

€158,500,000 Aggregate Liquidation Amount
¥ 15,000,000,000 Aggregate Liquidation Amount
Dated Silent Partnership Certificates
of
Dresdner Funding Trusts III and IV
Non-cumulative Dated Silent Partnership Certificates,
each representing a Dated Silent Partnership Interest in the corresponding
Dresdner Capital LLC III and IV
(each, a wholly-owned subsidiary of Dresdner Bank Aktiengesellschaft)

Each of the certificates in two tranches of Dated Silent Partnership Certificates (collectively, the “Certificates”) issued by Dresdner Funding Trusts III and IV, respectively (each, a Delaware statutory business trust and, collectively, the “Trusts”), represents a Dated Silent Partnership Interest (each, a “Partnership Interest” and collectively, the “Partnership Interests”), of a corresponding Delaware limited liability company (Dresdner Capital LLC III and IV, respectively, and collectively, the “LLCs”). Payments of distributions and amounts upon early redemption, liquidation and maturity of the Partnership Interests by each LLC to the corresponding Trust will be passed through upon receipt by such Trust (the sole assets of which are Partnership Interests in the corresponding LLC) to holders of Certificates issued by such Trust.

Each tranche of Partnership Interests will pay non-cumulative distributions annually (in the case of Tranche III) or semi-annually (in the case of Tranche IV) in arrears at the fixed rate of interest per annum and will mature on the date shown in the table below. Each tranche of Partnership Interests will be callable by the respective LLC in part or in whole after the date set forth in the table under “Overview” under specified circumstances. Dresdner Bank Aktiengesellschaft (the “Bank”), acting through its New York Branch (the “Branch”), will own all of the common limited liability company interests of each LLC (collectively, the “LLC Common Securities”). The combined offering of Dated Silent Partnership Certificates of the Trusts in an aggregate liquidation amount of €158,500,000 of Dresdner Funding Trust III and in an aggregate liquidation amount of ¥ 15,000,000,000 of Dresdner Funding Trust IV is referred to in this Offering Memorandum as the “Offering.”

See “Risk Factors” beginning on page 32 for a discussion of factors that prospective investors should consider in evaluating an investment in the Certificates.

Application has been made to list the Certificates on the Luxembourg Stock Exchange. The Certificates sold to qualified institutional buyers are expected to be declared eligible for listing on PORTAL.

Pass Through Certificates	Stated Liquidation Amount per Certificate	Aggregate Liquidation Amount for the Tranche	Fixed Rate of Interest per Annum	Maturity Date	Price to Investors
Trust III	€1,000	€158,500,000	7.0%	June 30, 2013	100%
Trust IV	¥ 100,000	¥ 15,000,000,000	3.5%	March 31, 2033	100%

The Certificates have not been registered under the U.S. Securities Act of 1933 (the “Securities Act”) or the securities laws of any other jurisdiction. Unless registered, the Certificates may be offered only in transactions that are exempt from registration under the Securities Act or the securities laws of any other jurisdiction. Accordingly, the Certificates are being offered only to qualified institutional buyers in the United States and to persons outside the United States. For further details about eligible offerees and retail restrictions, see “Notice to Investors.”

The Certificates will be ready for delivery in book-entry form only through The Depository Trust Company (“DTC”), the Euroclear System (“Euroclear”) or Clearstream, Luxembourg (“Clearstream, Luxembourg”) on or about March 29, 2001 (the “Closing Date”).

Dresdner Kleinwort Wasserstein

The date of this Offering Memorandum is March 23, 2001

Each LLC will use its Total Silent Partnership Capital Contribution (as defined herein), together with proceeds from the sale of its LLC Common Securities, to purchase a subordinated note (each, a “Subordinated Note” and, collectively with the Subordinated Notes held by the other LLCs, the “Subordinated Notes”) of the Bank, acting through the Branch. Certificates that are initially sold to “qualified institutional buyers” in reliance on Rule 144A under the Securities Act (“Rule 144A”) will be represented by one or more Global Certificates in registered form and will be deposited on or about the Closing Date with a custodian for, and registered in the name of a nominee of, DTC. Certificates initially issued and sold by each Trust in transactions outside the United States in reliance on Regulation S under the Securities Act (“Regulation S”) will be represented by one or more Global Certificates in registered form in the name of a nominee for, and shall be deposited on or about the Closing Date with a common depository (the “Common Depository”) for Euroclear and Clearstream, Luxembourg. Certificates issued and sold by each Trust to Non-U.S. Persons (as defined in Regulation S) will initially be evidenced by a Temporary Regulation S Global Certificate in registered form deposited with the Common Depository for the accounts of Euroclear and Clearstream, Luxembourg. Beneficial interests in such Global Certificates will be shown on, and transfers thereof will be effected through, records maintained by DTC, Euroclear and Clearstream, Luxembourg and their respective participants. Interests in each Temporary Regulation S Global Certificate with respect to each Trust may be exchanged 40 days after the Closing Date for interests in a corresponding Permanent Regulation S Global Certificate of such Trust in registered form upon certification of non-U.S. beneficial ownership thereof. No payment will be made in respect of an interest in the Temporary Regulation S Global Certificate of any Trust unless and until the beneficial owner of such interest has provided the required certification and such interest has been exchanged for an interest in the corresponding Permanent Regulation S Global Certificate of such Trust. Except under the limited circumstances described in this Offering Memorandum, Certificates in certificated form will not be issued in exchange for interests in Global Certificates. See “Description of the Certificates—Form, Book-Entry Procedures and Transfer.”

The Bank of New York (Delaware) (“BNY Delaware”) and The Bank of New York (“BNY”) are acting as trustees of each of the Trusts. Neither BNY nor BNY Delaware is responsible for the contents of this Offering Memorandum.

Certain persons participating in this Offering may engage in transactions that stabilize, maintain or otherwise affect the price of the Certificates, including over-allotment, stabilizing and short-covering transactions in such securities, and the imposition of a penalty bid, in connection with the Offering. For a description of these activities, see “Plan of Distribution.”

As used in this Offering Memorandum, an “affiliate” of the Bank means any entity that, directly or indirectly, through one or more intermediaries, is controlled by, controls or is under common control with the Bank.

The Certificates offered by this Offering Memorandum are not deposits or other obligations of a bank and are not insured by the U.S. Federal Deposit Insurance Corporation (“FDIC”) or any other governmental agency.

The Offering is being made in reliance upon one or more exemptions from registration under the Securities Act for an offer and sale of securities that does not involve a public offering. Accordingly, each purchaser of Certificates, in making its purchase, will be deemed to have made certain acknowledgments, representations and agreements relating to transfer restrictions, as described under “Notice to Investors.” Prospective investors should be aware that they will be required to bear the financial risks of an investment in the Certificates for an indefinite period of time.

The Bank, the Trusts and the LLCs take responsibility for and confirm that, as of the date on the cover, this Offering Memorandum contains all information, including the information incorporated by reference herein, with respect to the Bank, the Bank’s subsidiaries and affiliates, the LLCs, the Trusts, the Subordinated Notes, the Silent Partnership Agreements (as defined herein), the Partnership Interests and the Certificates that is material in the context of the Offering, that all the information contained in this Offering Memorandum, including the information incorporated by reference herein, is to the best of their knowledge true and accurate in all material respects and is

not misleading, that the opinions and intentions expressed in this Offering Memorandum are honestly held and that there are no other facts the omission of which would make this Offering Memorandum as a whole misleading.

This Offering is being made on the basis of this Offering Memorandum. Any decision to purchase the Certificates must be based on the information contained in this Offering Memorandum, including the information incorporated by reference herein. No representation is made to any prospective investor regarding the legality of an investment in the Certificates by such prospective investor under any applicable laws or regulations. Prospective investors should not construe the contents of this Offering Memorandum as legal, business or tax advice. Each prospective investor should consult his or her own attorney, business and tax advisor as to legal, business and tax advice.

In making an investment decision, prospective investors must rely on their own examination of the Bank, the LLCs and the Trusts and the terms of the Offering related to each Trust and the Certificates offered thereby, including the merits and risks involved. Prior to investing in the Certificates, prospective investors are invited to ask questions concerning the Offering and the terms of the Certificates being offered by each Trust. Prospective investors can obtain additional information from the Bank, the LLCs and the Trusts, to the extent that such entities possess such information or can acquire it without unreasonable effort or expense and in each case to the extent that such information is necessary to verify the accuracy of the information contained in this Offering Memorandum.

The securities described in this Offering Memorandum have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "SEC") or any state securities commission or regulatory authority. In addition, such authorities have not reviewed this Offering Memorandum or confirmed the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

Each Trust and the Initial Purchaser reserve the right (1) to reject any offer to purchase the Certificates of such Trust in whole or in part for any reason or (2) to sell less than the full amount of the Certificates offered by such Trust in this Offering Memorandum.

