vienna and Budapest. In 2000, she joined Union Biztosító (formerly Gloria Swisslife), a fully owned subsidiary of the Issuer. Dr. Havasi has been a member of the management board of UNION Biztosító since 2005. In 2006, she completed her studies as a tax advisor and became a member of the extended board of the Issuer that same year. In 2007, Dr. Havasi became a member of the Group management board of the Vienna Insurance Group. Dr. Havasi assists the management board of the Issuer, particularly with respect to Group matters in the areas of labor law, international personnel development, corporate law (CEE), legal costs insurance (claims) and finance and accounting (CEE).

In addition to her responsibilities at the Issuer, Dr. Havasi currently holds directorships and offices in the following:

- Member of the management board of Union Vienna Insurance Biztosító Rt.

*Ing. Martin Divis, MBA*

Ing. Martin Divis was born in 1973. After finishing his business studies in Prague, he completed a post-graduate MBA degree in New York, USA. He joined Kooperativa Prague in 1995. Ing. Divis became a member of the extended board of Kooperativa Prague in 2005 and has been deputy general director of the company and a member of the extended board of the Issuer since 2006. In 2007, Ing. Divis became a member of the Group management board of the Vienna Insurance Group, where he assists the management board of the Issuer with international coordination in the areas of investments (real estate and real estate oriented investments, as well as securities and funds), and general liability (underwriting and claims). The country for which he is responsible is Belarus.

In addition to his responsibilities at the Issuer, Ing. Divis currently holds directorships and offices in the following:

- Member of the management board of Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague
- Member of the supervisory board of the life insurance company Bulgarski IMOTI
- Member of the supervisory board of the insurance company Bulgarski IMOTI
- Member of the supervisory board of Bulstrad Insurance & Reinsurance Plc.
- Member of the supervisory board of Joint Belarus-Austrian Insurance Company KUPALA
- Member of the supervisory board of Insurance Company ZASO Victoria Non-Life

- Member of the steering committee of the Czech Insurance Association
- Chairman of the motor vehicle division of the Czech Insurance Association

### ***Members of the Supervisory Board***

The Issuer's supervisory board is composed of members elected by the shareholders' meeting and by employee representatives delegated by the works council. The number of employee representatives on the supervisory board must be at least 50% of the number of members elected by the shareholders' meeting. In accordance with the Articles of Association of the Issuer, the supervisory board must consist of at least three members elected by the shareholders' meeting. Currently, the supervisory board of the Issuer is composed of ten members elected by the shareholders' meeting and five members delegated by the employees' representation. Unlike the members elected by the shareholders' meeting, the employee representatives on the supervisory board are persons employed by the Issuer.

The term of office of the members of the supervisory board elected by the shareholders' meeting terminates at the end of the shareholders' meeting in which the supervisory board actions for fourth fiscal year following the election are formally approved. Re-election (also more than once) is admissible. The members delegated by the employees' representation are delegated for an indefinite period of time.

The following table sets forth information on the persons who are currently members of the supervisory board:

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Member since</b>	<b>Appointed until</b>
KR Dkfm. Klaus Stadler Generaldirektor i.R.	69	Chairman of the supervisory board	1992	2010
KR Dr. Karl Skyba	68	Deputy chairman of the supervisory board	1992	2010
Propst Bernhard Backovsky	65	Member of the supervisory board	2002	2010
Mag. Alois Hochegger	58	Member of the supervisory board	2005	2010
Dipl.-Ing. Guido Klestil	66	Member of the supervisory board	1992	2010
Prof. KR Walter Nettig	72	Member of the supervisory board	1992	2010
HR Dkfm. Heinz Öhler	62	Member of the supervisory board	2002	2010
Mag. Reinhard Ortner	59	Member of the supervisory board	2007	2010
Dr. Johann Sereinig	56	Member of the supervisory board	1992	2010
Mag. Dr. Friedrich Stara Peter Grimm	59	Member of the supervisory board	2002	2010
1st deputy chairman of the central works council	55	Member of the supervisory board	1991	

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Member since</b>	<b>Appointed until</b>
Heinz Neuhauser member of the central works council	64	Member of the supervisory board	1991	
Franz Urban chairman of the central works council	58	Member of the supervisory board	1991	
Gerd Wiehart 2nd deputy chairman of the central works council	46	Member of the supervisory board	2002	
Peter Winkler member of the central works council	52	Member of the supervisory board	2005	

*KR Dkfm. Klaus Stadler*

KR Dkfm. Stadler was born in 1939. He studied at the University of Economics and Business Administration of Vienna. From 1965 through 1969, he was employed by Österreichische Revisions- und Treuhand-Gesellschaft m.b.H. From 1969 through 1974 he was managing director of Heizbetriebe Wien GmbH (now Fernwärme Wien Ges.m.b.H.). From 1974 until his retirement in 2002. Since 1980, Dkfm. Stadler has been a member of Wien Holding GmbH management board and has been general director since 1989.

*General director (retired) KR Dr. Karl Skyba*

KR Dr. Skyba was born in 1939. In 1957, he joined the municipal authority for the city of Vienna, where he first worked in welfare and later in finance and investment administration. From 1983 through 1990, he was head of the cabinet of the Mayor of the City of Vienna. From 1991 until his retirement in early 2003, Dr. Skyba was general director of Wiener Stadtwerke Holding AG.

*Probst Bernhard Backovsky*

Probst (provost) Backovsky was born in 1943. He joined the monastery of Augustiner Chorherrenstift in Klosterneuburg after he graduated from high school, and in 1965 he was invested in the order. After his ordination to the priesthood, he practiced a number of religious activities until 1995, when he was elected provost of the monastery of Klosterneuburg. He was appointed abbot in 1996.

*Mag. Alois Hochegger*

Mag. Hochegger was born in 1949. He studied business administration at the University of Graz. After finishing his studies, he was employed as an auditor with the Sparkassen-Prüfungsverband (the auditing association of the savings banks) in Vienna. From 1981 through 1990, Mag. Hochegger was employed by the Sparkasse in Wolfsberg and since 1983, he was the chairman of the management board of the Sparkasse in Wolfsberg. From 1990 through 1999, Mag. Hochegger was deputy chairman of the management board of Kärntner Sparkasse AG. Since August 1999, Mag. Hochegger has been chairman of the management board of Kärntner Sparkasse AG.



*Dipl.-Ing. Guido Klestil*

Dipl.-Ing. Klestil was born in 1941. He studied communication technology, upon completion of which he held a number of positions in international companies in the electric and electronics industries, including general director of ITT – Austria / Alcatel Austria AG. From 1988 through 1994, he held a number of positions in ÖIAG and was a member of the management board of Austrian Industries AG. From 1997 until his retirement in 2002, Dipl.-Ing. Klestil was managing partner of a consulting firm.

*Prof. KR Walter Nettig*

Prof. KR Nettig was born in 1935. Upon completion of his apprenticeship to become a photographic equipment salesman, he worked with a photographic products company in Vienna, following which he set up his own photographic equipment shops and was active in the photographic industry's purchasing organization, Fotoring-Austria Gen.m.b.H. (a cooperative). From 1987 through 1996, he was a member of the regional parliament and city council of Vienna. From 1989 through 1991, Prof. KR Nettig was city councilor for the departments of culture, sports, environment and consumer protection. From 1992 through 2004, Prof. KR Nettig was president of the economic chamber of Vienna. Since 1996, he has been a special delegate for international economic matters of the City of Vienna.

*HR Dkfm. Heinz Öhler*

HR Dkfm. Öhler was born in 1945. He completed his studies at the University of Economics and Business Administration in Vienna. In 1970, Dkfm. Öhler joined the Tiroler Gebietskrankenkasse. In 1971, he was appointed head of the finance division of Tiroler Gebietskrankenkasse and in subsequent years, held a number of positions in the Tiroler Gebietskrankenkasse. At present, Dkfm. Öhler is a director of the Tiroler Gebietskrankenkasse.

*Mag. Reinhard Ortner*

Mag. Reinhard Ortner was born in 1949. After completing his studies in social sciences and economics (with a major in political economy) at the University of Vienna, he was employed by Erste österreichische Spar-Casse. In 1977, he became head of the accounting, business administration and finance department group. Since 1984, Mag. Ortner has been a member of the management board of Erste Bank der österreichischen Sparkassen AG. In June 2007, he retired from the management board of Erste Bank der österreichischen Sparkassen AG.

*Dr. Johann Sereinig*

Dr. Sereinig was born in 1952. He completed his study of basic and integrative sciences at the University of Vienna in 1976. Thereafter he was employed by Österreichische Länderbank AG. From 1984 to 1986, he was advisor to the Federal Minister of Finance and subsequently became advisor to the Federal Chancellor. From 1988 through 1993, he was head of the Federal Chancellor's cabinet. Since early 1994, Dr. Sereinig has been a member of the management board of Verbund – Österreichische Elektrizitätswirtschafts-AG. In 2007, he became deputy chairman of the management board of Verbund – Österreichische Elektrizitätswirtschafts-AG.

*Mag. Dr. Friedrich Stara*

Mag. Dr. Stara was born in 1949. He completed his studies in economic sciences at the University of Economics and Business Administration in Vienna. Dr. Stara joined the HENKEL-Group in 1976 and held a number of positions from 1977 through 1989. From 1993 through 1997, he was general manager of HENKEL Austria GmbH and the HENKEL Austria Group. From 1998 through 2004, he was president of HENKEL Central Eastern Europe. Since July 2005, Dr. Stara has been a member of the management board of HENKEL KGaA.

*Peter Grimm*

Mr. Grimm was born in 1952. He has been with “Wiener Städtische” since 1973. Mr. Grimm is first deputy chairman of the central works council of the Issuer.

*Heinz Neuhauser*

Mr. Neuhauser was born in 1943. He joined “Wiener Städtische” in 1969. Mr. Neuhauser held a number of positions as office and field staff for “Wiener Städtische”. He is a member of the central works council of the Issuer.

*Franz Urban*

Mr. Urban was born in 1949 and joined “Wiener Städtische” in 1969. Mr. Urban was primarily employed in the area of motor vehicle insurance claims. Since 1990, he has been chairman of the works council for the provincial head office for Vienna and the central head office. He is also chairman of the central works council of the Issuer.

*Gerd Wiehart*

Mr. Wiehart was born in 1961. He joined “Wiener Städtische” in 1976 and, among other things, was employed in the non-motor vehicle underwriting department and in the advertising department. Since 1991, he has been a member of the works council, and since 2001, Mr. Wiehart has been second deputy chairman of the central works council of the Issuer.

*Peter Winkler*

Mr. Winkler was born in 1956. He has been employed with “Wiener Städtische” since 1979. Since 1996, he has been a member of the works council and was appointed chairman of the Upper Austria works council in 1999. Mr. Winkler is member of the central works council of the Issuer.

*OAR Peter Haunschmidt*

In fiscal year 2007, Oberamtsrat Peter Haunschmidt withdrew from the supervisory board. Oberamtsrat Haunschmidt had been a member of the supervisory board from 2002 through 25 May 2007.

***Members of the Extended Board***

The following table contains a list of the members of the extended board of the Issuer:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Robert Bilek	51	Head of human resources
Mag. Hermann Fried	43	Head of health insurance
Mag. Helene Kanta	49	Head of corporate law
		Head of international corporates and large customers
Dr. Wolfgang Petschko	30	service
Dr. Michael Schlögl	39	Head of motor vehicle insurance
		Head of investment management in subsidiaries and
Dr. Christine Dornaus	44	associated companies and loans

#### *Robert Bilek*

Robert Bilek was born in 1956 and joined “Wiener Städtische” in 1973. In 1993, he was appointed head of human resources administration – payroll accounting and in 1999, he became head of human resources. Since January 2005, Mr. Bilek has been a member of the extended board of the Issuer. His main responsibility in the extended board is coordination of domestic human resources, such as the development of training programs and the advancement of junior and senior management.

In addition to his responsibilities at the Issuer, Mr. Bilek currently holds directorships and offices in the following:

- Chairman of the savings and loan fund for employees of Wiener Städtische Allgemeine Versicherungsanstalt reg. Gen.m.b.H.
- Member of the supervisory board of VBV Vorsorgekasse AG
- Deputy Chairman of the Employers’ committee of the Austrian Insurance Association (VVO)
- President of the Austrian Institute for Professional Insurance Education (BÖV)

#### *Mag. Hermann Fried*

Mag. Hermann Fried was born in 1964. He joined University of Economics and Business Administration, Vienna Institute for regional development after completing his studies in business administration at the University of Economics and Business Administration in Vienna. In 1994, he became assistant to the chairman of the management board of the Association of Social Insurance Agencies Austria. In 1997, he became Head of the controlling department in the Health- and Social fund of Lower Austria before he joined Wiener Städtische in 1998. Mag. Fried has worked in the health insurance department since joining the Issuer. He was appointed deputy group head of health insurance in 2002, and became group head in 2004. Mag. Fried has been a member of the extended board of the Issuer since January 2008. His responsibility in the extended board is to advise the management board with respect to personal health and life insurance.