For the purpose of the Offering, including without limitation the offering of Certificates for resale in the United States in accordance with Rule 144A, this Offering Memorandum is personal to each offeree and has been prepared solely for use in connection with the Offering. It does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Certificates. The distribution of this Offering Memorandum to any person other than the offeree and those persons, if any, retained to advise such offeree with respect to the Offering is not authorized, and any disclosure of any of the contents of the Offering Memorandum is prohibited. By accepting delivery of this Offering Memorandum, each offeree agrees to these terms and further agrees not to copy this Offering Memorandum. If an offeree does not purchase Certificates or the Offering is terminated, the offeree agrees to return this Offering Memorandum upon request to: Dresdner Bank AG, London Branch, Riverbank House, 2 Swan Lane, London EC4R 3UX, United Kingdom, Attention: Syndicate Department.

The Certificates are, subject to certain conditions, eligible for purchase by (1) an "employee benefit plan" (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA")), that it is subject to the provisions of Title I of ERISA, (2) a "plan" described in Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), (3) an entity whose underlying assets include "plan assets" (within the meaning of ERISA) by reason of a plan's investment in the entity or (4) a governmental plan which is subject to any federal, state or local law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code.

Prospective purchasers must carefully consider the restrictions on purchase described under "Notice to Investors" and "Certain ERISA Considerations" and should consult with their own ERISA advisors as to the consequences of making an investment in the Certificates. Prospective purchasers and subsequent transferees will be required to make certain representations regarding compliance with the restrictions described under "Notice to Investors" and "Certain ERISA Considerations."

The distribution of this Offering Memorandum and the offering and sale of the Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Memorandum comes must inform themselves about and to observe any such restrictions.

In particular, there are restrictions on the offer and sale of the Certificates in the United Kingdom. No action has been taken to permit the Certificates to be offered to the public in the United Kingdom. This document may only be issued or passed on in or into the United Kingdom to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 (as amended) or who is a person to whom the document may otherwise lawfully be issued or passed on. It is the responsibility of all persons under whose control or into whose possession this document comes to inform themselves about and to ensure observance of all applicable provisions of the Financial Services Act 1986 and other applicable laws and regulations with respect to anything done by it in relation to the Certificates in, from or otherwise involving, the United Kingdom. An Authorized Person under the Financial Services Act 1986, should only promote (as that term is defined in Regulation 1.02 of the Financial Services (Promotion of Unregulated Schemes) Regulations 1991) the Certificates to any person in the United Kingdom if that person is of a kind described either in Section 76(2) of the Financial Services Act 1986 or in Regulation 1.04 of the Financial Services (Promotion of Unregulated Schemes) Regulations 1991.

In addition, the Initial Purchaser has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell in The Netherlands any Certificates other than to persons who trade or invest in securities in the conduct of a profession or business (which include banks, stockbrokers, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises).

The Certificates have not been and will not be registered under the Securities and Exchange Law of Japan and may not be, directly or indirectly, offered or sold within Japan or to others for re-offering or resale, directly or indirectly, within Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and guidelines of Japan.

Notice to New Hampshire Residents

Neither the fact that a registration statement or an application for a license has been filed under Chapter 421-b of the New Hampshire Revised Statutes with the State of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the State of New Hampshire constitutes a finding by the Secretary of State that any document filed under Chapter 421-b is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the Secretary of State has passed in any way upon the merits or qualifications or recommended or given approval to, any person, security or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer or client any representation inconsistent with the provisions of this paragraph.

ADDITIONAL INFORMATION

The Bank currently furnishes to the SEC certain information in accordance with Rule 12g3-2(b) under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Bank is currently included in the list of foreign private issuers that claim exemption from the registration requirements of Section 12(g) of the Exchange Act. If, at any time, the Bank is not subject to Section 13 or 15(d) of the Exchange Act and is not exempt from reporting pursuant to Rule 12g3-3(b), it will furnish, upon request, to any holder of Certificates and to a prospective purchaser designated by any such holder, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. The Bank will furnish the depositary referred to under "Description of the Certificates" with copies of any communication available to holders of Certificates of any securities regulatory authority or stock exchange, by publication or otherwise, in English or with an English translation or summary to the extent required under Rule 12g3-2(b). Upon receipt of such communication, the Depositary will promptly mail copies of such notices, reports and communications to all Certificate holders.

FORWARD-LOOKING STATEMENTS

Some of the statements included in this Offering Memorandum constitute “forward-looking statements” within the meaning of Section 21E of the Exchange Act and are subject to risks and uncertainties. Any such forward-looking statements should not be relied upon as predictions of future events. Some forward-looking statements can be identified by the use of forward-looking terminology such as “believes,” “expects,” “may,” “are expected to,” “will,” “will allow,” “will continue,” “will likely result,” “should,” “would be,” “seeks,” “approximately,” “intends,” “plans,” “projects,” “estimates” or “anticipates” or similar expressions or the negative of those phrases, or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions. In addition, all information included in this Offering Memorandum with respect to projected or future results of operations, financial condition, financial performance or other financial or statistical matters constitute such forward-looking statements. These forward-looking statements depend on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realized and, in some instances, are based on consensus estimates of analysts not affiliated with the Bank. The following factors, in addition to the matters discussed elsewhere in this Offering Memorandum, could cause actual results and other matters to differ materially from those in such forward-looking statements: increases in defaults by borrowers and other loan delinquencies; increases in the provision for loan losses; deposit attrition, customer loss or revenue loss; trading losses; the Bank’s ability to sustain or improve its performance; changes in interest rates which may, among other things, adversely affect margins; competition in the banking, financial services, funds transfer services, credit card services and related industries; government regulation and tax matters; adverse legal or regulatory disputes or proceedings; credit and other risks of lending and investment activities; changes in conditions in the securities markets; and changes in regional, national and international business and economic conditions and inflation. As a result, the Bank can give no assurance as to future results of operations or financial condition or as to any other matters covered by any such forward-looking statements. The Bank wishes to caution prospective investors not to rely on any such forward-looking statements. The Bank does not undertake, and specifically disclaims any obligation, to update any forward-looking statements, which speak only as of the date made.

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, any reference in this Offering Memorandum to the “Consolidated Financial Statements” is to the audited consolidated financial statements (including the notes thereto) of the Bank together with its consolidated subsidiaries, which are referred to as the “Group” in this Offering Memorandum, at and for the years ended December 31, 1998 and 1999, and to the interim consolidated financial statements of the Group at and for the nine months beginning January 1, 2000 and ended September 30, 2000, which are incorporated by reference into this Offering Memorandum. The Management Reports for 1998 and 1999 of the Group are also incorporated by reference into this Offering Memorandum. Copies of such documents incorporated by reference herein may be obtained free of charge upon request at the office of the paying and transfer agent in Luxembourg. The Bank is the parent company of the various subsidiaries that comprise the Group. In some cases, the Group has derived statistical information appearing in this Offering Memorandum from statutory reports and from statistical information reported to the German Federal Banking Supervisory Authority (*Bundesaufsichtsamt für das Kreditwesen*; the “FBSA”) or the Deutsche Bundesbank (the German central bank) for regulatory purposes. This information was compiled as a normal part of the Group’s financial reporting and management information systems. The Bank is incorporated as a stock corporation organized under the laws of the Federal Republic of Germany (“Germany”).

In this Offering Memorandum, references to “JPY” are to Japanese yen, references to “\$” and “U.S. dollars” are to United States dollars and references to “€” or “euro” are to the common currency of 12 member states of the European Union. The Bank publishes its financial statements in euro.

The Bank’s Consolidated Financial Statements are prepared in accordance with International Accounting Standards (“IAS”). The Bank’s fiscal year ends on December 31, and references in this Offering Memorandum to any specific fiscal year are to the twelve-month period ended December 31 of such year. In this Offering Memorandum, all references to “billions” are references to one thousand millions.

OVERVIEW

The following paragraphs contain a brief overview of the material features of the securities being offered. This overview is not complete and prospective investors are urged to read carefully the Summary and the full text of the Offering Memorandum for a more precise description of the Offering and the securities and for information concerning the Bank, the LLCs and the Trusts.

Each of Dresdner Capital LLC III and IV (each, a Delaware limited liability company and, collectively, the “LLCs”), of which the Bank, acting through the Branch, owns all of the common limited liability company interests, will issue Partnership Interests (representing preferred limited liability company interests) to the corresponding Dresdner Funding Trusts III and IV, respectively (collectively, the “Trusts”), and all of its common limited liability company interests to the Bank, acting through the Branch. Each LLC will invest all of the proceeds from the issuance of its Partnership Interests and common limited liability company interests in a Subordinated Note of the Bank, acting through the Branch. Such Subordinated Note will be the only asset of such LLC. Subject to the terms of the Subordinated Note and a corresponding Waiver and Improvement Agreement with respect to each LLC, each dated as of the Closing Date (each, a “Waiver and Improvement Agreement” and, collectively with the Waiver and Improvement Agreements entered into by the other LLCs, the “Waiver and Improvement Agreements”), between the Bank, acting through the Branch, and the applicable LLC, each Subordinated Note will bear interest at the fixed rate of interest per annum shown in the table below, payable annually (in the case of Tranche III) or semi-annually (in the case of Tranche IV) on the payment dates, and will mature on, the dates set forth below. Upon receipt of payments on a Subordinated Note, the applicable LLC will make corresponding distributions on its Partnership Interests to the respective Trust. The Partnership Interests in each LLC will mature on the maturity date set forth below corresponding to the maturity date of each Subordinated Note.

For the convenience of investors, each Partnership Interest held by each Trust will be represented by a non-cumulative Dated Silent Partnership Certificate (collectively, the “Certificates”) of the respective Trust. Each Trust is a Delaware statutory business trust in which neither the Bank nor any of its affiliates has any interest. Each Trust will pass through to holders of its Certificates all payments that such Trust receives in respect of the Partnership Interests held by it. Although each Trust may facilitate the exercise of remedies under the Partnership Interests in the applicable LLC, holders of Certificates issued by such Trust will also be able to exercise all rights in respect of such Partnership Interests, and may obtain direct ownership of such Partnership Interests at any time. It should be noted that the income in respect of the Certificates of each Trust may be reported for U.S. federal income tax purposes on the simple Form 1099, but that the income in respect of Partnership Interests would have to be reported on the more complicated Form K-1 applicable to partnership income.

	Tranche of Subordinated Note/Partnership Interests	
	III	IV
Scheduled Maturity Date.....	June 30, 2013	March 31, 2033
Fixed rate of interest per annum.....	7.0%	3.5%
Interest Payment Date(s).....	June 30	March 31 and September 30
First Call Date	June 30, 2011	March 31, 2031

The Subordinated Note and the Partnership Interests of each Trust will be subject to several linkage features that will have the effect of making the obligation of the Bank, acting through the Branch, to pay interest and principal on the Subordinated Note, and the applicable LLC’s corresponding obligation to make distributions and maturity payments on its Partnership Interests, dependent on the financial condition and capital ratios of the Bank. These linkage features are briefly summarized in the following paragraphs. The Bank intends to treat the proceeds of the Offering as consolidated “tier one” capital of the Group, for purposes of determining its compliance with regulatory capital requirements. Under current German law relating to regulatory capital requirements, the Partnership Interests will lose their “tier one” capital status two years prior to maturity.

Features of the Partnership Interests. Distributions on each tranche of Partnership Interests are payable, whether or not declared by the Board of Directors of the respective LLC, on a non-cumulative basis only out of profits of such LLC for the, in the case of Tranche III, annual, or, in the case of Tranche IV, semi-annual, period

ending on or before the distribution payment date and, except in limited circumstances, only if no accumulated deficit has been notionally allocated to such tranche of Partnership Interests. Because each LLC may not conduct any operations other than making and holding its investment in the applicable Subordinated Note, it is not expected to incur any losses. Because distributions on the Partnership Interests are non-cumulative, each LLC will have no obligation to pay in a subsequent period any distribution that was not payable for a prior period.

While a Shift Event (as defined below) is in effect, under the Waiver and Improvement Agreement to which it is a party, each LLC will waive all payments of principal and interest on the Subordinated Note held by it, subject to reinstatement of (1) the obligation of the Bank, acting through the Branch, to pay interest if the Bank or certain of its subsidiaries make payments in respect of junior or *pari passu* securities and (2) its obligation to repay principal if the liquidation of the Bank is commenced. These points are described in greater detail below under “Features of the Subordinated Notes.” If such a waiver is in effect, none of the LLCs will earn any profit and, accordingly, will not have any obligation to make distributions on its respective tranche of Partnership Interests.

If the scheduled maturity with respect to any tranche of Partnership Interests occurs while a Shift Event is in effect, the maturity of such tranche of Partnership Interests and the corresponding Subordinated Notes will be extended until the earlier of the cessation of the Shift Event or the commencement of liquidation of the Bank.

Each tranche of Partnership Interests will be callable by the issuing LLC in part or in whole on or after the date (the “First Call Date”) set forth in the table above, and thereafter on any Distribution Payment Date (such date, together with the First Call Date, the “Call Date”) at the current nominal value thereof plus any unpaid distributions for the current period, but only with the prior approval of the FBSA and only if no accumulated deficit has been notionally allocated to such tranche of Partnership Interests. Each tranche of Partnership Interests is redeemable in full prior to the applicable First Call Date at the same amount or, if greater, a make whole amount, but only if: (1)(a) such tranche of Partnership Interests can no longer be included in the consolidated “tier one” capital of the Group under current or future regulatory requirements (“Tier One Capital”), (b) under certain determinations, there is more than an insubstantial risk that the respective LLC or the corresponding Trust will be subject to more than a *de minimis* amount of taxes (including withholding taxes) or (c) under certain determinations, there is more than an insubstantial risk that the respective LLC or the corresponding Trust will be considered an “investment company” under the U.S. Investment Company Act of 1940 (the “1940 Act”); (2) the FBSA consents to such redemption and (3) no accumulated deficit has been notionally allocated to such Partnership Interests.

Shift Event. The linkage features referred to above come into effect only upon the occurrence of a “Shift Event” and remain in effect only so long as that Shift Event remains in effect. A Shift Event will occur if (1) the Board of Managing Directors (*Vorstand*) of the Bank determines that either (a) the Bank’s total capital ratio or Tier One Capital ratio has declined below the minimum percentage required from time to time (presently 8% and 4%, respectively) by the German Banking Act (*Kreditwesengesetz*; the “German Banking Act”) or (b) the Bank’s non-compliance with these capital ratio requirements is immediately imminent, (2) the Bank is declared insolvent or overindebted and insolvency proceedings are to be commenced or (3) the FBSA either (A) exercises its extraordinary supervisory powers pursuant to Section 45 *et seq.* of the German Banking Act or (B) announces its intention to take such measures. These powers of the FBSA may be invoked if, among other things, in the determination of the FBSA it is or might be impossible to effectively supervise a banking institution, if the insolvency or overindebtedness of the institution is imminent or is connected with a serious deterioration in a banking institution’s financial situation, including an insufficiency of regulatory capital or liquidity, or a possible inability of that institution to satisfy its obligations to creditors, in particular depositors.

Features of the Subordinated Notes. Each tranche of Subordinated Notes is scheduled to mature on the date set forth in the table above. However, if the scheduled maturity of a Subordinated Note occurs while a Shift Event is in effect, maturity of such Subordinated Note will be extended until the earlier of the cessation of the Shift Period or the commencement of the liquidation of the Bank. In addition, pursuant to the Waiver and Improvement Agreement to which it is a party, each LLC will waive all payments of interest and principal on its Subordinated Note while a Shift Event is in effect, subject to the reinstatement of such payment obligations under the circumstances described below.

The obligation of the Bank, acting through the Branch, to pay interest on each tranche of Subordinated Notes will be reinstated for the interest period or periods corresponding to the time period for which the Bank pays

any dividends or makes other payments in respect of its common shares or other voting or non-voting shares (*Stammaktien* and *Vorzugsaktien*) or in respect of any of its securities ranking junior to the Bank Parity Securities (collectively, the “Ordinary Securities” with respect to such tranche) or the Bank makes any payment under or in connection with any Parity Securities. “Parity Securities” encompass: (1) any silent partnership agreement or any other instrument of the Bank that has rights to payment that are expressly or legally subordinated to all creditors of the Bank (including holders of *Genußscheine*, a form of participating obligation qualifying as “tier two” capital for German regulatory capital purposes) but that are senior to the rights of the Ordinary Securities of the Bank and that would qualify as consolidated Tier One Capital of the Group (or would have so qualified except for the provisions of German law relating to regulatory capital requirements, pursuant to which Tier One Capital treatment of such instrument is lost for a period of time prior to maturity) (the “Bank Parity Securities”); and (2) any silent partnership agreement or any other instrument of any subsidiary of the Bank that has rights to payment that are (a) expressly or legally subordinated to all creditors of such subsidiary (including holders of *Genußscheine*) and (b) linked to the Bank through any mechanism that expressly (through one or more agreements) makes such payments subordinated to all creditors of the Bank (other than creditors subject to similar agreements) but senior to Ordinary Securities of the Bank at all times or under circumstances similar to a Shift Event or other failure to comply with regulatory capital requirements and that would qualify as consolidated Tier One Capital of the Group (or would have so qualified except for the provisions of German law relating to regulatory capital requirements, pursuant to which Tier One Capital treatment of such instrument is lost for a period of time prior to maturity).

The obligation of the Bank, acting through the Branch, to pay principal on the Subordinated Notes of each tranche will be reinstated if the liquidation of the Bank is commenced while a Shift Event is in effect. Because the Subordinated Notes are subordinated to all creditors of the Bank, including holders of *Genußscheine*, in some circumstances an LLC holding Subordinated Notes may not, in such liquidation proceedings, receive all or any payment in respect of its claim thereon. The interest rate on the Subordinated Notes of each tranche is subject to a gross-up to cover any withholding obligations imposed on the Bank, the corresponding LLC or the corresponding Trust. Each Subordinated Note will be callable by the Bank, acting through the Branch, at any time if, at such time, the corresponding LLC is able to invest in other securities of the Bank or any subsidiary of the Bank that satisfy certain other requirements, such as rating agency confirmation.