In addition to his responsibilities at the Issuer, Mag. Fried currently holds directorships and offices in the following:

- Deputy Chairman of the Health Insurance Section of the Austrian Insurance Association (VVO)

*Mag. Helene Kanta*

Mag. Helene Kanta was born in 1958. After completing her law degree at the University of Vienna, she began working for the VVO in 1985 where she was head of the legal department and Syndic. She has been employed in the legal department of the Issuer since 1997, and became head of the department in 2001. Mag. Kanta has been a member of the extended board of the Issuer since January 2008 and provides advice to the management board, with respect to legal matters.

In addition to her responsibilities at the Issuer, Mag. Kanta currently holds directorships and offices in the following:

- Member of the executive board of Neue Heimat Oberösterreich Holding GmbH
- Member of the supervisory board of Vienna Life Lebensversicherungs AG Vienna Insurance Group

*Dr. Wolfgang Petschko*

Dr. Wolfgang Petschko was born in 1978, after completing his studies of information management he joined the Federal Chancellery of the Republic of Austria before he started working for Donau Versicherung in 2002 as an assistant to the head of reinsurance service group. From 2006 he was responsible for country management CEE in the corporate clients' service group. In 2007, Dr. Petschko became managing director of Vienna International Underwriters GmbH and head of international corporate clients and key accounts services group of the Issuer. Since January 2008, Dr. Petschko is also a member of the extended board of the Issuer and provides advice to the management board with respect to key accounts and corporate clients in the field of non-life insurance (excluding motor vehicle insurance).

In addition to his responsibilities at the Issuer, Dr. Petschko currently holds directorships and offices in the following:

- Managing director of Vienna International Underwriters GmbH

*Dr. Michael Schlögl*

Dr. Michael Schlögl was born in 1968. After completing his studies in actuarial mathematics and technical mathematics at the Vienna University of Technology he commenced part-time work with "Weiner Städtische". After finishing his postgraduate advanced degree in engineering at the Vienna University of Technology, Dr. Schlögl began working full-time with the Issuer. In 2003, Dr. Schlögl received his doctorate from the Vienna University of Technology. In 2004, he was appointed deputy group head of the motor vehicle department, and in early 2005, group head of Wiener Städtische's motor vehicle department. Dr. Schlögl has been a member of the extended board of the Issuer since January 2008 and provides advice to the management board, with respect to motor vehicle insurance. He does not hold any positions outside the Issuer.

*Dr. Christine Dornaus*

Dr. Christine Dornaus was born in 1963. After completing her studies and receiving a doctorate in social sciences and economics in 1989, she held management positions in domestic and foreign

banking. Dr. Dornaus joined the Issuer in 2002, initially as deputy head of investment and loans underwriting, and then as head of this area in November 2005. Dr. Dornaus has been a member of the extended board of the Issuer since January 2008 and provides advice to the management board, with respect to investments (excluding insurance company investments).

In addition to her responsibilities at the Issuer, Dr. Dornaus currently holds directorships and offices in the following:

- Managing director of Beteiligungs- und Immobilien GmbH
- Managing director of Beteiligungs- und Wohnungsanlagen GmbH
- Managing director of PFG Holding GmbH
- Managing director of Wiener Städtische Beteiligungs GmbH
- Member of the supervisory board of Bank Austria Creditanstalt Versicherung AG
- Member of the supervisory board of InvestEquity Beteiligungs-AG
- Member of the supervisory board of Kapital Beteiligungs Aktiengesellschaft
- Member of the supervisory board of UBF Mittelstandsfinanzierungs AG
- Member of the advisory board of Andel Investments Praha s.r.o.
- Member of the advisory board of Futurelab GmbH

#### ***Members of the Group's Management Board***

The following table contains the members of the Group management board of the Vienna Insurance Group:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Franz Fuchs	54	General director, chairman of the management board of the Compensa companies in Poland
Dr. Franz Kosyna	53	Member of the management board of DONAU Versicherung AG Vienna Insurance Group

#### ***Franz Fuchs***

Franz Fuchs was born in 1953. After completing his studies in mathematics at the University of Vienna, he worked as an actuary for an Austrian insurance company since 1974. Between 1977 and 2003, Mr. Fuchs was employed by several major domestic and foreign insurance groups. At the end of 2003, he moved to the Wiener Städtische Group, where he was appointed chairman of the management board of the Polish Compensa companies. At the end of 2006, Mr. Fuchs became a member of the extended board of the Issuer and has been a member of the Group management board since the beginning of 2007.

In addition to his responsibilities at the Issuer, Mr. Fuchs currently holds directorships and offices in the following:

- General director of Towarzystwo Ubezpieczen Compensa S.A.
- General director of Towarzystwo Ubezpieczen Na Zycie Compensa S.A.
- General director of Vienna Insurance Group Polska Spolka z o.o.
- Chairman of the supervisory board of BENEFIA Towarzystwo Ubezpieczen Na Zycie S.A. Vienna Insurance Group

- Chairman of the supervisory board of BENEFIA Towarzystwo Ubezpieczen S.A. Vienna Insurance Group
- Chairman of the supervisory board of Capitol Spolka z o.o.
- Chairman of the supervisory board of closed joint stock company JUPITER Life Insurance Vienna Insurance Group
- Chairman of the supervisory board of Towarzystwo Ubezpieczen InterRisk S.A. Vienna Insurance Group (formerly Cigna T.U. CIGNA STU S.A)
- Chairman of the supervisory board of Vienna Finanse
- Chairman of the supervisory board of FinLife Towarzystwo Ubezpieczen ny Zycie S.A.
- First deputy chairman of the supervisory board of Kvarner Vienna Insurance Group ddo.
- Deputy chairman of the supervisory board of Royal Polska Towarzystwo Ubezpieczen na Zycie S.A. Vienna Insurance Group
- Deputy chairman of the supervisory board of Towarzystwo Ubezpieczen Polski Zwiazek Motorwy Spolka Akcyjna Vienna Insurance Group
- Deputy chairman of the supervisory board of life insurance company Bulgarski Imoti
- Deputy chairman of the supervisory board of insurance company Bulgarski Imoti
- Deputy chairman of the supervisory board of Bulstrad Insurance and Reinsurance Plc
- Member of the supervisory board of VIG Re
- Member of the supervisory board of Osiguranje Helios dd.
- Member of the supervisory board of TBIH Financial Services Group N.V.
- Member of the supervisory board of Insurance Company KNIAZHA
- Member of the supervisory board of Globus Vienna Insurance Group AG
- Member of the supervisory board of Seesam Life Insurance SE

*Dr. Franz Kosyna*

Dr. Franz Kosyna was born in 1954. He studied law and joined “Wiener Städtische” in 1983. From 1992 to 1995, he was a member of the management board of UNION Versicherung (now BA-CA Versicherung). From 1995 to 1998, Dr. Kosyna was general secretary of the Issuer. From 1999 to 2004, he was a member of the management board of KOOPERATIVA poisťovňa Bratislava in Slovakia, and was appointed deputy general director beginning 2003. From 2004 to 2006, Dr. Kosyna was deputy general director of Kooperativa poisťovna a.s. Prague in the Czech Republic. At the beginning of 2005, he was appointed to the extended board of the Issuer. In 2006, he became general director of Česká podnikatelská poisťovna a.s., Vienna Insurance Group (CPP). At the end of 2007, Dr. Kosyna was appointed to the management board of Donau Versicherung. As a member of the Group management board, Dr. Kosyna assists with coordination of the international strategy of the Vienna Insurance Group.

In addition to his responsibilities at the Issuer, Dr. Kosyna currently holds directorships and offices in the following:

- Member of the management board of DONAU Versicherung AG Vienna Insurance Group
- Member of the executive board of Wiener Städtische Finanzierungsdienstleistungs GmbH
- Deputy chairman of the supervisory board of KOMUNÁLNA poisťovňa a.s. a.s., Vienna Insurance Group
- Member of the supervisory board of Kooperativa poisťovna, a.s., Vienna Insurance Group, Bratislava
- Member of the supervisory board of Capitol Spolka z o.o.
- Member of the supervisory board of Antares Risk s.r.o.

- Member of the supervisory board of Sigmund Freud Privatstiftung
- Member of the management board of Sigmund Freud Gesellschaft
- Member of the management board of Verein der Freunde des Sigmund Freud Museums

### ***Members of the Extended Group Board***

The following table contains a list of the members of the extended Group board of the Vienna Insurance Group:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Mag. Roland Gröll	42	Head of the group accounting department Member of the management board of DONAU Versicherung
Mag. Robert Haider	42	AG Vienna Insurance Group
Dr. Birgit Moosmann	45	Head of labor law department
Mag. Larysa Winter	34	Head of international personnel development

#### ***Mag. Roland Gröll***

Mag. Roland Gröll was born in 1965. After completing his studies in business administration he started working for the Issuer in 1994 where he completed a traineeship programs and joined the accounting department. In 2004, Mag. Gröll became deputy head of finance and accounting department. Since 2008, Mag. Gröll has been a member of the extended Group board, where he is responsible for coordinating Group accounting. He does not hold any positions outside of the Issuer.

#### ***Mag. Robert Haider***

Mag. Robert Haider was born in 1965. He studied law at the University of Vienna. After completing his studies, Mag. Haider was employed in a number of companies in the information technology industry. In 1998, he was appointed managing director of an information technology subsidiary of the Issuer. In 2001, Mag. Haider was appointed to the management board of DONAU and to the extended board of the Issuer. Mag. Haider has been a member of the extended Group board since 2008, where he is responsible for information technology and process optimization for the Group.

In addition to his responsibilities at the Issuer, Mag. Haider currently holds directorships and offices in the following:

- Member of the management board of DONAU Versicherung AG Vienna Insurance Group
- Member of the supervisory board of Cosmopolitan Life Vienna Insurance Group d.d.o
- Member of the supervisory board of Kvarner Vienna Insurance Group ddo
- Member of the administrative board of OMNIASIG Vienna Insurance Group S.A.
- Member of the shareholders' committee of TOGETHER Internet Services GmbH

#### ***Dr. Birgit Moosmann***

Dr. Birgit Moosmann was born in 1962. After completing her law studies, she joined the Issuer in 1989 and has been employed in the human resources department since that time. She became deputy head of labor law in 1999 and was appointed head of the Labor Law Department in 2004. Since 2008, Dr. Moosmann is a member of the extended Group board, where she is responsible for coordinating company-wide labor law matters. She does not hold any positions outside of the Issuer.

*Mag. Larysa Winter, MBA*

Mag. Larysa Winter, born 1973, joined Unilever Ukrain Ltd. in 1995. After completing her law studies at National University, Kiev in 1998 she became the Manager of the Legal Department. 2001 Mag. Winter moved to Vienna, where she was working as Human Resources Expert for multinationally operating companies. Between 2002 and 2006 Mag. Winter completed an additional postgraduate education at Henley Management College. Since March 2007 she is Head of the International Human Resources Development of the Issuer. In January 2008 she became a member of the extended Group board, where she is responsible for coordinating company-wide human resources issues. Mag. Winter does not hold any positions outside of the Issuer.

***Additional Information Regarding the Members of the Management Board, Supervisory Board, the Extended Board, the Group Management Board and Extended Group Board***

None of the members of the management board, supervisory board, the extended board, the Group management board or the extended Group board of the Issuer:

- has any family relationship with another member of the management board, the supervisory board, the extended board, the Group management board or the extended Group board of the Issuer;
- is, or has been, at any time in the last previous five years a member of the administrative, management or supervisory bodies or partner of a company or partnership outside the Vienna Insurance Group (with the exception of those positions disclosed in this Prospectus);
- has during at least the last previous five years been convicted of fraudulent offences;
- was during at least the last previous five years as a member of the administrative, management or supervisory bodies, partners with unlimited liability or as a senior manager of a company involved in any bankruptcies, receiverships or liquidations, with the exception of Dr. Kosyna who has been associated with in the liquidation of the company Kapitál Invest Hungary, where he was chairman and a member of the supervisory board;
- was subject to any official incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies);
- has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years;
- has potential conflicts of interests between any duties vis-à-vis the Issuer and their private interests and/or other duties;
- was selected on the basis of any arrangement or understanding with major shareholders, customers, suppliers or others, as a member of the administrative management or supervisory bodies or member of senior management; or



- has agreed to any restrictions on the disposal within a certain period of time of their holdings in the Issuer.