Independent Directors. The Bank will control each of the LLCs at all times through its right to elect all or a majority of the Directors of such LLC. At all times, one member of the Board of Directors of each LLC must be an independent director. If a LLC has failed to pay distributions on its respective tranche of Partnership Interests for any annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period or if a Shift Event with respect thereto is in effect, the holders of the Certificates issued by the corresponding Trust and the Partnership Interests in such LLC will be entitled to replace the independent director appointed by the Bank and to elect two additional independent directors. Such independent directors, acting by a majority vote, will be entitled to enforce the applicable Subordinated Note and the applicable Waiver and Improvement Agreement and to veto various actions of such LLC that may be adverse to the interests of holders of the Certificates issued by the corresponding Trust and the Partnership Interests in such LLC. The holders of Partnership Interests (and the holders of the corresponding Certificates on a pass-through basis) will not have any other voting rights other than with respect to proposed adverse changes to the terms of such Partnership Interests in the corresponding LLC.

Risks. Through the various linkage features of the Partnership Interests and Certificates described above, such securities will function similarly to non-cumulative preferred stock. If the Bank’s financial condition deteriorates to such an extent that a Shift Event occurs, holders of the Partnership Interests and the Certificates of such tranche would likely suffer direct and materially adverse consequences, including the suspension or termination of current distributions and partial or total loss of value. See “Risk Factors,” “Description of the Certificates” and “Description of the Subordinated Notes and the Waiver and Improvement Agreements.”

SUMMARY

The following summary is not complete and prospective investors should review the more detailed information appearing elsewhere in this Offering Memorandum. Some of the terms used in this Summary are defined elsewhere in this Offering Memorandum.

INFORMATION REGARDING THE BANK, DRESDNER BANK GROUP AND THE BRANCH

The Bank and the Group

General

The Bank emerged in 1957 from the reunification of the independent banks which had been formed in 1952 as successor companies of Dresdner Bank, Berlin, which was founded in 1872 in Dresden.

The Bank is incorporated under German law as a joint stock company (*Aktiengesellschaft*) for an unlimited period of time. Its registered office is in Frankfurt am Main. The office address is Jürgen-Ponto-Platz 1, D-60301 Frankfurt am Main (Germany). The Bank has been entered in the register of companies of the District Court in Frankfurt am Main under registration number HRB 14000.

Objectives of the Bank

The objectives of the Bank as laid down in its Articles of Association are the transaction of banking business of all kinds and the provision of financial, advisory and similar services.

Subject to, and in accordance with German legal regulations, the Bank may carry on all business that is conducive to meeting the objectives of the Bank, including the purchase, management and disposal of property, the acquisition of interests in other companies as well as the formation and purchase of such companies and the establishment of branches in Germany and abroad.

The Bank is authorized to carry on its business activities through subsidiaries, affiliates or jointly-held companies and to engage in joint venture and cooperation agreements with other companies.

Activities

The Group maintains about 1,400 branches and other business units employing about 51,000 staff members. The Group is represented in more than 70 countries including all important financial centers in the world. Business activities of the Group consist of Asset Management, Corporate Customer Business, Investment Banking and Private Customer Business. Two further business divisions are currently in development. These are Real Estate and Transaction Banking.

Total assets of the Group increased in 1999 by €31.37 billion to €396.85 billion (€468.40 billion as of September 30, 2000).

Consolidated income after tax for the year 2000 amounted to €1.74 billion (preliminary, not audited) compared with €1.08 billion for the year 1999.

International Offices

The Group's international banking activities are conducted primarily in Europe, North America, Latin America, the Far East and Australia.

Foreign branches of the Bank exist in Amsterdam, Bangkok, Beijing, Brussels, Chicago, Copenhagen, Hong Kong, Labuan, London, Los Angeles, Luxembourg, Madrid, Marbella, Milan, Mumbai (Bombay), New Delhi, New York, Paris, Shanghai, Shenzhen, Singapore, Stockholm, Sydney, Vienna and Tokyo.

Representative offices of the Bank have been established in Almaty, Athens, Baku, Beirut, Bratislava, Cairo, Dubai, Guangzhou, Hanoi, Istanbul, Jakarta, Johannesburg, Kiev, Kuala Lumpur, Lisbon, Makati City, Moscow, Paris, Riga, Rome, Seoul, Taipei, Tashkent and Tehran. Joint representative offices maintained with the subsidiary Dresdner Bank Lateinamerika AG, Hamburg, are located in Asunción, Bogota, D.C., Buenos Aires, Caracas, Guatemala City, La Paz, Lima, Mexico City, Montevideo, Quito, Rio de Janeiro, San José, San Salvador, Santiago de Chile and São Paulo.

Through subsidiaries, affiliates and jointly-held companies the Bank is additionally represented internationally at the following locations:

Europe

Brno, Bourgas, Budapest, Dublin, Gdansk, Geneva, Guernsey, Istanbul, Izmir, Jersey, Katowice, Łódź, Lugano, Lyon, Monaco, Moscow, Poznan, Prague, Salzburg, Szczecin, Sofia, Strasbourg, St. Petersburg, Varna, Vienna, Warsaw, Wrocław, Zagreb, Zurich.

America

Belo Horizonte, Boston, Campinas, Curitiba, Grand Cayman, Mexico City, Miami, Panama City, Rio de Janeiro, São Paulo, San Francisco, Santiago de Chile, Toronto.

Africa

Johannesburg.

Strategic Aspects

The Group's strategic concept, introduced on May 19, 2000, is a sound foundation to establish the Group as the "Focused European Advisory Bank" for corporates, institutions and private customers. The Group's new business model represents a departure from the traditional blueprint of a universal bank.

Focused means that the Group will concentrate on customer groups, on selected products and on certain regions. Focus on the customer's needs is at the heart of what the Group does. What the Group will focus on in particular is sophisticated advisory services in the securities and capital markets business — the raising of capital for corporate and institutional clients, as well as managing capital investment and capital growth for private customers.

This strategic focus requires that the Group place an even greater emphasis on divisional structure. Thanks to the enhanced transparency associated with this process, the entire organization is focused on customer service as the decisive factor. In addition, as already announced for the Investment Banking Division, the Group created largely autonomous divisions with independent support units, to be managed along the lines of a holding structure. A Corporate Center is being established to support the Board of Managing Directors in managing the Group. Wherever potential synergies exist, the Group will integrate cross-divisional support functions as Corporate Services while the divisions will be responsible for administrative functions dedicated to their own activities. The Group has already made rapid progress in implementing this new organizational structure.

The Branch

The Branch has been in operation since 1972 pursuant to a license granted by the Superintendent. Prior to the establishment of the Branch, the Bank maintained operations in New York through a representative office.

The Bank's commercial banking operations in the United States are comprised of the Branch, the Chicago Branch and the Los Angeles Agency. The financial results of the U.S. banking operations are fully consolidated with the Bank's financial reports and are included in the audited financial statements of the Bank. The U.S. banking offices do not publish separate financial results.

The Branch provides commercial banking services to U.S. companies and U.S. subsidiaries of non-U.S. enterprises.

THE OFFERING

The LLCs Each of Dresdner Capital LLC III and IV is a newly formed limited liability company formed under the laws of the State of Delaware. The Bank, acting through the Branch, will acquire and own all of the common limited liability company interests of each LLC. Each LLC was formed under the Delaware Limited Liability Company Act (the “LLC Act”), pursuant to a limited liability company agreement dated as of February 1, 2001. Each limited liability company agreement will be amended and restated in its entirety immediately prior to the consummation of the Offering on the Closing Date (each such limited liability company agreement, as so amended and restated, a “Charter” and, collectively with the Charters of the other LLCs, the “Charters”). The Bank anticipates that each LLC will be treated as a partnership for U.S. federal income tax purposes.

Dresdner Capital LLC III will initially be capitalized with 200 common limited liability company interests and Dresdner Capital LLC IV will initially be capitalized with 150 common limited liability company interests (collectively, the “LLC Common Securities”). The tranches of LLC Common Securities will have the respective issue prices, nominal values and additional contributions to capital (the “Paid Additional Capital”) per LLC Common Security shown below:

LLC TRANCHE	Issue Price (per LLC Common Security)	Nominal Value (per LLC Common Security)	Paid Additional Capital (per LLC Common Security)
III	€1,000	€0	€90
IV	¥ 100,000	¥ 1,000	¥ 99,000

Each LLC will enter into a Silent Partnership Agreement, each dated as of the Closing Date (each, a “Silent Partnership Agreement” and collectively with the Silent Partnership Agreements to be entered into by the other LLCs, the “Silent Partnership Agreements”) with the Property Trustee of the corresponding Trust providing for Partnership Interests having an aggregate liquidation preference and the respective maturity date set forth in the table below, subject to extension as described herein. Each Partnership Interest will have an issue price and represent a contribution to capital per Partnership Interest as set forth in the table below. The Partnership Interests of each tranche will rank *pari passu* among themselves. Each LLC will use the proceeds from the sale of its LLC Common Securities and its respective Partnership Interests to purchase a Subordinated Note of the Bank, acting through the Branch, that matures on the same date as the corresponding tranche of the Partnership Interests are scheduled to mature. These dates are subject to extension under the same circumstances that would lead to the extension of the maturity of the Partnership Interests as described herein. The sole asset of each LLC will initially be the Subordinated Note held by it. The rights of each LLC in respect of the Subordinated Note held by it will be subject to the Waiver and Improvement Agreement to which it is a party.

TRANCHE	Maturity Date (per Tranche)	Issue Price (per Partnership Interest)	Contribution to Capital (per Partnership Interest)	Liquidation Preference (per Partnership Interest)
III	June 30, 2013	€1,000	€1,000	€1,000
IV	March 31, 2033	¥ 100,000	¥ 100,000	¥ 100,000

Each LLC was formed for the exclusive purposes of (1) entering into a Silent Partnership Agreement providing for the respective Partnership Interests, (2)

acquiring and holding the respective Subordinated Note and entering into the applicable Waiver and Improvement Agreement, (3) if the Subordinated Note held by it is redeemed prior to maturity, acquiring and holding Eligible Intercompany Investments (as defined herein) and (4) engaging in other activities incidental to these enumerated purposes. So long as Partnership Interests of any tranche are outstanding, the respective LLC may not incur any indebtedness and may not issue any securities that rank *pari passu* with, or senior to, such Partnership Interests. For as long as Partnership Interests of any tranche are outstanding, the Bank, acting through the Branch, will covenant to (1) maintain direct or indirect ownership of 100% of the respective outstanding LLC Common Securities, (2) cause the respective LLC to remain a limited liability company under the LLC Act and not voluntarily dissolve such LLC unless the Bank is also being liquidated and (3) take such commercially reasonable actions as may be appropriate to prevent such LLC from being deemed to be either (A) an “investment company” required to register under the 1940 Act or (B) other than a partnership for U.S. federal income tax purposes.

The Trusts Each of Dresdner Funding Trust III and IV is a newly created Delaware statutory business trust. Each Trust was created under the Delaware Business Trust Act (the “Trust Act”) pursuant to a declaration of trust dated as of March 21, 2001. Each such declaration of trust will be amended and restated in its entirety immediately prior to the consummation of the Offering on the Closing Date (as so amended and restated, a “Declaration” and, collectively, the “Declarations”). The Bank anticipates that each Trust will be treated as a grantor trust for U.S. federal income tax purposes.

Each Trust was created for the exclusive purposes of (1) entering into a Silent Partnership Agreement providing for Partnership Interests in the applicable LLC, holding such Partnership Interests for the benefit of holders of Certificates issued by it and passing through to such holders all payments received thereon, including Distributions (as defined below), redemption payments, liquidation payments and maturity payments as well as all other rights in respect of such Partnership Interests, (2) issuing Certificates in an aggregate liquidation amount as set forth in the table below, each representing a Partnership Interest, and (3) engaging in other activities incidental to the foregoing. Under the terms of the applicable Declaration, a Trust may not issue any securities other than the Certificates and may not incur any indebtedness. The sole assets of each Trust will be the Partnership Interests in the applicable LLC.

TRANCHE	Aggregate Liquidation Amount	Liquidation Amount per Certificate
III	€ 58,500,000	€ 1,000
IV	¥ 15,000,000,000	¥ 100,000

Pursuant to the Declarations, there will be two trustees for each Trust. One Trustee of each Trust (the “Property Trustee”) will be a financial institution that is unaffiliated with the Bank and its affiliates. The second Trustee of each Trust (the “Delaware Trustee” and, together with the Property Trustee, the “Trustees”) will be an entity that maintains its principal place of business in the State of Delaware. A Delaware Trustee is required to satisfy a requirement of the Trust Act that at least one Trustee be located in Delaware. Initially, The Bank of New York will act as Property Trustee and The Bank of New York (Delaware) will act as Delaware Trustee with respect to each Trust. Holders of a majority in aggregate liquidation amount of the outstanding Certificates issued by a Trust will have the right to appoint, remove or replace any of the Trustees of such Trust, subject to these Delaware statutory requirements.

None of the Trusts will be controlled by or consolidated with the Bank. Neither the Bank nor the LLC with respect to any Trust will have any rights to elect officers or otherwise have any voting rights over the affairs of such Trust, or to otherwise control or direct the actions of such Trust or the applicable Trustees. The Bank, acting through the Branch, has agreed to provide certain administrative services for each Trust, indemnify the respective Trustees for certain liabilities and pay for all expenses of such Trust and such Trustees in connection with the performance of their duties under the applicable Declaration. The Bank, acting through the Branch, will also pay all fees and expenses related to the Offering and the organization and operations of each Trust (including any taxes, duties, assessments or governmental charges of whatever nature, imposed upon such Trust by the United States, Germany or the jurisdiction of the obligor of any Eligible Intercompany Investments or any other taxing authority of any of the foregoing).

For so long as the Certificates issued by a Trust remain outstanding, the Bank, acting through the Branch, in cooperation with the respective Property Trustee, will covenant (1) to cause such Trust to remain a statutory business trust under the Trust Act and not voluntarily dissolve or terminate such Trust, except as permitted by the Declaration and (2) to take such commercially reasonable actions as may be appropriate to prevent such Trust from being deemed to be either (A) an “investment company” required to register under the 1940 Act or (B) other than a grantor trust for U.S. federal income tax purposes.

The Property Trustee Each Property Trustee, on behalf of its respective Trust, will enter into a separate Silent Partnership Agreement providing for Partnership Interests in the applicable LLC and will hold such Partnership Interests on behalf of such Trust for the benefit of holders of the Certificates issued by such Trust.

Under the terms of the Certificates issued by each Trust, the applicable Property Trustee will remit to the holders of such Certificates, on a *pro rata* basis, all amounts received in respect of the Partnership Interests in the applicable LLC, including Distributions, redemption payments, liquidation payments and amounts payable at maturity if, as, and when received by such Trust from such LLC. The Property Trustee will also pass through to holders of such Certificates any voting rights and rights of consent or approval that may arise.

Subject to the terms of the applicable Declaration, the applicable Property Trustee will have the right to enforce the terms of the respective Partnership Interests, including the right to receive payments thereon, and to enforce the covenants and other terms contained therein and in the applicable Silent Partnership Agreement. Notwithstanding these provisions, any holder or beneficial owner of Certificates issued by the respective Trust will be able to institute a direct action (a “Direct Action”) against the applicable LLC to enforce the terms of such Silent Partnership Agreement and the applicable Partnership Interests represented by such Certificates held by such holder or beneficial owner, including the right to receive payments on such Partnership Interests.

Each Property Trustee will have no financial obligation of any kind under or with respect to the Certificates issued by its respective Trust. Because the sole assets of each Trust consist of Partnership Interests in the applicable LLC, such Trust will make payments in respect of the Certificates issued by it solely out of funds received by such Trust in respect of such Partnership Interests.

Certificates Each Trust is offering Certificates with an aggregate liquidation amount as set forth in the table under “Summary—The Offering—The Trusts.” Each Certificate will represent one Partnership Interest in the applicable LLC.

Currency..... The Certificates, the Partnership Interests and the Subordinated Notes in connection with Tranches III and IV will be denominated in euros and Japanese yen, respectively.

LLC Common Securities and Control by the Bank

Each tranche of LLC Common Securities will represent common limited liability company interests of the applicable LLC. All of the LLC Common Securities of each tranche will be acquired by the Bank, acting through the Branch. The Bank, acting through the Branch, will agree to maintain, directly or indirectly, ownership of 100% of the LLC Common Securities of such tranche for so long as any of the corresponding Partnership Interests are outstanding. As the holder of all the issued and outstanding LLC Common Securities of each tranche, the Bank, acting through the Branch, will have the right to elect and control the Board of Directors of each LLC, subject to the right of the holders of the Partnership Interests in such LLC under some circumstances to replace the independent director initially designated by the Bank with a new director and to elect two additional directors (the total number of independent directors of each LLC, including those persons designated by the Bank or elected or replaced by the holders of the Partnership Interests in such LLC, always constituting a minority of the Board of Directors) and subject to certain rights and enforcement powers that such independent directors have. Under no circumstances will the holders of Partnership Interests of any tranche, or any directors that they may elect, have the power to amend the terms of the respective Silent Partnership Agreement or to cause the respective LLC to pay Distributions or other amounts that are not required to be paid under the terms of such Partnership Interests.

So long as Partnership Interests of any tranche are outstanding, no LLC Common Securities of such tranche may be redeemed or repurchased.

Silent Partnership Agreements; Partnership Interests.....

Each LLC and the corresponding Trust will enter into a Silent Partnership Agreement providing for Partnership Interests with an aggregate liquidation preference, nominal value and liquidation preference as set forth in the table below (the nominal value of the Partnership Interests of each tranche is referred to as the “Initial Nominal Value” and the liquidation preference of each tranche of Partnership Interests is referred to as the “Liquidation Preference”). Each Partnership Interest in respect of any LLC will also have a notional current nominal value (the “Current Nominal Value”) that will initially equal the Initial Nominal Value and that will thereafter be reduced on a notional basis to reflect the allocation of any Accumulated Deficit in respect of such LLC (as defined herein under “— ‘Available Distributable Profits,’ ‘Profit’ and ‘Accumulated Deficit’”) in excess of Paid Additional Capital of such LLC as described under “—Loss Participation.”