The following table contains information about all enterprises and companies of which members of the supervisory board, the management board, the extended board, the Group management board or the extended Group board have been members of the administrative, management or supervisory bodies or partners over the last five years. Excluded from this table are positions on the executive bodies of subsidiaries of the Issuer held by members of the management board, the extended board, the Group management board or the extended Group board. Subsidiaries in this context are deemed to be such companies in which the Issuer presently holds directly or indirectly an interest of more than 50%:

<b>Member of management board, supervisory board, extended board, Group management board, extended Group board management board</b>	<b>Name of the company</b>	<b>Position last held</b>	<b>Still applic able</b>
Dr. Günter Geyer	Wiener Städtische Wechselseitige Versicherungsanstalt – Vermögensverwaltung Sparkassen Versicherung AG	Member of the management board	yes
	Casinos Austria AG	1st deputy chairman of the supervisory board	yes
	Casinos Austria International Holding GmbH	2nd deputy chairman of the supervisory board	yes
	SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft	Member of the supervisory board	yes
	Österreichisches Verkehrsbüro Aktiengesellschaft	Member of the supervisory board	yes
	WIEN ENERGIE GmbH	Member of the supervisory board	yes
	Wien Holding GmbH	Member of the supervisory board	yes
	Union Versicherungs-Aktiengesellschaft	Chairman of the supervisory board	no
	RUEFA Reisen AG	Deputy chairman of the supervisory board	no
	A.W.H. Beteiligungsgesellschaft m.b.H.	Member of the supervisory board	no
	Gewista-Werbegesellschaft mbH	Member of the supervisory board	no
	Immobilienentwicklung Wiener Stadtwerke BMG & Soravia AG	Member of the supervisory board	no
	Kapital & Wert Immobilienbesitz AG	Member of the supervisory board	no

	Kapital & Wert Vermögensverwaltung AG	Member of the supervisory board	no
	“Merkur” Unternehmensbeteiligung. Vermögensverwaltung und Finanzierungsvermittlung Gesellschaft m.b.H.	Member of the supervisory board	
	Semperit AG Holding	Member of the supervisory board	no
	card complete Service Bank AG (formerly: Visa-Service Kreditkarten AG)	Member of the supervisory board	no
Dkfm. Karl Fink	Wiener Städtische Wechselseitige Versicherungsanstalt – Vermögensverwaltung	Member of the management board	yes
	Österreichische Hagelversicherung VVaG	Member of the supervisory board	yes
	AT & S Austria Technologie & Systemtechnik AG	Member of the supervisory board	yes
	Wienerberger AG	Member of the supervisory board	yes
	Geschlossene Aktiengesellschaft Strachowaja kompanija “MSK-Life”	Member of the supervisory board	yes
	INVESTKREDIT Bank AG	Member of the supervisory board	no
	Österreichische Kreditversicherung Coface AG	Member of the supervisory board	no
	SEMPERIT AG Holding	Deputy chairman of the supervisory board	no
	UBF-Mittelstandsfinanzierungs-AG	Member of the supervisory board	no
	General Cologne RE Rückversicherungs-AG	Member of the supervisory board	no
Mag. Robert Lasshofer	ATHENA Wien Beteiligungen AG	Member of the supervisory board	yes
	SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft	Member of the supervisory board	yes
	S Bausparkasse der oesterreichischen Sparkassen AG	Member of the supervisory board	yes
	Kapital & Wert Vermögensverwaltung Aktiengesellschaft	Chairman of the supervisory board	no
	Kapital & Wert Immobilienbesitz AG	Deputy chairman of the supervisory board	no

Dr. Rudolf Ertl	Wüstenrot Bausparkasse AG	Member of the supervisory board	no
	Wüstenrot Versicherungs-Aktiengesellschaft	Deputy chairman of the supervisory board	yes
	Sparkassen Versicherung AG	Member of the supervisory board	yes
	Bank Austria-Wiener Städtische KFZ Leasing GmbH	Member of the supervisory board	no
	Kapital & Wert Immobilienbesitz AG	Member of the supervisory board	no
Dr. Hans Peter Hagen	voestalpine AG	Member of the supervisory board	yes
Dr. Martin Simhandl	Wiener Städtische Wechselseitige Versicherungsanstalt – Vermögensverwaltung	Member of the management board	yes
	Sparkassen Immobilien AG	Chairman of the supervisory board	yes
	CEE Property-Invest Immobilien AG	1st Deputy Chairman of the supervisory board	yes
	Wiener Hafen Management GmbH	Member of the supervisory board	yes
	Sparkassen Versicherung AG	Member of the supervisory board	yes
	SEMPERIT AG Holding	Member of the supervisory board	no
	Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH	Deputy chairman of the supervisory board	no
	Gemeinnützige Industrie-Wohnungsaktiengesellschaft	Member of the supervisory board	no
	Kapital & Wert Vermögensverwaltung AG	Member of the supervisory board	no
	Kapital & Wert Immobilienbesitz AG	Member of the supervisory board	no
	Allgemeine Baugesellschaft-A. Porr Aktiengesellschaft	Member of the supervisory board	no
	Union Versicherungs-Aktiengesellschaft	Member of the supervisory board	no
	VBV Pensionskasse AG	Member of the supervisory board	no
<b>Substitute members of the management board</b>			
Mag. Peter Höfinger	Insurance Joint-Stock Company “STANDARD REZERV”	Member of the supervisory board	yes
	Hungarian Insurance Association (MABISZ)	Member of the management board	no

Dr. Judit Havasi	-	-	-
Ing. Martin Divis	-	-	-
<b>Extended board</b>			
Robert Bilek	Spar- und Vorschußkasse der Angestellten der "Wiener Städtische Allgemeine Versicherung Aktiengesellschaft" reg. Gen.m.b.H	Member of the management board	yes
	VBV Vorsorgekasse AG	Member of the supervisory board	yes
Mag. Hermann Fried	Privatklinik Villach Gesellschaft mbH	Deputy chairman of the supervisory board	yes
Mag. Helene Kanta	IMPERIAL-Székesfehérvár Ingatlankezelési Kft.	Member of the supervisory board	no
Dr. Wolfgang Petschko	-	-	-
Dr. Michael Schlögl	-	-	-
Dr. Christine Dornaus	Beteiligungs- und Immobilien GmbH	Managing director	yes
	Beteiligungs- und Wohnhausanlagen GmbH	Managing director	yes
	InvestEquity Beteiligungs-AG	Member of the supervisory board	yes
	Kapital Beteiligungs Aktiengesellschaft	Member of the supervisory board	yes
	UBF Mittelstandsfinanzierungs AG	Member of the supervisory board	yes
	Futurelab GmbH	Member of the advisory board (Beirat)	yes
<b>Group management board</b>			
Franz Fuchs	-	-	-
Dr. Franz Kosyna	Antares Risk s.r.o.	Member of the supervisory board	yes
	Sigmund Freud Privatstiftung	Member of the supervisory board	yes
	Sigmund Freud GesellschaftmbH	Member of the supervisory board	yes
	Verein der Freunde des Sigmund Freud Museums Wien	Member of the management board	yes
	Kapitol Invest Hungary in Liquidation	Chairman of the supervisory board	no

Extended Group  
board

Mag. Roland Gröll	-	-	-
Mag. Robert Haider	Together Internet Services GmbH	Member of the shareholders' committee (Gesellschafterausschuß)	yes
Dr. Birgit Moosmann	-	-	-
Mag. Larysa Winter	-	-	-

**Supervisory board:**

Dkfm. Klaus Stadler	A.W.H. -Beteiligungsgesellschaft m.b.H.	Member of the supervisory board	yes
	Kabel-TV-Wien GmbH	2nd deputy chairman of the supervisory board	yes
	Stiftungsrat ORF	Officer	yes
	Wiener Stadthalle – Betriebs- und Veranstaltungsgesellschaft m.b.H.	Deputy chairman of the supervisory board	no
	Wiener Tourismusverband	Member of the supervisory board	no
	Wien Holding GmbH	Chairman of the management board, General director	
	Vereinigte Bühnen Wien Ges.m.b.H.	Member of the supervisory board	no
Dr. Karl Skyba	Wiener Rotes Kreuz-Rettungs-Krankentransport, Pflege- und Betreuungsges.m.b.H.	Member of the supervisory board	yes
	Flughafen Wien AG	Member of the supervisory board	yes
	St. Anna Kinderspital GmbH	Member of the supervisory board	yes
	Wiener Stadtwerke Holding AG	Chairman of the management board	no
	Wien Energie GesmbH	Chairman of the supervisory board	no
	Wiener Linien GesmbH	Chairman of the supervisory board	no
	Siemens Aktiengesellschaft Österreich	Member of the supervisory board	no
	Allgemeine Baugesellschaft-A. Porr Aktiengesellschaft	Member of the supervisory board	no
	Austria Ferngas Gesellschaft mbH	Chairman of the supervisory board	no

	Wien Energie Gasnetz GmbH	Chairman of the supervisory board	no
	Wiener Stadtwerke Beteiligungsmanagement GmbH	Chairman of the supervisory board	no
	Bestattung Wien GmbH	Chairman of the supervisory board	no
	Immobilienentwicklung Wiener Stadtwerke BMG & Soravia AG	Chairman of the supervisory board	no
Generalabt Probst Bernhard Backovsky	-	-	-
Mag. Alois Hochegger	Kärntner Sparkasse AG	Chairman of the management board	yes
	Privatstiftung Kärntner Sparkasse	Member of the management board	yes
	Wolschner Privatstiftung	Chairman of the management board	yes
	“Die Kärntner” - BTWFBeteiligungs-und Wirtschaftsförderungsgesellschaft St.Veit/Glan Gesellschaft m.b.H.	Member of the supervisory board	yes
	“Die Kärntner” - Förderungsgesellschaft für das Gurktal Gesellschaft m.b.H.	Member of the supervisory board	yes
	“Die Kärntner” - Förderungs und Beteiligungsgesellschaft für den Bezirk Wolfsberg Gesellschaft m.b.H.	Member of the supervisory board	yes
	ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H.	Member of the supervisory board	yes
	Sparkassen IT Holding AG	Member of the supervisory board	yes
	Österreichischer Sparkassenverband	President	yes
	Sparkassen Prüfungsverband	Member of the advisory board (Beirat)	yes
	Die Zweite Wiener Vereins-Sparcasse	Member of the advisory board (Sparkassenrat)	yes
	Bankhaus Krentschker & Co. Aktiengesellschaft	Member of the supervisory board	no
	“Die Kärntner” - Förderungsgesellschaft für die Stadt St.Veit/Glan Gesellschaft m.b.H.	Member of the supervisory board	no
Dipl.-Ing. Guido Klestil	Austriamicrosystems AG	Chairman of the supervisory board	yes
	Rodenstock GmbH. Deutschland	Deputy chairman of the supervisory board	no
	AXIS Vermögensverwaltung in Abwicklung	Chairman of the supervisory board	no

	Alcatel Lucent Austria AG	Chairman of the supervisory board	no
	Aspern Industrie Beteiligung und Beratung AG	Chairman of the supervisory board	no
Prof. KR Walter Nettig	Imperial Hotels Austria AG	Chairman of the supervisory board	yes
	card complete Service bank AG (formerly: Visa Service Kreditkarten AG)	Chairman of the supervisory board	yes
	Wirtschaftskammern Pensionskasse AG	Chairman of the supervisory board	no
Dkfm. Heinz Öhler	Bank für Tirol und Vorarlberg AG	Member of the supervisory board	yes
Mag. Reinhard Ortner	Oesterreichische Kontrollbank AG	2nd deputy chairman of the supervisory board	yes
	Österreichische Lotterien GmbH	Member of the supervisory board	yes
	Steiermärkische Bank und Sparkasse AG	Member of the supervisory board	yes
	Webster University	Board of Trustees	yes
	Die Zweite Wiener Vereins Sparcasse	Chairman of the advisory board (Sparkassenrat)	yes
	Erste Factoring d.o.o. Zagreb	Chairman of the supervisory board	yes
	Erste Bank der oesterreichischen Sparkassen AG	Member of the management board	no
	Die Erste österreichische Spar-Casse Privatstiftung	Member of the management board	no
	Erste Bank Hungary Rt.	Chairman of the supervisory board	no
	Erste und Steiermärkische Bank, d.d.	Chairman of the supervisory board	no
	Erste Bank a.d., Novi Sad	Chairman of the supervisory board	no
	Slovenska Sporitelna, Bratislava	Chairman of the supervisory board	no
	VBV Pensionskasse AG	Chairman of the supervisory board	no
	VBV, Betriebliche Altersvorsorge AG	Chairman of the supervisory board	no
	Generali Holding Vienna AG	Member of the supervisory board	no
	Ceska Sporitelna, Prague	Member of the supervisory board	no

Dr. Johann Sereinig	Österreichische Elektrizitätswirtschaft-AG – Verbund	Member of the management board	yes
	Verbund - Austrian Power Trading AG	Chairman of the supervisory board	yes
	Verbund - Austrian Hydro Power AG	Deputy chairman of the supervisory board	yes
	Verbund - Austrian Power Grid AG	Member of the supervisory board	yes
	Ennskraftwerke AG	Deputy chairman of the supervisory board	yes
	Österreichische Bayerische Kraftwerke AG. Deutschland	Member of the supervisory board	yes
	Donaukraftwerke Jochenstein AG. Deutschland	Member of the supervisory board	yes
	Grenzkraftwerke GmbH. Deutschland	Member of the supervisory board	yes
	Verbund - Austrian Thermal Power GmbH & Co KG	Deputy chairman of the supervisory board	yes
	Verbund International Finance B.V. Niederlande	Deputy chairman of the supervisory board	yes
	STEWEAG-STEAG GmbH	Member of the supervisory board	yes
	KELAG – Kärntner Elektrizitäts-AG	Member of the supervisory board	yes
	Energie Klagenfurt GmbH	Deputy chairman of the supervisory board	yes
	Verbund – Austria Power Sales GmbH	Member of the general assembly and the shareholders' committee (Gesellschafterausschuß)	yes
	Verbund BeteiligungsgmbH.	Member of the general assembly	yes
	Verbund Italia S.p.A. Italien	Deputy chairman of the supervisory board	no
	APT Austrian Power Trading Deutschland GmbH. Deutschland	Chairman of the shareholders meeting	no
	Verbund BeteiligungsgmbH	Member of the supervisory board	no
	Verbund Management Service GmbH	Deputy chairman of the general assembly	no
	Austrian Power Trading-Polska. Polen	Chairman of the supervisory board; deputy chairman of the general assembly	no
	APT Power Trading Slovenija. Slowenien	Chairman of the shareholders committee; deputy chairman of the general assembly	no



Mag. Dr. Friedrich Stara	Henkel KGaA	Executive manager	yes
	Schwarzkopf & Henkel Gesellschaft mbH	Managing director	no
	Henkel Central Eastern Europe Gesellschaft mbH	Managing director	no
	Persil – Altersunterstützung Gesellschaft mbH	Managing director	no
	Henkel Austria Gesellschaft mbH FN 94826a	Managing director	no
	Henkel Austria Gesellschaft mbH FN 128354g	Managing director	
Employee Representatives: Peter Grimm	Wiener Städtische Wechselseitige Versicherungsanstalt – Vermögensverwaltung	Member of the supervisory board	yes
Heinz Neuhauser	Wiener Städtische Wechselseitige Versicherungsanstalt – Vermögensverwaltung	Member of the supervisory board	yes
Franz Urban	Wiener Städtische Wechselseitige Versicherungsanstalt – Vermögensverwaltung	Member of the supervisory board	yes
	Spar- und Vorschußkasse der Angestellten der „Wiener Städtische Allgemeine Versicherung Aktiengesellschaft“ reg. Gen.m.b.H	Member of the supervisory board	yes
Gerd Wiehart	Spar- und Vorschußkasse der Angestellten der “Wiener Städtische Allgemeine Versicherung Aktiengesellschaft” reg.Gen.m.b.H.	Member of the management board	yes
	Wiener Städtische Wechselseitige Versicherungsanstalt – Vermögensverwaltung	Member of the supervisory board	yes
	Wohnbauvereinigung für Privatangestellte Gemeinnützige Gesellschaft mit beschränkter Haftung	Member of the supervisory board	yes
Peter Winkler	Wiener Städtische Wechselseitige Versicherungsanstalt – Vermögensverwaltung	Member of the supervisory board	yes

### **Supervisory Board Committees**

The supervisory board of Wiener Städtische AG has formed the following committees:

#### *Working Committee (committee for decisions on urgent matters of the company)*

This committee decides on matters that require the approval of the supervisory board and which, due to urgent circumstances, may not be delayed until the next ordinary meeting of the supervisory board.

#### *Audit Committee*

The audit committee is responsible for accounting issues and for auditing the Issuer and the Group. It analyzes the audit reports of the auditors, reports on them to the supervisory board and prepares the resolution on the adoption of the financial statements.

#### *Strategy Committee*

In cooperation with the management board and, if applicable, with experts, the strategy committee prepares strategic resolutions which subsequently are to be adopted by the supervisory board.

The following persons are currently members of the working committee, the audit committee and the strategy committee:

- KR Dkfm. Klaus Stadler (substitute Dr. Sereinig and Mag. Alois Hochegger)
- KR Dr. Karl Skyba (substitute Dipl.Ing. Guido Klestil and HR Dkfm. Heinz Öhler)
- Franz Urban (substitute Heinz Neuhauser and Peter Grimm)

### **Corporate Governance**

The Austrian Corporate Governance Code (the “Code”) creates a body of rules and regulations for responsible management and guidance of companies in Austria. Its objective is to create sustained and long-term value and to increase transparency for all shareholders. The law forms the basis of the Code, in particular, provisions of the Austrian stock corporation law, stock exchange law and capital markets law as well as the OECD-rules on corporate governance.

The Code encompasses three categories of rules. A rule that is a “legal requirement” means that the rule is based on mandatory legal provisions. A “comply or explain” rule means that the rule must be observed; any deviation must be stated and explained in order to be in compliance with the Code. In the case of a “recommendation”, lack of adherence does not have to be disclosed or explained. To a large extent, the Issuer is in compliance with the provisions of the Code in the June 2007 version. The Issuer deviates from the recommendations of the Code concerning “comply or explain” rules and one of the “recommendation” rules as indicated below:

#### *Rule 38 and Rule 57 – Comply or explain*

Rule 38: The supervisory board shall define a requirement profile for members of the management board that takes into account the enterprise’s business focus and its situation, and shall use this profile to appoint members of the management board in line with a predefined appointment procedure. Furthermore, the supervisory board shall also pay due attention to the issue of successor planning. Nominations to the management board for the last time must be made before the age limit defined in the internal rules or in the articles of incorporation is reached by the potential nominee.

Rule 57: A person holding a position on the management board of a listed company may not hold more than four positions on the supervisory boards (with the position of the chairperson counting as two positions) of stock corporations that do not belong to the group. Major shareholdings are not considered to be non-group companies. An appointment as a supervisory board member must be made for the last time before the age limit defined in the internal rules or the articles of incorporation is reached by the potential appointee.

Explanation: In the opinion of the Issuer, age alone is not a criterion which would justify general exclusion from holding a position in an executive body. Because experience is a highly valuable qualification and age is a very individual measure, setting such an age limit does not appear to be reasonable. Therefore, no fixed upper age limits have been set either for nomination to the management board or to the supervisory board of the Issuer. In the selection of members for the management board and the supervisory board, emphasis is placed primarily on the best possible personal and professional qualifications.

#### *Rule 41 - Comply or Explain*

The supervisory board shall set up a nomination committee. In cases of supervisory boards with not more than six members (including employees' representatives) this function may be exercised by all members jointly. The nomination committee submits proposals to the supervisory board for filling positions that become available on the management board and deals with issues of successor planning.

Explanation: Successor planning is performed by all supervisory board members jointly on the basis that successor planning is of particular importance. Therefore, the supervisory board of the Issuer has not established a nomination committee.

#### *Rule 31 – Recommendation*

The fixed and performance-linked remuneration components are to be disclosed for each individual member of the management board in the annual report.

Explanation: The principles of remuneration of the management board are published, as is the total remuneration for the management board. Separate remuneration details for each individual member of the management board are not provided in the annual report based on the management board members' right to privacy vis-à-vis the comparatively insignificant value that such information would have for Noteholders.

## HISTORICAL FINANCIAL INFORMATION

The following table sets forth the contributions to gross premiums written and profit before taxes from the property and casualty, life insurance, and health insurance businesses of the Vienna Insurance Group, with an additional breakdown according to geographic region for fiscal years 2007 and 2006.

	Fiscal year ended 31 December			
	2007		2006	
	Gross written premiums	Profit before taxes	Gross written premiums	Profit before taxes
Property and casualty				
Austria .....	1,487.1	154.9	1,411.8	108.5
Czech Republic .....	838.1	49.5	788.5	24.4
Slovakia .....	296.9	23.5	246.5	20.8
Poland .....	324.3	15.1	215.7	6.3
Romania .....	399.9	9.7	224.8	6.3
Remaining CEE markets..	258.9	3.4	117.7	1.9
Other markets (Germany and Liechtenstein) .....	66.0	8.9	62.2	7.4
Subtotal .....	3,671.2	265.1	3,067.2	175.7
Life insurance				
Austria .....	1,901.6	116.9	1,725.0	87.7
Czech Republic .....	292.3	24.3	259.5	34.7
Slovakia .....	197.7	6.8	141.2	6.9
Poland .....	218.8	3.7	119.3	1.4
Romania .....	13.6	-5.1	12.1	-3.5
Remaining CEE markets..	124.9	6.9	80.7	0.9
Other markets (Germany and Liechtenstein) .....	185.2	3.8	178.6	4.5
Subtotal .....	2,934.2	157.2	2,516.4	132.5
Health insurance				
Austria .....	306.6	15.0	297.9	12.8
Subtotal .....	306.6	15.0	297.9	12.8
<b>Total .....</b>	<b>6,911.9</b>	<b>437.3</b>	<b>5,881.5</b>	<b>321.0</b>

The following tables set forth key items from the income statement and balance sheet of the Vienna Insurance Group for the fiscal year ended 31 December 2007.

Fiscal year ended 31 December  
2007                      2006  
(audited)  
(in EUR millions)

Net earned premiums	5,941.7	5,038.7
Financial result	995.8	711.4
Expenses for claims	-5,031.5	-4,213.3
Operating expenses	-1,345.1	-1,136.4
Profit before taxes	437.3	321.0
Investments	20,171.4	17,260.4
Equity	2,615.6	2,283.2
Actuarial reserves	17,092.1	14,628.4
Total assets/equity and liabilities	26,745.1	22,483.5

## **INSURANCE SUPERVISION**

The Issuer and its insurance subsidiaries, are subject to supervision by the competent insurance supervisory authorities with respect to their operations as insurance companies. The competent insurance supervisory authorities must ensure that the business operations of the insurance companies comply with the statutory provisions and with the recognized principles of proper business operation.

In Austria, the FMA is responsible for the supervision of insurance companies. The duties and powers of the FMA in insurance supervision matters are generally regulated in the VAG which, in common with the insurance supervision laws of other EU member states, is based on EU insurance supervision law which is largely harmonized.

### **EC Single Market for Insurance**

In accordance with the EC Treaty, the single market for insurance comprises an area without internal borders, in which insurance companies may operate freely. The objectives of the EC measures in this area are twofold: first, to provide all EU citizens with access to the widest possible range of insurance products on offer in the EC, while at the same time guaranteeing them the legal and financial protection required for insurance transactions; and second, to guarantee that an insurance company authorized to operate in one EU member state can offer its products throughout the EC without competitive restrictions as regards both the right of establishment and the right to provide services. The Commission has made a distinction between provisions for life insurance and non-life insurance in this regard, in order to take account of their specific characteristics and the important role that life insurance plays in capital accumulation and long-term financial security. The following directives were enacted in the area of direct insurance:

#### ***Life Insurance***

In 1979, the Council adopted the first directive (79/267/EEC) for the coordination of direct (life) insurance, followed by a second directive (90/619/EEC) and a third directive (92/96/EEC). They contain regulations dealing with the right to provide services and with the right of establishment by insurance companies. For the purpose of simplification, the European Parliament and the Council adopted directive 2002/83/EC in 2002, into which the regulatory content of the three directives was consolidated in one uniform text.

The aim of the directive is the completion of the single market for insurance based on a single official approval of an insurance company and supervision of its activities by the authorities in the member state in which it has its registered office. The directive is based on the general application of the regulations of the respective member state to the cross-border insurance activities ("Home Country Principle"). The application of the regulations of the member state in which the insurance activity is being exercised is allowed only in certain areas, where this is necessary for the protection of the general interest of that member state, for example in the area of consumer protection or taxation.

#### ***Non-life Insurance***

Already as early as 1973, the Council adopted the first directive (73/239/EEC), which establishes the appropriate legal framework for the freedom of establishment in the EC in respect of direct insurance with the exception of life insurance. The arrangements necessary to guarantee the exercise of the

freedom to provide non-life insurance services are laid down in directive 88/357/EEC. This directive covers almost all non-life insurance, including compulsory insurance. However, a number of insurance branches or activities are excluded from the provisions of this directive. Finally, the Council adopted a third directive on direct non-life insurance (92/49/EEC). This directive covers the coordination of national rules governing the investment, diversification and localization of the assets used to cover technical provisions, the law applicable to insurance supervision, the terms of insurance and the physical inspection of policies and contract documents, access to and provision of insurance activities on the part of insurance companies, and supervision according to the Home Country Principle.

### ***Specific Areas***

Alongside these “major” directives, the EC has adopted rules in the following areas: motor vehicle liability insurance, annual financial statements and consolidated financial statements of insurance companies, legal costs insurance, credit and surety insurance and reinsurance. In addition, it has also set up an Insurance Committee to assist the Commission in its task of cooperating with national supervisory authorities in this area. There is also a directive on the coordination of legal regulations and administrative provisions relating to the compulsory liquidation of direct insurance companies. In order to give supervisory authorities more effective instruments to evaluate the actual solvency of the insurance companies that are part of a given insurance group, a directive on additional supervision of insurance companies was also adopted. This directive expands supervision to all activities which could have an impact on the financial position and the activity of the supervised insurance company. Also, pursuant to the directive, reinsurance, holding and insurance companies with their registered offices in a non-member state, in which a company subject to supervision holds a interest or is in a parent/affiliated company relationship are subject to supervision. The focus of the supervision is that the insurance group maintains adequate capital reserves on a consolidated basis and that intra-group transactions do not impact the solvency of the insurance company. Furthermore, procedures for the calculation of the solvency standards and own capital standards at group level have been established, and qualitative norms for “intra-group transactions” and “risk concentration” at the group level introduced. On 10 July 2007, the EU Commission proposed a directive to improve solvency supervision, referred to as Solvency II that proposes a revision of the insurance supervision law with the goals of improving consumer protection, modernizing supervision, deepening the integration of the markets, and improving the ability of European insurance companies to compete internationally. Under the new system, insurers and reinsurers will be obligated to take into account all types of risks and to manage them effectively. One of the options available to insurance and reinsurance companies under the Solvency II reform is the choice of calculating the Solvency Capital Requirements (SCR) using either the “European Standard Formula” or by applying an “Internal Model”. Additionally, insurance groups will get a group supervisor, which should facilitate monitoring the group as a whole. Negotiations regarding the proposed directive are currently in progress in the European Council and the European Parliament. It is expected that the directive will be adopted in 2009.