TRANCHE	Initial Nominal Value (per Partnership Interest)	Liquidation Preference (per Partnership Interest)	Aggregate Liquidation Preference/Aggregate Capital Contribution (per Tranche)	First Call Date (per Tranche)
III	€1,000	€1,000	€158,500,000	June 30, 2011
IV	¥ 100,000	¥ 100,000	¥ 15,000,000,000	March 31, 2031

Total Partnership Interest Capital Contribution

The Total Partnership Interest Capital Contribution of each LLC, which represents the aggregate capital contribution to such LLC by the applicable Trust upon the execution of the applicable Silent Partnership Agreement, will be as set forth in the

table immediately above, which amount is equal to the aggregate liquidation preference of the Partnership Interest of such tranche.

Distributions Other than During a Shift Period

Periodic distributions by a LLC (each, a “Distribution”) with respect to the Partnership Interests in such LLC will be payable on a noncumulative basis when, as and if declared (or deemed to be declared) by the Board of Directors of such LLC out of Available Distributable Profits (as defined herein under “—‘Available Distributable Profits,’ ‘Profit’ and ‘Accumulated Deficit’”) annually (in the case of Tranche III) or semi-annually (in the case of Tranche IV) in arrears on each payment date set forth below, commencing, in the case of Tranche III, June 30, 2001, or, in the case of Tranche IV, September 30, 2001 (each a “Distribution Payment Date”). Distributions on Partnership Interests of each tranche will be payable at a fixed rate of interest per annum as set forth below:

TRANCHE	Interest Rate	Calculation Basis (days per month/days per year)	Distribution Payment Date
III	7.0%	actual/actual	June 30
IV	3.5%	30/360	March 31 and September 30

Distributions on Certificates will be made annually (in the case of Tranche III) or semi-annually (in the case of Tranche IV) by the Trust issuing such Certificates on a pass-through basis upon (and subject to) receipt by such Trust of Distributions by the corresponding LLC on the Partnership Interests in such LLC. Distributions in respect of each Certificate will be made annually (in the case of Tranche III) or semi-annually (in the case of Tranche IV) on each Distribution Payment Date, commencing, in the case of Tranche III, June 30, 2001, or, in the case of Tranche IV, September 30, 2001. The only source of funds for payment of Distributions in respect of Certificates issued by any Trust will be the payment of Distributions by the corresponding LLC in respect of the Partnership Interests in such LLC.

Each LLC will be required to make Distributions in respect of its Partnership Interests to the extent that (1) such payments can be made from the Available Distributable Profits for the relevant fiscal annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period and (2) the Current Nominal Value of each such Partnership Interest is equal to its Liquidation Preference. To the extent that interest payments are made on the Subordinated Notes in respect of any annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period, each LLC is expected to have Available Distributable Profits sufficient to pay Distributions on the respective Partnership Interests for such annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period. If the Bank, acting through the Branch, does not pay interest on any Subordinated Note, either because it is not obligated to do so during a Shift Period or because it has not otherwise made such payments, the applicable LLC will not have Available Distributable Profits to pay Distributions on the Partnership Interests for such Distribution Period.

Distributions will not be made in respect of any tranche of Partnership Interests if, and for so long as, the Current Nominal Value of such tranche of Partnership Interests, as calculated for the relevant annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period, is less than the Liquidation Preference of such tranche of Partnership Interests, except to the extent that the respective LLC is obligated to pay Distributions in respect of such Partnership Interests out of Available Distributable Profits when the obligation of the Bank, acting through the Branch, to pay interest on the applicable Subordinated Note has been reinstated

pursuant to the applicable Waiver and Improvement Agreement. Except possibly during a Shift Period, none of the LLCs expects that the Current Nominal Value of any tranche of Partnership Interests will be less than the Liquidation Preference of such tranche of Partnership Interests.

Distributions not declared (or deemed to be declared) by a LLC in respect of the Partnership Interests in such LLC for any Distribution Period will not accumulate and the holders of such Partnership Interests will have no right to receive a Distribution on such Partnership Interests in respect of such Distribution Period, whether or not Distributions are declared with respect to a future Distribution Period.

The obligation of each LLC to make Distributions in respect of its Partnership Interests will rank senior to the rights of the holders of the LLC Common Securities of such LLC to receive Distributions, but are subordinated in every respect to the claims of creditors, if any, of such LLC. Accordingly, a LLC may pay Distributions in respect of its LLC Common Securities in any Distribution Period only if it has paid in full the Distributions in respect of the Partnership Interests in such LLC for such Distribution Period.

Distributions on the Certificates and on the Partnership Interests in respect of each Distribution Period will be calculated as set forth for the respective tranche in the table immediately above hereto. Distributions payable on each Distribution Payment Date will be calculated from and including the immediately preceding Distribution Payment Date to but excluding the relevant Distribution Payment Date (each such period, a "Distribution Period"). If any Distribution Payment Date or other payment date falls on a day that is not a Business Day, the applicable Distribution or other payment will be payable on the next succeeding Business Day without adjustment, interest or further payment as a result of the delay. "Business Day" means a day that is both (1) a Target business day and (2) a day other than Saturday, Sunday or a day on which banking institutions in The City of New York and, in the case of Tranche IV, Tokyo, or, as long as any Certificates are listed on the Luxembourg Stock Exchange, banking institutions in Luxembourg, are authorized or required by law or executive order to remain closed.

Distributions During A

Shift Period During a Shift Period, under each Waiver and Improvement Agreement, the applicable LLC will waive payment by the Bank, acting through the Branch, of interest on the Subordinated Note held by such LLC except to the extent payments are made on any Ordinary Securities or Parity Securities (as defined herein under "— Required Payments"). Consequently, except in such circumstances, no Distributions will be made on the Partnership Interests or Certificates of any tranche during a Shift Period.

Required Payments Taken together, the Subordinated Note and the Waiver and Improvement Agreement in respect of each tranche provide, in effect, that interest must be paid annually (in the case of Tranche III) or semi-annually (in the case of Tranche IV) on such Subordinated Note, on each interest payment date, at all times other than during a Shift Period in respect of such tranche and also, during a Shift Period, to the extent payments are made in respect of any Ordinary Securities or Parity Securities. Each Waiver and Improvement Agreement accomplishes this result by providing that if, during a Shift Period with respect to any tranche, the Bank makes or declares dividends, other distributions or other payments in respect of its Ordinary Securities or makes any payments, or provides funds to a subsidiary, in respect of Parity Securities, then interest payments must be paid in full on the applicable Subordinated Note for the following periods (each, a "Corresponding Period"): (x)

the next interest payment date (in the case of Tranche III) or the two consecutive interest payment dates (in the case of Tranche IV) contemporaneous with or following the date on which the Bank redeems, repurchases or acquires or defeases or otherwise terminates its obligations in respect of any Ordinary Securities or any Parity Securities or provides funds to any subsidiary in respect of the redemption, repurchase or acquisition by such subsidiary of any Ordinary Securities or Parity Securities or the defeasance or other termination of the obligations of the issuer thereof in respect of any Ordinary Securities or Parity Securities (other than (1) in connection with transactions effected by or for the account of customers of the Bank or its subsidiaries or in connection with the distribution, trading or market-making in respect of such securities based on an authorization by the Bank's shareholders referred to in § 71 (1) No. 7 of the German Stock Corporation Act, (2) in connection with the satisfaction by the Bank or any of its subsidiaries of its obligations under any employee benefit plans or similar arrangements, with or for the benefit of any employees, officers, directors or consultants of the Bank or any of its subsidiaries, (3) as a result of a reclassification of the capital stock of the Bank or any of its subsidiaries or the exchange or conversion of one class or series of such capital stock for another class or series of such capital stock, (4) the purchase of fractional interests in shares of the capital stock of the Bank or any of its subsidiaries pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged, (5) a repurchase pursuant to § 71(1) No. 3 of the German Stock Corporation Act resulting from an obligation of the Bank to offer its shares to shareholders of a company that has entered into a domination or profit-and-loss-pooling agreement with, or has been integrated (*Eingliederung*) into, the Bank in exchange for the shares of that company, or in connection with an obligation of the Bank to purchase its shares from shareholders that have dissented to a split-up (*Aufspaltung*), spin-off (*Abspaltung*) or change of the legal form (*Umwandlung*) of the Bank, (6) as a result of a merger or other succession involving less than 1% of any class of Ordinary Securities or Parity Securities and which transaction is not entered into for the purpose of, directly or indirectly, acquiring any Ordinary Securities or Parity Securities, or (7) the satisfaction of an obligation on a regularly scheduled maturity date which is required by the terms of the applicable governing instrument); (y) the next interest payment date (in the case of Tranche III) or the two consecutive interest payment dates (in the case of Tranche IV) contemporaneous with or following the date on which the Bank or any subsidiary pays dividends or makes other distributions or payments on any Ordinary Securities or any Parity Securities, in each case where such dividends, distributions or other payments are made no more frequently than annually, and (z) the next interest payment date contemporaneous with or following the date on which the Bank or any subsidiary pays dividends or makes other distributions or payments on any Ordinary Securities or any Parity Securities, in each case if such dividends, distributions or other payments are made more frequently than annually.

As used in this Offering Memorandum, "Ordinary Securities" means the Ordinary Shares and any other security of the Bank ranking junior to the Bank Parity Securities; and "Parity Securities" means Bank Parity Securities and Subsidiary Parity Linked Securities.