The national implementing measures for the directive on the principle of equal treatment for men and women (2004/113/EC) came into effect on 1 December 2007. These measures prescribe equal treatment for men and women with respect to access to insurance services. As a result, different pricing is only permitted in exceptional cases, where an actuarial basis can be shown. In the area of health insurance, an exception has been introduced, so that the costs of pregnancy, childbirth and maternity are borne jointly by men and women.

In January 2001, the European Commission set up a network for out-of-court settlements (FIN-NET) in the financial services industry. The network is designed to help dissatisfied consumers find an amicable solution to a problem where the supplier has its registered office in another member state.

### ***Insurance License***

Every insurance company must be licensed for business operations. As a rule, the FMA will issue a license if the necessary legal conditions are fulfilled (for example sufficient capital reserves, a suitable business plan, proper qualifications of the management board members). An insurance company which has its registered office in another EEA member state only needs authorization from the competent supervisory authority in its home country, which authority will then primarily be in charge of the supervision of the company. Insurance companies that have their registered office in an EEA member state are authorized to operate in Austria or another EEA member state either by establishing a branch office or pursuant to the freedom to provide services, as long as they have notified the competent authority in their home country, which in turn notifies the FMA.

### ***Supervision of the Operations of Insurance Companies***

The insurance supervisory authority monitors compliance with the licensing requirements not only at the time when the license is granted but throughout the entire duration of the company's business activities. In doing so, the authority has to take all measures necessary to protect the interests of policyholders, in particular to ensure that claims arising under the insurance contracts can be met on an ongoing basis. Insurance companies must provide for sufficient technical reserves, cover them with suitable assets and have a defined minimum of capital reserves at all times. In order to ensure that claims arising from insurance contracts can be met on an ongoing basis, an insurance company's assets, financial position and results of operations are analyzed at regular intervals by the FMA on the basis of documents that must be submitted. The documents include annual financial statements, the annual auditor's report together with supplementary information, and a variety of information and data describing the economic position and development of the insurance company. Additionally, the FMA inspects the conduct of insurance companies business on-site. The insurance supervision authorities are able to intervene in the business operations of insurance companies to enforce their objectives by means of enforcement measures and issuing orders. Administrative penalties can also be imposed.

### ***Auditor, Trustee (Deckungsstocktreuhänder) and Actuary***

In addition to supervision by the FMA, supervision is also carried out by the auditor, the trustee (Deckungsstocktreuhänder) and the appointed actuary. Apart from auditing obligations under the general commercial and company laws, the auditor is required to meet special auditing and reporting obligations under supervisory law.

The trustee primarily has to ensure that the cover fund complies with the cover requirements and to confirm investment of the cover assets in accordance with regulations. The trustees are appointed by the supervisory authority for companies active in the area of life or health insurance. The cover fund constitutes a group of assets to which the policyholders alone are entitled in the event of bankruptcy.

Insurance companies dealing in life insurance, or health or accident insurance with the characteristics of life insurance must appoint a responsible actuary and his deputy. The actuary must ensure that rates and technical reserves are calculated in accordance with applicable provisions and must verify that the obligations under the insurance contracts can be fulfilled on an ongoing basis.



If the actuary determines that the preparation of premium rates and the calculation of the technical reserves are not in accordance with applicable regulations and with actuarial principles or that the continued performance of obligations under the insurance contracts is at risk, he must inform the management board immediately. The actuary is obliged to submit to the management board an annual report containing his observations in the course of his activities and place an audit certificate on the report. The audit certificate has to confirm that certain criteria for the actuarial reserve are met and that the premiums agreed in new policies are likely sufficient to cover obligations from the policies; such report must be submitted to the FMA. If the management does not take the concerns of the actuary into account then the actuary must report this to the FMA without delay. Additionally, certain evaluations by the actuary must be submitted to the FMA.

### ***Information, Submission, Reporting, Notification and Approval Requirements under the Insurance Supervision Act (VAG)***

The FMA supervises the business conduct of Austrian insurance companies, including the Issuer. The VAG contains the supervisory instruments available to the FMA. These include, inter alia, the information, submission, reporting, notification and approval requirements as well as on-site inspections. Mainly with respect to information and notification duties, the FMA also supervises companies to which business operations have been outsourced. The FMA may demand all necessary disclosure about subsidiaries, the acquisition of which was subject to approval or notification of the FMA, in particular the disclosure of the annual balance sheets and other business documentation.

In general, insurance companies have to notify the FMA immediately of all facts which could compromise the continuing performance of obligations under the insurance contracts. Furthermore, the FMA can demand at any time that an insurance company provide information with respect to matters of its business conduct and to submit pertinent documents. In addition, the VAG contains extensive notification and approval requirements with respect to insurance companies. The most important duties are briefly described below:

- Outsourcing agreements under which a significant part of the operations are transferred wholly or to a significant extent to another company must be notified promptly to the FMA. The outsourcing agreement is subject to approval by the FMA, if the assuming entity is not an insurance company with its corporate seat in the EEA. Outsourcing agreements which relate only to operations outside of the EEA member states also have to be notified to the FMA.
- The intention to appoint a responsible actuary and a deputy actuary must be reported to the FMA. The appointed actuary must report to the FMA if he observes that calculations were not made in accordance with applicable regulations or not on the basis of actuarial principles or that the continued performance of obligations under the insurance contracts is at risk, and the management board does not act in accordance with his proposals.
- Capital reserve requirements and the capital reserve level for every balance sheet segment which is operated by the insurance company must be notified to the FMA on an annual basis. A regrouping of assets between the balance sheet segments which has an impact on the capital reserve level must also be notified to the FMA.

- To the extent that expenses and income are not allocated to one particular balance sheet segment, they must be assigned to the individual balance sheet segments according to appropriate allocation procedures. Such allocation procedures must be approved by the FMA.
- Insurance companies must keep registers of the assets which are allocated to the cover fund and of those assets which are suitable to cover actuarial reserves for which no cover fund needs to be allocated. Insurance companies are obligated to present to the FMA schedules indicating the size of technical reserves at the end of each quarter and the end of the fiscal year, and all assets which are allocated to the cover assets and to the coverage of technical reserves as well as the other assets at the end of the fiscal year.
- The management board must notify the FMA of the identity of the auditor who was elected by the shareholders' meeting. If, in the course of his activities, the auditor becomes aware of any circumstances which could constitute a violation of relevant regulations, could put the continued performance of obligations at risk, could affect the continuation of the operations, or could result in qualification or refusal to provide an auditor's report, he must notify the FMA thereof.
- The FMA is generally entitled to demand all information that is necessary for the ongoing supervision of insurance companies and for the compilation of insurance statistics. The FMA has issued regulations and has provided forms that regulate the content of the individual notifications in detail. In particular the following documents must be disclosed to the FMA on an annual basis: (i) the annual financial statements and management report; (ii) the auditor's report; (iii) proof of the approval of the annual financial statements; (iv) the minutes of the shareholders' meeting relating to the formal approval of the actions of management board and supervisory board members; and (v) proof of publication of the annual financial statements.
- Amendments to the articles of association require the approval of the FMA.
- The FMA must be notified of any changes in the types of risks that the insurance company wants to cover, in the case that reinsurance is provided, this also pertains to the type of reinsurance contracts that the insurance company has entered into with ceding insurers.
- The FMA must be notified of any changes in the broad reinsurance policy guidelines. Such changes may only be put into effect following the notification.
- The FMA must be notified of the establishment of a foreign branch office.
- Austrian insurance companies must report to the FMA the appointment of new members of the management board or administrative board. This notification must take place when feasible but no less than one month prior to such appointment and in all cases without delay after the appointment comes into effect. Resignations of members of the management board or administrative board as well as managing directors must also be reported promptly. The selection of new supervisory board members and the resignation of supervisory board members must also be reported promptly to the FMA.
- Certain acquisitions and sales by insurance companies of shares in stock corporations also require notification to the FMA.

- Policy transfers without the policyholder's consent and legal transactions that result in universal succession require prior approval from the FMA.
- Persons that would like to directly or indirectly acquire an interest in a domestic insurance company that would result in them holding 10% or more of the share capital or voting rights or being able to exert substantial influence on management in some other way must notify the FMA of this. Insurance companies must also inform the FMA as soon as they become aware of any acquisitions/disposals of shares requiring notification to the FMA.
- Insurance companies that are in an insurance group and are subject to additional supervision must also provide the FMA with information on internal group transactions.

### ***Supplementary supervision***

The Insurance Groups Directive (Directive 98/78/EC on the supplementary supervision of insurance undertakings in an insurance group) has been incorporated into the VAG, providing for additional supervision of companies belonging to an insurance group. Supplementary supervision has the purpose of avoiding gaps in prudential supervision in the case of internationally active insurance groups, especially in the area of capital resources requirements. The VAG provides for supervisory authority of the FMA vis-à-vis group companies (shareholders, subsidiaries and sister companies) of an Austrian insurance undertaking, even if such group companies have their seat outside of Austria. The Austrian insurance undertaking is obliged to provide for adequate measures to the FMA access to information of group companies which are covered by the supplementary supervision.

Additionally Directive 2002/87/EC on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate has been implemented into the Austrian Financial Conglomerates Act (Finanzkonglomeratgesetz – FKG) and the VAG. In this context the FKG now expands supplementary supervision to all group companies of a financial conglomerate. Financial conglomerates are large financial groups active in different financial sectors, often across borders.

### ***International Cooperation***

The increase in cross-border insurance activities and the formation of internationally operating groups of companies and conglomerates has led to close collaboration between insurance supervisory authorities. The insurance supervisory authorities cooperate in the International Association of Insurance Supervisors (IAIS), in the OECD Insurance Committee, in the EU Insurance Committee and in the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS).

### ***Money Laundering and Counter-Terrorism***

In addition to existing supervisory obligations to combat money laundering and the financing of terrorism, other wide-ranging obligations regarding the exercise of diligence, verification and reporting were added to the VAG, which implement the directive on prevention of the use of the financial system for the purpose of money laundering and the financing of terrorism (2005/60/EC) and the directive on the implementation of the aforementioned directive with regard to the definition of the term “politically exposed persons” and the specification of the technical criteria for the simplified obligations of diligence as well as the exemption in cases where financial transactions are only occasionally performed or only to a very limited extent (2006/70/EC).

The implementation of European Parliament and Council Regulation (EC) No. 1781/2006 from November 15, 2006, on the transmission of information pertaining to persons ordering money transfers, results in further obligations.

## TAXATION

*The statements herein regarding certain tax issues in Austria, the Czech Republic, Germany, the Netherlands, Belgium and Luxembourg are based on the laws in force in those jurisdictions as of the date of this Prospectus and are subject to any changes in such laws. The following summaries do not purport to be comprehensive descriptions of all the tax considerations which may be relevant to a decision to purchase, own or dispose of Notes and further disclosure may be included in the Final Terms or a supplement to this Prospectus. Prospective holders of Notes should consult their tax advisers as to the relevant tax consequences of the ownership and disposition of Notes.*

### **Austria**

#### **Residents**

Under Austrian tax law currently in effect, payments of interest on the Notes in accordance with their terms and conditions to a resident individual or corporation (within the meaning of the relevant Austrian tax laws) will generally be subject to Austrian income tax (at a flat rate of 25% levied by way of withholding – “Kapitalertragssteuer” or by way of assessment) and Austrian corporate income tax (at a flat rate of 25% levied by way of assessment) respectively. For corporate investors holding the Notes as business property, the 25 % withholding tax is not treated as final taxation, but the investment income is subject to 25 % corporate income tax and withholding tax is credited against the actual tax burden. However, such corporate investors may avoid the application of withholding tax by filing a declaration of exemption (section 94 paragraph 5 of Austrian Income Tax Act).

Specific tax rates (12.5 %) apply to interest income earned by Austrian private-law foundations (Privatstiftung). That interim corporate income tax may be credited against tax due on distributions of the private-law foundation.

Capital gains derived from the sale of the Notes by a resident individual or corporation will generally be subject to Austrian income tax (at a progressive rate of up to 50%) or Austrian corporate income tax (at a flat rate of 25%), respectively, with an exemption applying in the case of individuals holding the Notes as a non-business asset and selling/redeeming them after the expiry of a minimum one-year holding period.

Resident individuals and corporations are subject to Austrian inheritance and gift tax in the case of a transfer of the Notes *inter mortuos* or *inter vivos*, the rate of such tax depending upon the value of the assets transferred and upon the relationship between the deceased/the donor on the one hand and the heir/the donee on the other hand. An exemption may apply in the case of a transfer *inter mortuos* of Notes held as non-business assets. It should be noted that the Austrian Constitutional Court has declared the inheritance and gift tax as unconstitutional in 2007. This will become effective on 1 August 2008. It remains to be seen whether the Austrian Parliament will re-enact an inheritance and gift tax in Austria and under what terms or if other measures such as notification requirements will be enacted.

No stamp, issue, registration or similar tax or duty will, under present Austrian law, be payable in Austria by resident Noteholders in connection with the issue of the Notes.

## **Non-residents**

Under Austrian tax law currently in effect, payments of interest on the Notes in accordance with their terms and conditions to a non-resident individual or corporation (within the meaning of the relevant Austrian tax laws) having no other connection to Austria except for the mere holding of the Notes are not subject to Austrian taxation of income. If interest payments are made by a paying agent in Austria, a non-resident individual or corporation can - according to the practice of the Austrian tax authorities - prevent the Austrian withholding tax ("Kapitalertragssteuer" - currently 25%) from being deducted if proof of non-residency is furnished (e.g. by disclosing his identity and non-Austrian address). Such exemption will, however, only be effective if the Notes have been deposited with an Austrian bank. If Austrian withholding tax on investment income has been deducted by the coupon paying agent, the taxpayer may claim for refund of the withholding tax within five calendar years (according to current administrative practice) following the date of the deduction of the withholding tax.

Pursuant to the Austrian EU Withholding Tax Act, and bilateral agreements between Austria and certain dependant and associated territories, paying agents in Austria are obliged to levy EU savings withholding tax on interest payments to beneficial owners who are individuals resident for tax purposes in another member state of the EU or in certain dependant or associated territories. The EU savings withholding tax to be levied by the paying agent amounts to 15% in the three years beginning on 1 July 2005, 20% in the following three years (1 July 2008 onwards) and 35% thereafter until the end of a transitional period. The EU savings withholding tax can be avoided if the beneficial owner provides a certificate issued by his or her local tax office containing certain personal details as well as details relating to the paying agent and the Notes. The certificate is valid for three years.

Capital gains derived from the sale of the Notes by a non-resident individual or corporation having no other relation to Austria except for the mere holding of the Notes are not subject to Austrian income or corporation tax.

Non-resident individuals and corporations are not subject to Austrian inheritance or gift tax provided that neither the deceased/the donor nor the heir/the donee qualify as Austrians, within the meaning of the relevant statute, and that the Notes are not attributable to a permanent establishment in Austria. Even in such a case, an exemption may apply where Notes held as non-business assets are transferred *inter mortuos*. Furthermore, reference is made to the decisions of the Austrian Constitutional Court mentioned above.

No stamp, issue, registration or similar tax or duty will, under present Austrian law, be payable in Austria by non-resident Noteholders in connection with the issue of the Notes.

This summary of Austrian taxation issues is for general information purposes only and is based on a qualification of the Notes as debt instruments (*Forderungswertpapiere*) in the sense of Sec. 93(3) of the Austrian Income Tax Act. The tax consequences would substantially differ if the Notes were to be qualified as equity instruments. Prospective holders of the Notes are advised to consult their tax and legal advisers with regard to the tax effects of their holding of the Notes.

## **Czech Republic**

### ***Residents***

#### *Income tax on interest*

Under the Double Taxation Treaty between Austria and the Czech Republic, interest paid from Austria to a Czech tax resident is taxable in the Czech Republic. However, the Austrian paying agent will deduct withholding tax from interest payments under the Notes in Austria if the Savings Directive (2003/48/EC) is applicable.

Interest paid under the Notes to a Czech resident is subject to income tax in the Czech Republic as follows:

- An individual investor shall include the interest received in the overall personal income tax base, which is taxable at a flat rate of 15% (12.5% starting from 2009).
- A corporation must include the interest received in its general corporate income tax base, which is taxable at a flat rate of 21% for 2008 (20% for 2009 and 19% from 2010).

If withholding tax is deducted on interest in Austria under the Savings Directive (2003/48/EC), the individual Czech tax resident may declare the tax deducted in Austria on the Czech income tax return and claim a credit against the resident's Czech tax liability due on income in respect of which the deduction was made. If the deduction is greater than the tax liability, the resident may claim the amount of the surplus from the Czech tax authority.

#### *Income tax on capital gain from the sale of the Notes*

Under the Double Taxation Treaty between Austria and the Czech Republic, capital gain from the sale of the Notes by a tax resident of the Czech Republic to an Austrian tax resident is taxable in the Czech Republic. Income tax is levied as follows:

- Individual investors holding the Notes as a non-business asset:

The capital gain from the sale of the Notes will be exempt from Czech personal income tax if an individual holds the Notes for an uninterrupted period of more than six months and the Notes were not included in the individual's business assets at any point in time prior to the sale. If the sale of the Notes is not tax-exempt, the capital gain from the sale of the Notes is subject to personal income tax at a flat rate of 15% (12.5% starting from 2009). A loss from the sale of the Notes may be offset against gains from the sale of the Notes or other securities in the same fiscal period.

- Individual investors holding the Notes as a business asset:

The capital gain from the sale of the Notes is included in the general income tax base and taxed at a flat rate of 15% (12.5% starting from 2009). A loss from the sale of the Notes may be offset against overall taxable income (other than employment income) in the current fiscal period and the following five fiscal periods (against income other than employment income).

- Corporations:

The capital gain from the sale of the Notes is included in the general income tax base and taxed at a flat rate of 21% for 2008 (20% for 2009 and 19% from 2010). A loss from the sale of the Notes may be offset against profit in the current fiscal period and the following five fiscal periods.

#### *Inheritance and gift tax*

If acquiring the Notes as a gift or as inheritance, resident (exceptionally also non-resident) individuals and corporations are subject to the Czech gift tax or inheritance tax as well. The Czech gift tax rate ranges from 1% to 40% and the Czech inheritance tax rate ranges from 0.5% to 20%. Both tax rates depend on the value of the assets transferred and on the relationship between the deceased/the donor on the one hand and the heir/the donee on the other. A tax exemption may be applied in specific cases, such as succession by direct relatives and spouses.

#### *Purchase of the Notes from a non-EU resident*

A Czech resident who purchases the Notes from a resident outside the European Economic Area is obliged to withhold and pay to the Czech tax authorities a tax security advance on behalf of a seller at a rate of 1% of the purchase price paid to the seller for the Notes, unless relevant double taxation treaty does not assign taxing rights to the country of the seller. The seller may report the result from the sale (capital gain or loss) and recover the secured tax by filing a Czech corporate/personal income tax return, in which the withheld tax security advance is deducted from the final tax liability assessed at regular tax rates. If no tax return is filed, the tax security advance withheld will be treated as the final tax.

If the Notes are attributed to the permanent establishment of a non-Czech tax resident, a different tax regime applies. In general, the gain is taxed as regular business profit of the permanent establishment in the Czech Republic.

#### **Other taxes**

No other taxes are levied in the Czech Republic on the acquisition, sale or other disposal of the Notes.

#### **EU-Savings Directive**

The Czech Republic has implemented EU Council Directive No. 2003/48/EC on taxation of savings income. Therefore, a Czech paying agent will collect certain specified details in respect of the payments of interest and other similar income mediated by the Czech paying agent to an individual in another EU Member State and the Czech Republic will provide the information to the tax authorities in other EU Member States. The same regime applies also in respect of certain non-EU countries and independent territories, such as Switzerland, San Marino, Monaco, Andorra and Lichtenstein.

This summary of Czech taxation issues is for general information purposes only and is based on a qualification of the Notes as debt instruments for purposes of the Czech Income Taxes Act. The tax consequences would substantially differ if the Notes were to be qualified as equity instruments, i.e. shares. Prospective holders of the Notes are advised to consult their tax and legal advisers with regard to the tax effects of their holding of the Notes.



## **Germany**

### ***Tax-resident Noteholders***

Income derived from Notes by a Noteholder resident in Germany (a person whose residence, habitual abode, statutory seat, or place of effective management is located in Germany) is generally subject to German tax.

### ***General principles***

German tax law distinguishes between tax residents and non-tax residents on the one hand and private and commercial income on the other hand.

Until the end of 2008, individuals which hold their Note as private investments will be taxed on their total taxable income including the Note income, at a progressive personal income of tax of up to 42% (personal income tax according to the German Income Tax Act – Einkommensteuergesetz - EStG) and a solidarity surcharge (Solidaritätszuschlag) of 5.5% thereon. Church tax may be levied in some cases on the income tax. Economically related expenses will generally be tax deductible until 31 December 2008. From 1 January 2009 onwards, new flat-tax rules (Abgeltungssteuer) will apply to the majority of private investment income held by German individual investors. According to these rules, a uniform tax rate of 25%, plus a solidarity surcharge of 5.5% thereon, will apply, and related business expenses will generally no longer be tax deductible.

If Notes are held as assets of a German individual's commercial business, Note interest will also be subject to trade tax, and related expenses should generally be tax-deductible.

Since 1 January 2008, Note interest paid to a German domiciled corporate are subject to corporate tax at a rate of approximately 30% depending on the local trade-tax rate. No flat-tax rules apply to the commercial income of German tax residents.

### ***Interest Payments***

Fixed or floating interest payments made by the issuer of a subordinated Note to German investors should generally qualify as either private or commercial interest income on the level of these investors.

Until 31 December 2008, the general position for all Notes that are held in a custodian account which the German resident Noteholder maintains with a German branch of a German or non-German credit institution or financial-services institution (German Disbursing Agent, inländische Zahlstelle) is that a 30% withholding tax on interest payments (Zinsabschlag), plus 5.5 per cent solidarity surcharge on the withholding tax, will be levied, resulting in a total withholding-tax charge of 31.65 per cent of the gross interest payment. Withholding tax and withheld solidarity surcharge are credited as prepayments against the German domiciled Noteholder's tax and solidarity surcharge liability. To the extent that prepayments exceed the actual tax liability the Noteholder can be entitled to a refund. The tax credit or the tax refund must be claimed in a separate tax return. Subject to certain requirements, an exemption from withholding tax can be applied for if the Noteholder is an individual who has filed a withholding exemption certificate (Freistellungsauftrag). Furthermore, no withholding obligation exists if the Noteholder meets certain requirements and submits a certificate of non-assessment (Nichtveranlagungsbescheinigung) issued by the local tax office to the German Disbursing Agent.

The rules described before will not longer be valid for private investors holding the Notes as private assets, as with effect from 1 January 2009 the described flat tax of 25% plus 5.5 solidarity surcharge will in principle settle the tax claim without any further tax credits (Abgeltungswirkung).

### ***Sale or Redemption of Notes***

#### ***Commercial Income***

If the Notes are held by German corporates or private individuals who hold the Notes as commercial assets (Betriebsvermögen), gains from the sale, assignment or redemption of the Notes will be subject to corporate/income tax and solidarity surcharge thereon. Furthermore, the gains will be subject to trade tax.

Depending on whether the investors choose fixed or floating interest rates, the Notes may qualify as so-called financial innovation (Finanzinnovationen) within the meaning of section 20 para. 2 sentence 1 no. 4 of the 2008 EStG. Should the Notes qualify as financial innovations and be held in a custodian account which is managed by a German disbursing agent, withholding tax at a rate of 30% (plus solidarity surcharge at a rate of 5.5% thereon) will be withheld from the difference between the proceeds from the disposition, assignment or redemption and the issue or purchase price of the Notes if the Notes have been kept in a custodial account with such German disbursing agent since the time of issuance or acquisition. Withholding tax and the solidarity surcharge on the gain are credited as prepayments against the individual's or corporate's income tax and solidarity surcharge liability. To the extent that prepayments exceed the actual tax liability, the Noteholder can be entitled to a refund. The tax credit or refund must be claimed in a tax-assessment process. Withholding exemptions may apply from case to case (e.g. withholding exemption certificate, certificate of non-assessment, see section on interest above).

If the Notes are held by an individual that carries out trading business in Germany (gewerbliche Einkünfte) the respective gains will be subject to income tax and trade tax, and the tax-credit process will be carried out accordingly. Similar rules will apply if a partnership which has commercial income holds the Notes in its accounts.

#### ***Private Income***

For individual Noteholders resident in Germany and holding the Notes as private assets (Privatvermögen) the following rules apply:

If the Notes qualify as financial innovations gains from the sale, assignment or redemption of Notes are considered as interest and are subject to personal income tax as well as solidarity surcharge at a rate of 5.5% thereon. In the absence of a predetermined yield to maturity (Emissionsrendite) of the Notes attributable to the period over which the Noteholder has held such Note, the taxable gain would be calculated as the difference between the proceeds from the disposition, assignment or redemption and the issue or purchase price of the Note (Marktrendite). German withholding tax would be triggered. Until 31 December 2008, the tax-credit process will be carried out as described before (see section on commercial income above).

If the Notes do not qualify as financial innovations, until 31 December 2008, gains from the sale assignments or redemptions of Notes are only taxable if the Notes are held for not more than one year (private capital gains). If the aggregate amount of such private capital gains of the respective individual Noteholder for the calendar year is less than EUR 512, such capital gains are not subject to

income tax. If this amount is exceeded, the complete gains are taxable. Capital losses are not deductible if the Notes are held for more than one year. If the Notes are sold within one year following its acquisition, capital losses are ring-fenced and are only deductible against particular private capital gains.

It should be noted that gains from the sale, assignment or redemption of Notes, realised after 31 December 2008, will be subject to the described flat-tax rules, irrespective of whether or not the Notes qualify as a financial innovation.