For purposes of these definitions, "Ordinary Shares" means the Bank's common shares and other voting and non-voting shares (*Stammaktien* and *Vorzugsaktien*); "Bank Parity Securities" means any silent partnership agreement or any other instrument of the Bank that has rights to payment that are expressly or legally subordinated to all creditors of the Bank (including holders of *Genußscheine*) but that are senior to the rights of the Ordinary Securities of the Bank and that would qualify as the consolidated Tier One Capital of the Group (or would have so qualified except for the provisions of German law relating to regulatory capital

requirements, pursuant to which Tier One Capital treatment of such instrument is lost a period of time prior to maturity). “Subsidiary Parity Linked Securities” means any silent partnership agreement or any other instrument of any subsidiary of the Bank that has rights to payment that are (1) expressly or legally subordinated to all creditors of such subsidiary (including holders of *Genußscheine*) and (2) linked to the Bank through any mechanism that expressly (through one or more agreements) makes such payments subordinated to all creditors of the Bank (other than creditors subject to similar agreements) but senior to the Bank’s Ordinary Securities at all times or under circumstances similar to a Shift Event or other failure to comply with regulatory capital requirements and that would qualify as consolidated Tier One Capital of the Group under current or future regulatory requirements (or would have so qualified except for the provisions of German law relating to regulatory capital requirements, pursuant to which Tier One Capital treatment of such instrument is lost a period of time prior to maturity).

“Available Distributable Profits,” “Profit” and “Accumulated Deficit”

As used herein, a LLC’s “Available Distributable Profits” for a particular fiscal annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period means such LLC’s Profit only with respect to such fiscal annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period.

“Profit” of a LLC with respect to the income statements of such LLC covering such annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period means the profit earned for such annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period as shown in the unaudited annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) income statements of such LLC for such annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period and as determined in accordance with U.S. GAAP.

“Accumulated Deficit” means any deficit in retained earnings of a LLC in respect of periods after the issuance of the Partnership Interests in such LLC and the receipt of Paid Additional Capital, as shown on the relevant unaudited, unconsolidated annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) balance sheet of such LLC prepared in accordance with U.S. GAAP.

Loss Participation

If any annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) balance sheet of a LLC shows an Accumulated Deficit, then such Accumulated Deficit will be allocated on a notional basis first to the Paid Additional Capital of the respective LLC Common Securities until such Paid Additional Capital is exhausted, and then to the nominal value of such LLC Common Securities and the Initial Nominal Value of the Partnership Interests in such LLC in proportion to the nominal value of such LLC Common Securities and the Initial Nominal Value of the Partnership Interests in such LLC.

The allocation of any Accumulated Deficit to the Partnership Interests in a LLC and the respective LLC Common Securities in such LLC will be solely on a notional basis for purposes of allocating loss participation between such Partnership Interests and such LLC Common Securities and, accordingly, will not result in the actual write down of the nominal value of either such Partnership Interests or such LLC Common Securities. Unless the Current Nominal Value of a LLC equals the Liquidation Preference of the Partnership Interests in such LLC, no Distributions may be paid in respect of such Partnership Interests or the respective LLC Common Securities, except to the extent interest on the Subordinated Note held by such LLC is paid pursuant to the requirements of the applicable Waiver and Improvement Agreement.

Shift Event; Shift Period..... A “Shift Event” will be deemed to have occurred if (1) the Board of Managing Directors (*Vorstand*) of the Bank determines that either (A) the Bank’s total capital ratio or tier one capital ratio has declined below the minimum percentages required from time to time by the German Banking Act (presently, 8% and 4%, respectively) or (B) the Bank’s non-compliance with the foregoing capital ratio requirements is immediately imminent, (2) the Bank is declared insolvent or overindebted and insolvency proceedings are to be commenced, or (3) the FBSA either (A) exercises its extraordinary supervisory powers pursuant to the provisions of Section 45 *et seq.* of the German Banking Act or (B) announces its intention to take such measures. The aforementioned powers of the FBSA may be invoked, among other things, if in the determination of the FBSA, it is or might be impossible to effectively supervise a banking institution, if the insolvency or overindebtedness of the institution is imminent or is connected with a serious deterioration in a banking institution’s financial situation, including an insufficiency of regulatory capital or liquidity, or a possible inability of that institution to satisfy its obligations to creditors, in particular depositors.

A “Shift Period” in respect of any tranche is defined as any period commencing on the occurrence of any Shift Event and ending upon the date immediately preceding the first date upon which no Shift Event exists.

Payment of

Additional Amounts..... All payments by a Trust in respect of the Certificates issued by such Trust will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or other governmental charges of whatever nature, imposed or levied by or on behalf of Germany, the United States or the jurisdiction of residence of any obligor on the Partnership Interests in the applicable LLC, the Subordinated Note held by such LLC or any Eligible Intercompany Investments (each such jurisdiction, together with the United States and Germany, a “Relevant Jurisdiction”) or any political subdivision or authority therein or thereof having power to tax (the taxes so imposed, each a “Relevant Tax”), unless the withholding or deduction of such Relevant Tax is required by law. In that event, such Trust will pay, as further Distributions, such additional amounts (“Additional Amounts”) as may be necessary in order for the net amounts received by the holders of the Certificates issued by such Trust after such withholding or deduction to equal the amount that such holders would have received in respect of such Certificates in the absence of such withholding or deduction, except that no such Additional Amounts will be payable to a holder of such Certificates (or to a third party on any holder’s behalf) with respect to any such Certificates (1) to the extent that such Relevant Tax is imposed or levied by virtue of such holder (or the beneficial owner of such Certificates) having some connection with the Relevant Jurisdiction, or any political subdivision or authority therein or thereof having power to tax, that is imposing such tax, other than being a holder (or the beneficial owner) of such Certificates (including indirect ownership of the Partnership Interests) or (2) to the extent that such Relevant Tax is imposed or levied by virtue of any such holder (or beneficial owner) not having made a declaration of nonresidence in, or other lack of connection with, the Relevant Jurisdiction or any political subdivision or authority therein or thereof having power to tax, that is imposing such tax, so long as the Bank, acting through the Branch, or its agent has provided the holder (or beneficial owner) of such Certificate or its nominee with at least 60 days prior written notice of an opportunity to make such a declaration or claim.

Each LLC will pay, subject to the same exceptions set forth in the preceding paragraph as applied to the holders of Partnership Interests and the holders of Certificates (provided, however, that no such exceptions will apply with respect to the applicable Trust as holder of any Partnership Interests in such LLC), such

Additional Amounts to each holder of Partnership Interests in such LLC as may be necessary in order that every net payment in respect thereof, after withholding for any Relevant Tax, will not be less than the amount otherwise required to be paid in respect of such Partnership Interests or the Certificates issued by the applicable Trust. The Bank, acting through the Branch, will also pay under the terms of the Subordinated Note of each tranche, subject to the same exceptions set forth in the preceding paragraph as applied to the holders of Partnership Interests and the holders of Certificates (provided, however, that no such exceptions will apply with respect to any Trust as holder of any applicable Partnership Interests or any LLC or any other holder of a Subordinated Note), such Additional Amounts to any holder of such Subordinated Note as may be necessary in order that every net payment in respect thereof, after withholding for any Relevant Tax, will not be less than the amount otherwise required to be paid in respect of such Subordinated Note, the Partnership Interests in the applicable LLC or the Certificates issued by the applicable Trust. The Bank, acting through the Branch, will also pay such additional amounts as may be necessary to pay any taxes that may be imposed on any Partnership Interests, any LLC, or any Trust by any Relevant Jurisdiction or any political subdivision or authority therein or thereof having power to tax that is imposing such tax.

Liquidation Preference The Liquidation Preference for each tranche of Partnership Interests is as set forth in the table under “—Silent Partnership Agreements; Partnership Interests.”

Liquidation In the event of any liquidation of any LLC, holders of Partnership Interests in such LLC will be entitled to receive, out of assets of such LLC available for distribution after satisfaction of any claims of creditors, if any, and before any distributions of assets to the holders of the respective LLC Common Securities, an amount per Partnership Interest in such LLC equal to the sum of (1) the Liquidation Preference (regardless of whether the Current Nominal Value is less than the Liquidation Preference of such Partnership Interests) and (2) any unpaid Distributions in respect of each such Partnership Interest for the then current Distribution Period (such amount being the “Liquidation Distribution”). In the event that the Liquidation Distribution cannot be made in full because such LLC does not have sufficient funds to do so, the Liquidation Distribution will be made on a pro rata basis among the Partnership Interests in such LLC. Upon receipt of the Liquidation Distribution by the applicable Trust in respect of such Partnership Interests, such Trust will make a corresponding Liquidation Distribution in respect of the Certificates issued by such Trust. So long as any of the Partnership Interests in such LLC are outstanding, the applicable Charter provides that the Bank, acting through the Branch, as the holder of the respective LLC Common Securities, will not cause such LLC to dissolve and liquidate unless the Bank is also liquidated. Each Charter provides that the LLC with respect thereto will dissolve and be liquidated if the Bank is also liquidated. Under the terms of each Charter, and to the fullest extent permitted by law, the related LLC will not be liquidated until all claims under the respective Subordinated Note or Eligible Intercompany Investments will have been paid to the extent required by the terms of such instruments and the applicable Waiver and Improvement Agreement.