### ***Non-Resident Noteholder***

Interest paid to a Noteholder and capital gains realized by a Noteholder who is not tax-resident in Germany (non-resident Noteholder) will generally not be subject to German tax, and no German tax will be withheld (even if the Notes are kept with a German Disbursing Agent), provided sufficient evidence is provided to the German Disbursing Agent as to the non-resident status of the recipient of interest payments).

Contrary to this, non-resident Noteholders are subject to German tax if (i) the Notes are held as business assets (Betriebsvermögen) of a German permanent establishment or by a permanent representative of the non-resident Noteholder, if (ii) the interest income of such Notes does otherwise qualify as German sourced income as defined in EStG or if (iii) the non-resident Noteholder does not comply with the procedural rules to prove his status as a non-tax resident person. In the cases (i) and (ii), the non-resident Noteholders will be subject to a tax regime similar to that described above under the section on tax-resident Noteholders. In this case, non-resident Noteholders may also suffer German withholding tax.

### ***Inheritance and Gift Tax***

No inheritance or gift taxes with respect to any Note will arise under the laws of Germany if, in the case of inheritance tax, neither the decedent nor the beneficiary or, in the case of gift tax, neither the donor nor the donee is a German resident and the Notes at issue are not attributable to a German trade or business for which a permanent establishment is maintained or a permanent representative has been appointed in Germany. Exceptions from this rule apply to certain German citizens who previously maintained a residence in Germany. Double taxation treaties may provide for exceptions to the domestic inheritance and gift tax rules.

### ***Other taxes***

No stamp, issue, registration or similar direct or indirect taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net-assets tax is not levied in Germany.

## **Luxembourg**

The following is a general discussion of certain Luxembourg tax consequences with respect to the Notes. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular Noteholder, including tax considerations that arise from rules of general application or that are generally assumed to be known to Noteholders. This discussion is based on Luxembourg Law as it stands on the date of this Prospectus and is subject to any change in law that may take effect after such date and prospective investors should consult their own tax advisers regarding the tax consequences of investing in the Notes in their own particular circumstances. The information contained within this section is limited to taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

We have considered below the Notes as debt instrument for Luxembourg tax purposes. However, the Notes may be treated as equity/shares at the level of the Luxembourg holders based on the characteristics of this instrument and on an economic approach. This possible equity qualification must be confirmed by the competent Luxembourg tax authorities. The Luxembourg tax consequences of such equity qualification are not analyzed above. We recommend the investors to consult their advisers in that respect.

### ***Luxembourg resident companies Noteholders***

Luxembourg resident companies (“sociétés de capitaux”) Noteholders or foreign entities of the same type which have a permanent establishment or a permanent representative in Luxembourg with which the holding of the Notes is connected, must include in their taxable income any interest received or accrued as well as the difference between the sale or redemption price (including accrued but unpaid interest) and the lower of the costs or book value of the Notes.

Luxembourg net wealth tax will not be levied on a Noteholder, unless (i) such Noteholder is a Luxembourg fully taxable resident company or (ii) the Notes are attributable to an enterprise or part thereof which is carried on by a non-resident company in Luxembourg through a permanent establishment.

### ***Luxembourg resident individuals Noteholders***

#### ***Residents***

Interest income deriving from the Notes, are fully taxable in Luxembourg in the hands of Luxembourg residents, according to article 11 of Double Tax treaty concluded between Luxembourg and Austria. However, two different cases can be considered:

- *Interest income does not fall under the scope of the European Savings Directive in Austria*

According to the article 11 of the Double Tax Treaty signed between Luxembourg and Austria, interest income are fully taxable in Luxembourg. Austria may however apply a withholding tax (maximum 15 %).

In Luxembourg, the said interest income will have to be reported by the beneficiary in his

personal income tax return and will be subject to a final taxation according to the progressive income tax rates (ranging from 0% to 38.95%). However, at the request of the beneficiaries, withholding tax which is levied in Austria is creditable (up to 15 %) against the Luxembourg income tax.

Finally, a total lump-sum deduction of EUR 1,500 (doubled for married taxpayers filing jointly) applies on the global amount of dividends and interest income received by the taxpayer during the tax year.

- *Interest income falls under the scope of the European Savings Directive in Austria*

In this case, the withholding tax to be levied by the Austrian tax authorities amounts to 15% up to 1 July 2008, 20% on the following three years and 35% thereafter until the end of a transitional period.

The withholding tax can be avoided if the beneficial owner provides a certificate issued by his or her local tax office containing certain personal details as well as details relating to the paying agent and the Notes. In such a case, interest will be taxable according to the provisions of the Double Tax Treaty (i.e. a maximum 15 % withholding tax may apply in Austria and full right of taxation granted to Luxembourg).

In Luxembourg, the said interest income will have to be reported by the beneficiary in his personal income tax return and will be subject to a final taxation according to the progressive income tax rates (ranging from 0% to 38.95%). However, at the request of the beneficiaries, withholding tax which is levied in Austria (withholding tax maximum 15 % or Savings Directive withholding tax) is creditable against the Luxembourg income tax.

Finally, a total lump-sum deduction of EUR 1,500 (doubled for married taxpayers filing jointly) applies on the global amount of dividends and interest income received by the taxpayer during the tax year.

### ***Taxation on capital gains***

At the level of Luxembourg individuals residents, capital gains (excluding the portion of the gain related to accrued interest) realized on the sale on the Notes can either be taxed as a speculative profit or as a sale profit, or be tax exempt depending on the case.

- A speculative profit is realised in the hands of the holder when the latter sells (part of) its Notes within a 6-month period following their acquisition.

In the hands of the Luxembourg residents, a speculative profit is taxed provided the annual global amount equals at least EUR 500. Speculative profit is subject to final taxation according to progressive income tax rates (0 to 38.95%).

- After a 6-month period, sale profit is not taxable except if the Luxembourg resident holds a major participation (As a general rule, a participation is deemed to be important when the shareholder, alone or together with his/her spouse and minor children, holds or has held, directly or indirectly, more than 10% of the capital at any time during the five years preceding the sale).

If a Luxembourg resident holds an important participation for more than six months, the sale profit is taxable at a favourable rate that corresponds to half of the holder's global income tax rate (income tax rates range between 0 and 38.95%). In the event the holder is subject to the Luxembourg state social security scheme, a 1% dependency contribution is also due.

## **Belgium**

### ***Withholding Tax and Income Tax***

#### *Tax rules applicable to individuals resident in Belgium*

Individuals who are Note holders and who are Belgian residents for tax purposes, i.e. who are subject to Belgian personal income tax ("Personenbelasting / Impôt des personnes physiques"), are in Belgium subject to the following tax treatment with respect to the Notes. Other rules can be applicable in special situations, in particular when individuals resident in Belgium acquire the Notes for professional purposes or when their transactions with respect to the Notes fall outside the scope of the normal management of their own private estate.

At redemption, any amount paid by the Issuer in excess of the issuance price of the Notes is taxable as interest.

Payments of interest on the Notes made through a Belgian intermediary agent will in principle be subject to a 15% withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final income tax for individuals. This means that they do not have to declare the interest obtained on the Notes in their personal income tax return, provided Belgian withholding tax was levied on these interest payments.

However, if the interest is paid outside Belgium without the intervention of a Belgian intermediary agent, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return and will be taxed at a flat rate of 15% (plus local taxes).

If the Notes qualify as fixed income securities in the meaning of article 2, §1, 8° Belgian Income Tax Code (BITC), in case of a sale of the Notes between two interest payment dates, an income equal to the pro rata of accrued interest corresponding to the detention period must be declared and income tax at a flat rate of 15% to be increased with local taxes will be due. Due to the financial features of the Notes and the absence of clear guidelines in tax laws, the calculation of the interest on a pro rata basis may in practice be difficult.

Capital gains realised on the sale of the Notes, except for the pro rata of accrued interest in the case of fixed income securities, are in principle tax exempt, unless the capital gains are realised outside the scope of the management of one's private estate or unless the Notes are repurchased by the Issuer. In the latter case, the capital gain is taxable as interest.

The losses realised on the Notes are not deductible.

#### *Tax rules applicable to companies resident in Belgium*

Corporate Note holders who are Belgian residents for tax purposes, i.e. who are subject to Belgian Corporate Income Tax ("Vennootschapsbelasting / Impôt des sociétés") are in Belgium subject to the following tax treatment with respect to the Notes.

Interest derived by Belgian corporate investors on the Notes and capital gains realised on the Notes will be subject to Belgian corporate income tax of 33.99%. Capital losses realised on the Notes are in principle deductible.

Interest payments on the Notes made through a Belgian intermediary agent can under certain circumstances be exempt from Belgian withholding tax, provided a special certificate is delivered. The Belgian withholding tax that has been levied is creditable conform the legal provisions.

#### *Tax rules applicable to taxpayers subject to the Belgian income tax on legal entities*

Legal entities Note holders who are Belgian residents for tax purposes, i.e. who are subject to Belgian tax on legal entities ("Rechtspersonenbelasting / impôt des personnes morales") are in Belgium subject to the following tax treatment with respect to the Notes.

At redemption, any amount paid by the Issuer in excess of the issuance price of the Notes is taxable as interest.

Payments of interest on the Notes made through a Belgian intermediary agent will in principle be subject to a 15% withholding tax in Belgium and no further tax on legal entities will be due on the interest.

However, if the interest is paid outside Belgium without the intervention of a Belgian intermediary agent and without the deduction of Belgian withholding tax, the legal entity itself is responsible for the deduction and payment of 15% Belgian withholding tax.

If the Notes qualify as fixed income securities in the meaning of article 2, § 1, 8° BITC, in case of a sale of the Notes between two interest payment dates, Belgian legal entities have to pay a 15% Belgian withholding tax on the pro rata of accrued interest corresponding to the detention period. Due to the financial features of the Notes and the absence of clear guidelines in tax laws, the calculation of the interest on a pro rata basis may in practice be difficult.

Capital gains realised on the sale of the Notes, except for the pro rata of accrued interest in the case of fixed income securities, are in principle tax exempt, unless the Notes are repurchased by the Issuer. In the latter case, the capital gain is taxable as interest.

The losses realised on the Notes are not deductible.

#### *Tax rules applicable to pension funds having the form of an Organization for Financing Pensions (OFP)*

Belgian pension fund entities that have the form of an OFP are subject to Belgian Corporate Income Tax ("Vennootschapsbelasting / Impôt des sociétés") and are in Belgium subject to the following tax treatment with respect to the Notes.

Interest derived by OFP Note holders on the Notes and capital gains realised on the Notes will be exempt from Belgian Corporate Income Tax.

Any Belgian withholding tax that has been levied on interest payments on the Notes is creditable conform the legal provisions.

#### *Tax rules applicable to non-residents*

The non-residents who use the Notes to exercise a professional activity in Belgium through a permanent establishment are subject to the same tax rules as the Belgian resident companies (see 2. above). Non-resident Note holders who do not allocate the Notes to a professional activity in Belgium are not subject to Belgian income tax, save, as the case may be, in the form of Belgian withholding tax.

If the income is not collected through a Belgian intermediary agent, no Belgian withholding tax is due.

Non-resident investors can also obtain an exemption of Belgian withholding tax on interest from the Notes if they are the owners or usufructors of the Notes and they deliver an affidavit confirming that they have not allocated the Notes to business activities in Belgium and that they are non-residents, provided that (i) the interest is paid through a Belgian credit institution, stock market company or clearing or settlement institution and that (ii) the Notes are not used by the Issuer for carrying on a business in Belgium.

#### **Transfer Tax**

##### *Tax on stock exchange transactions*

No tax on stock exchange transactions ("Taks op de beursverrichtingen / Taxe sur les opérations de bourse") will be due upon the subscription of the Notes in Belgium.

Given the characterization of the Notes as a bond, the sale and purchase of the Notes on a secondary market through a professional intermediary in Belgium will give rise to a tax on stock exchange transactions at the rate of, as a rule, 0.07%. Such tax will, however, be limited to a maximum amount of EUR 500 per taxable transaction and per party. The tax is separately due from each party to any such transaction, i.e. the seller and the purchaser, both collected by the professional intermediary.

No stock exchange tax is payable by:

- (a) professional intermediaries mentioned in Article 2, 9° and 10° of the Law of August 2, 2002 acting for their own account;
- (b) insurance companies mentioned in Article 2, § 1 of the Law of July 9, 1975 acting for their own account;
- (c) institutions for occupational retirement provisions ("instellingen voor bedrijfspensioenvoorziening / institutions de retraite professionnelle") mentioned in Article 2, 1° of the Law of October 27, 2006 acting for their own account;



(d) collective investment institutions mentioned in the Law of July 20, 2004 acting for their own account; and

(e) non-residents acting for their own account and provided they deliver an affidavit to a financial intermediary in Belgium confirming their non-resident status.

*Please note that we consider that the Notes will not be subject to a physical delivery in Belgium and are therefore not subject to the Belgian Tax on the physical delivery of bearer securities.*

#### *The Savings Directive*

Under the Savings Directive, Member States are since 1st July, 2005 required to provide to the tax authorities of other Member States or the tax authorities of the Dependant and Associated Territories details of payments of interest and other similar income paid by a paying agent (within the meaning of the Savings Directive) to (or under certain circumstances, to the benefit of) an individual resident in another Member State or resident in a Dependant and Associated Territory, except that Austria, Belgium and Luxembourg are instead required to impose a withholding system (the "Source Tax") for a transitional period unless the beneficiary of the interest payments elects for the exchange of information. The Source Tax rate is initially 15 per cent., increasing steadily to 20 per cent. as from 1st July, 2008 and to 35 per cent. as from 1st July, 2011. The ending of such transitional period depends on the conclusion of certain other agreements relating to exchange of information with certain other countries.

#### *Individuals not resident in Belgium*

Pursuant to the Savings Directive, Belgian paying agents will as of 1st July 2005 retain a Source Tax on interest payments to individual Note holders resident in another EU Member State than Belgium or resident in the Netherlands Antilles, Aruba, Guernsey, Jersey, the Isle of Man, Montserrat and the British Virgin Islands. The Source Tax rate currently is 15 per cent. but will increase to 20 per cent. on 1st July 2008.

The Source Tax is levied in addition to the Belgian withholding tax which has been withheld. The Source Tax is computed on the amount of interest before deduction of any Belgian withholding tax but after deduction of any foreign withholding tax withheld.

The Source Tax is levied pro rata to the period of holding of the Notes by the beneficial owner of the interest payments.

No Source Tax will be applied if the investor provides the Belgian paying agent with a certificate drawn up in his name by the competent authority of his state of residence for tax purposes. The certificate must at least indicate: (i) name, address and tax or other identification number or, in the absence of the latter, the date and place of birth of the beneficial owner; (ii) name and address of the paying agent; and (iii) the account number of the beneficial owner, or where there is none, the identification of the security.

#### *Individuals resident in Belgium*

An individual resident in Belgium will be subject to the provisions of the Savings Directive, if he receives interest payments from a paying agent (within the meaning of the Savings Directive) established in another EU Member State, Switzerland, Liechtenstein, Andorra, Monaco, San Marino,

the Netherlands Antilles, Aruba, Guernsey, Jersey, the Isle of Man, Montserrat, the British Virgin Islands, the Cayman Islands, Anguilla or the Turks and Caicos Islands.

An individual resident in Belgium can request a certificate from its local tax authority that will allow the paying agent not to levy the Source Tax. The certificate must at least indicate: (i) name, address and tax or other identification number or, in the absence of the latter, the date and place of birth of the beneficial owner; (ii) name and address of the paying agent; and (iii) the account number of the beneficial owner, or where there is none, the identification of the security.

If the interest received by an individual resident in Belgium has been subject to a Source Tax, such Source Tax does not liberate the Belgian individual from declaring the interest income in the personal income tax declaration. The Source Tax will be credited against the personal income tax. If the Source Tax withheld exceeds the personal income tax due, the excessive amount will be reimbursed, provided it amounts to at least EUR 2.50.

## **The Netherlands**

### ***Income taxes***

#### ***Residents***

Holders of the Notes which are tax resident in the Netherlands should be aware of the following Dutch tax consequences:

- (a) corporate holders of the Notes subject to Netherlands corporate income tax, will in principle be liable to Dutch corporate income tax in respect of interest and other income distributions received on the Notes and capital gains realised on the disposal or redemption of the Notes at a tax rate of 25.5%, with step up rates of 20% on the first 60,000 Euro of taxable income and 23.5% for taxable income between 60,000 Euro and 200,000 Euro (rates 2008);
- (b) certain institutional investors (such as qualifying pension funds and charities) are in principle fully exempt from tax in respect of interest and other income distributions received on the Notes and and capital gains realised on the disposal or redemption of the Notes. Furthermore, certain investment institutions are exempt from corporate income tax ("*vrijgestelde beleggingsinstelling*") or subject to a 0% corporate income tax rate ("*fiscale beleggingsinstelling*") in respect of interest and other income distributions received on the Notes and and capital gains realised on the disposal or redemption of the Notes;
- (c) unless the situations mentioned under (d) and (e) apply, individual holders of the Notes will be considered to generate a deemed income of 4% of the average (beginning/end calendar year) fair market value of the Notes, which is taxed at a rate of 30%. Actual income, such as interest and capital gains, received or realised by individual holders of the Notes will as such not be subject to Netherlands income tax;
- (d) as an exception to the situation described under (c), individual holders of the Notes who own (either alone or together with certain related persons) 5% or more of the issued and outstanding share capital in the Issuer (a so called "substantial interest") will be liable to tax in respect of interest and other income distributions received on the Notes and capital gains realised on the disposal or redemption of the Notes at progressive rate of up to 52%. Holders of the Notes owning a "substantial interest" are advised to seek professional advice as to the tax consequences related to their investments in the Notes;

- (e) as an exception to the situations described under (c) and (d), individual holders of the Notes whether resident in the Netherlands, who are subject to Dutch individual income tax and who carry on an enterprise or an independent activity in The Netherlands to which (part of) the Notes are attributable, will in principle be liable for tax in respect of interest payments and other income distributions received on the Notes and capital gains realised on the disposal or redemption of the Notes at a progressive rate of up to 52%. Note that this paragraph does not describe the tax consequences for persons which receive the Notes and or income under the Notes as (deemed) employment income or otherwise as compensation;

#### *Non-residents*

A holder of the Notes will not be subject to Netherlands taxes in respect of interest payments and other income distributions received on the Notes and capital gains realised on the disposal or redemption of the Notes , provided that:

1. such holder is neither a resident nor deemed to be resident in the Netherlands for Netherlands tax purposes and, if such holder is an individual, he/she has not made an election for the application of the rules of the Netherlands Income Tax Act 2001 as they apply to residents of the Netherlands;
2. such holder does not have an interest in an enterprise or a deemed enterprise which, in whole or in part which is either effectively managed in the Netherlands or is carried out through a permanent establishment or a permanent representative in the Netherlands and to which enterprise the Notes are attributable; and

#### ***Gift, Estate and Inheritance Taxes***

Gift, estate and inheritance taxes will arise in the Netherlands with respect to a transfer of the Notes by way of a gift by, or, on the death of, a holder of the Notes who is resident or deemed to be resident in the Netherlands at the time of the gift or his/her death.

#### ***Other Taxes and Duties***

No Netherlands registration tax, customs duty, stamp duty or any other similar documentary tax or duty will be payable by a holder of the Notes in respect of the holding or disposal of the Notes.

#### ***EU-Savings Directive***

The Netherlands has implemented EU Council Directive No. 2003/48/EC on taxation of savings income. Therefore, a Netherlands paying agent will collect certain specified details in respect of the payments of interest and other similar income mediated by the Netherlands paying agent to an individual in another EU Member State and the Netherlands will exchange this information with the tax authorities in other EU Member States. The same regime applies also in respect of certain non-EU countries and independent territories, such as Switzerland, San Marino, Monaco, Andorra and Lichtenstein.

## **SUBSCRIPTION AND SALE**

Pursuant to the terms and on the conditions contained in a programme agreement to be agreed between the Issuer and the Permanent Dealer, the Notes will be offered from time to time by the Issuer to the Permanent Dealer. However, the Issuer will reserve the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The programme agreement will also provide for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between the Issuer and the Dealer, which commission may be deducted from the net proceeds payable to the Issuer on the closing of any series of Notes. The Issuer will agree to reimburse the Arranger for certain of its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer will agree to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The programme agreement will entitle the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### **United States**

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, US 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 under the Securities Act.

Notes in bearer form having a maturity of more than one year are subject to US 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 US tax regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code of 1986 and regulations thereunder.

The Dealer has represented and agreed that, and each Further Dealer appointed under the Programme will be required to represent and agree that, except in accordance with Regulation S under the Securities Act, it has not offered or sold and will not offer or sell the Notes of any identifiable Tranche, (i) as part of its distribution at any time and (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the relevant Dealer and the Issuer, by the Paying Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, of all Notes of the Tranche of which the Notes are a part within the United States or to, or for the account or benefit of, US persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period, as defined in Regulation S under the Securities Act, 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, US persons.

In addition, until 40 days after the commencement of the offering an offer or sale of Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

## **Public Offer Selling Restrictions under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “Non-Exempt Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-Exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer;
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State .

## **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## **Japan**

The Notes have not been, and will not be, registered under the Financial Instruments and Exchange Law of Japan. Accordingly, each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, a resident of Japan or to others for reoffering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, “resident of Japan” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in Part A of the relevant Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Prospectus.

No action has been taken in any jurisdiction (other than Austria) that would permit a public offering of any of the Notes or possession or distribution of this Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required. The Issuer may take such action in certain other jurisdictions within the European Economic Area, including in the Czech Republic, Germany, the Netherlands, Belgium and Luxembourg.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus, any other offering material or any Final Terms and none of the Issuer nor any other Dealer shall have responsibility therefor.

## GENERAL INFORMATION

### Authorisation

Tranches of Notes will be issued under the Programme in accordance with internal approvals, as in force from time to time, provided that, unless otherwise specified otherwise in the Final Terms, issues of Notes from 13 May 2008 until 12 May 2009 will be made by resolutions of the management board with consent of the working committee of the supervisory board of the Issuer, in accordance with resolutions of the management board and the supervisory board of the Issuer passed on 26 March 2008 and with a resolution of the shareholders' meeting of the Issuer passed on 16 April 2008 authorizing the management board to issue profit-linked bonds (*Gewinnschuldverschreibungen*), subject to the consent of the supervisory board, in one or several tranches up to a total amount of EUR 2,000,000,000.

### No Material Adverse Change

Except as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Group no material adverse change in the prospects of the Issuer since 31 December 2007.

### Legend

Each Note with a maturity of over one year will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Section 165(j) and 1287(a) of the Internal Revenue Code of the United States".

### Clearing and Settlement

Notes have been accepted for clearance through the Euroclear, Clearstream, Luxembourg and OeKB Systems. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg and the address of OeKB is Am Hof 4, A-1011 Vienna. The address of any alternative clearing system will be specified in the applicable Final Terms.

### The Issue Price

The issue price and the amount of the relevant Notes will be determined before filing of the relevant Final Terms of each Tranche, based on then prevailing market conditions. Where for a particular tranche of Notes the issue price or aggregate principal amount are not fixed at the time of issue, the Final Terms shall describe the procedures for calculation and publication of such information.

### Documents Available for Inspection

For so long as Notes may be issued pursuant to this Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer and the specified offices of the Paying Agent:

- the Agency Agreement (which includes the form of the Global Notes);
- the articles of association of the Issuer;
- the published consolidated annual report and audited financial statements of the Issuer for the two most recent financial years ended prior to the date of this Prospectus and any subsequent interim financial statements of the Issuer;
- each set of Final Terms for Notes that are admitted to trading on the Market or on any other market or stock exchange;
- a copy of this Prospectus together with any supplement to this Prospectus or further Prospectus; and
- a copy of the subscription agreement for Notes issued on a syndicated basis that are admitted to trading on the Market.

## **Auditors**

The IFRS annual financial statements of the Issuer (consisting of the balance sheet, income statement and notes) for the years ended 31 December 2006 and 31 December 2007, were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Porzellangasse 51, 1090 Vienna in accordance with Austrian generally accepted accounting regulations and principles, and the unqualified audit opinions for the annual financial statements for the years ended 31 December 2006 and 2007, were rendered on 6 April 2007 and 12 March 2008, respectively.

The auditors and their responsible employees are members of the Austrian Chamber of Chartered Accountants, Schönbrunner Straße 222-228/1/6, 1120 Vienna.

During the period covered by the financial information referred to above, auditors have neither been relieved from their duties, nor have they resigned or not been reappointed.

The IFRS annual financial statement of the Issuer for the year ending 31 December 2008 will be audited by PWC PriceWaterhouseCoopers GmbH.

## **Admission to Trading**

Application will be made for the Programme to be admitted to the Second Regulated Market (Geregelter Freiverkehr) of the Wiener Börse AG (the “Vienna Stock Exchange”). References in this Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the Market which is a regulated market for the purposes of the Investment Services Directive 2004/39/EC.



**Signature according to the Austrian Capital Market Act  
("Kapitalmarktgesetz")**

WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group hereby signs this Prospectus as issuer (als *Emittent*) pursuant to § 8/1 of the Austrian Capital Market Act ("*Kapitalmarktgesetz*").

WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group

---

Dr. Günter Geyer

---

Dkfm. Karl Fink

Vienna, 13 May 2008

**REGISTERED OFFICE OF THE ISSUER**

Schottenring 30  
1010 Vienna

**ARRANGER AND PERMANENT DEALER**

Erste Bank der oesterreichischen Sparkassen AG  
Graben 21  
1010 Vienna

**PAYING AND CALCULATION AGENT**

Erste Bank der oesterreichischen Sparkassen AG  
Graben 21  
1010 Vienna

**AUDITORS**

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft  
Porzellangasse 51  
1090 Vienna

**LEGAL ADVISERS**

*To the Issuer*

Weber Maxl & Partner Rechtsanwälte GmbH  
Rathausplatz 4  
1010 Vienna

*To the Arranger and Permanent Dealer*

Wolf Theiss Rechtsanwälte GmbH  
Schubertring 6  
1010 Vienna