Each Declaration will provide that the respective Trust may not be dissolved so long as any Partnership Interests in the applicable LLC are outstanding except (1) in connection with a Trust Dissolution Event (as defined herein under “—Liquidation of the Trust upon a Trust Dissolution Event”), (2) if no Certificates issued by such Trust are outstanding or (3) upon the dissolution and liquidation of the applicable LLC. If such LLC is liquidated, such Trust will be dissolved.

If the Bank is liquidated during a Shift Period, each LLC will be entitled to receive the repayment of principal in respect of the applicable Subordinated Note, provided, however, that such right with respect to such Subordinated Note will be subordinated to the rights of all creditors of the Bank (including the rights under *Genußscheine*). This right with respect to each Subordinated Note will rank senior to the rights of the shareholders (including common shares and other voting and non-voting shares (*Stammaktien* and *Vorzugsaktien*)) and any other Ordinary Security and will rank *pari passu* with Bank Parity Securities and any debt instruments of the Bank issued to, and held by, the issuer of any Subsidiary Parity Linked Securities in respect of such Subsidiary Parity Linked Securities.

Maturity; Maturity

Payments

Each tranche of Partnership Interests will mature on the respective date set forth on the table under “—The LLCs” (a “Scheduled Partnership Interest Maturity Date”). However, if the Scheduled Partnership Interest Maturity Date of a tranche of Partnership Interests occurs during a Shift Period, the maturity of such tranche of Partnership Interests will be extended to the earlier of (1) the date liquidation proceedings are commenced in respect of the applicable LLC in connection with the commencement of liquidation proceedings in respect of the Bank and (2) the date after the Shift Period ends (such earlier date, an “Extended Maturity Date” and, together with a Scheduled Partnership Interest Maturity Date, the “Partnership Interest Maturity Date”). If the Partnership Interest Maturity Date of a tranche of Partnership Interests occurs other than in connection with the liquidation of the Bank, the applicable LLC will pay the Current Nominal Value, not to exceed the Liquidation Preference, of each Partnership Interest in such LLC as calculated based on the most recent annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) unaudited financial statements of such LLC plus accrued and unpaid Distributions for the then current Distribution Period (the “Maturity Payment”). If the Partnership Interest Maturity Date with respect to any tranche occurs in connection with the liquidation of the Bank, holders of Partnership Interests of such tranche will receive the amounts to which they are entitled as set forth in “—Liquidation” above. Each of the LLCs will make the Maturity Payment out of the amounts received upon maturity of the Subordinated Note held by such LLC. Upon receipt by a Trust of the Maturity Payment, if any, from the corresponding LLC in respect of the Partnership Interests in such LLC, such Trust will make a corresponding payment in respect of each Certificate is sued by such Trust.

Call Provisions

Prior to the Partnership Interest Maturity Date and except during a Shift Period with respect to any tranche, the Partnership Interests in the applicable LLC may be called in part or in full by such LLC on the respective date (the “First Call Date”) set forth in the table under “—Silent Partnership Agreements; Partnership Interests,” and thereafter on any Distribution Payment Date (such date, together with the First Call Date, the “Call Date”) for an amount per Partnership Interest equal to the Current Nominal Value plus any unpaid Distributions for the then current Distribution Period with (1) the prior consent of the FBSA and (2) no less than 30 and no more than 60 days’ prior written notice to holders of such Partnership Interests. No LLC may call the Partnership Interests in such LLC prior to the applicable Partnership Interest Maturity Date unless the Current Nominal Value of each such Partnership Interest is equal to the Liquidation Preference. In the event that any LLC exercises its option to call the Partnership Interests in such LLC, the funds will be passed through by the applicable Trust to redeem Certificates issued by such Trust corresponding to the Partnership Interests so called. Unless such LLC defaults in the payment of the call price, on and after the Call Date, Distributions will cease to accrue on such Partnership Interests, or portions thereof, called for redemption.

Early Redemption Prior to the First Call Date and except during a Shift Period, Partnership Interests of any tranche will be redeemable only in full and not in part by the respective LLC upon the occurrence of an LLC Early Redemption Event (as defined below) at an amount (the “Early Redemption Amount”) equal to the greater of (a) the Current Nominal Value plus any unpaid Distributions for the then current Distribution Period and (b) the Make Whole Amount, with (1) the prior consent of the FBSA and (2) no less than 30 and no more than 60 days’ prior written notice to holders of such Partnership Interests. No LLC may, prior to the First Call Date, as a result of an LLC Early Redemption Event, redeem any Partnership Interests therein unless the Current Nominal Value of each such Partnership Interest is equal to the Liquidation Preference. In the event that any LLC exercises its option to redeem the Partnership Interests in such LLC, the funds will be passed through by the applicable Trust to redeem the Certificates issued by such Trust corresponding to the Partnership Interests so redeemed.

The “Make Whole Amount” with respect to any Partnership Interest is equal to the sum of (a) the present value of the Liquidation Preference of such Partnership Interest at the date of redemption (the “Early Redemption Date”) in connection with an LLC Early Redemption Event and (b) the aggregate present value of Distributions scheduled to be made in respect of such Partnership Interest from the Early Redemption Date to the First Call Date (the “Remaining Life”), in each case discounted to the Early Redemption Date from the First Call Date on an annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) basis (calculated on the basis of the number of days per year and days per each month as set forth in the table under “—Distributions Other than During a Shift Period”) at the Comparable Rate plus (1) in the event that the Early Redemption Date occurs on or prior to June 30, 2002, 125 basis points or (2) in the event that the Early Redemption Date occurs after such date, 50 basis points.

“Comparable Rate” means, with respect to any Early Redemption Date, the rate per annum equal to the equivalent yield to maturity of the Comparable Issue, assuming a price for the Comparable Issue (expressed as a percentage of its principal amount) equal to the Comparable Price for such Early Redemption Date.

“Comparable Issue” means the German Bund or Japanese Government Bond, as applicable for each tranche of Partnership Interests, in any case selected by an Independent Investment Banker as having a maturity comparable to the Remaining Life of Partnership Interests to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such Partnership Interests. “Independent Investment Banker” means one of the Reference Dealers appointed by the Bank.

“Comparable Price” means, with respect to any redemption date, (A) the average of the Reference Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Dealer Quotations, or (B) if the Bank of New York in its role as calculation agent (the “Calculation Agent”) obtains fewer than four such Reference Dealer Quotations, the average of all such quotations. “Reference Dealer Quotations” means, with respect to each Reference Dealer and any redemption date, the average, as determined by the Calculation Agent, of the bid and offered prices for the Comparable Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Calculation Agent by such Reference Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date.

“Reference Dealer” means, with respect to German Bunds or Japanese Government Bonds, any German Bund dealer or Japanese Government Bond dealer, respectively, selected by the applicable LLC in consultation with the Bank.

Unless an LLC defaults in payment of the redemption price, on and after the Early Redemption Date, Distributions will cease to accrue on the Partnership Interests in such LLC called for redemption.

In the event that the Partnership Interests in an LLC are redeemed upon the occurrence of an LLC Early Redemption Event, the Certificates issued by the applicable Trust will likewise be redeemed for an amount per Certificate equal to the Early Redemption Price, and both such Trust and such LLC will, upon such redemption, be liquidated.

An “LLC Early Redemption Event” means, with respect to an LLC, (1) a Tax Event with respect to such LLC or (2) an Investment Company Event with respect to such LLC or (3) a Capital Event.

A “Tax Event” means the receipt by the Bank of an opinion of a nationally recognized law firm or other nationally recognized tax adviser in any Relevant Jurisdiction, experienced in such matters, to the effect that, as a result of (1) any amendment to, or clarification of, or change (including any announced prospective change) in the laws or treaties (or any regulations promulgated thereunder) of the Relevant Jurisdiction or any political subdivision or authority therein or thereof having power to tax, (2) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) (an “Administrative Action”) or (3) any amendment to, clarification of, or change in the official position or the interpretation of any Administrative Action or any interpretation or pronouncement that provides for a position with respect to any Administrative Action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification, change or Administrative Action is effective, or which interpretation, pronouncement or decision is announced, on or after the date of the original execution of any Silent Partnership Agreement and the corresponding Certificates, there is more than an insubstantial risk (a) with respect to the respective Trust or the respective LLC, that either such Trust or such LLC, as the case may be, is or will be subject to more than a *de minimis* amount of taxes, duties or other governmental charges or (b) with respect to the respective LLC, that the applicable Trust, such LLC, the Bank, acting through the Branch, or the issuer of any Eligible Intercompany Investments, as the case may be, would be required to pay any Additional Amounts as described herein under “—Payment of Additional Amounts.”

An “Investment Company Event” means that the Bank will have requested and received an opinion of a nationally recognized U.S. law firm, experienced in such matters, to the effect that there is more than an insubstantial risk that any Trust or any LLC is or will be considered to be an “investment company” within the meaning of, and required to register as an “investment company” under, the 1940 Act.

A “Capital Event” means the determination by the Bank that the Partnership Interests may not be included in the consolidated Tier One Capital of the Group for purposes of the German Banking Act or the rules of the Committee on Banking Supervision at the Bank for International Settlements, Basle, Switzerland (the “BIS”).

Liquidation of Trust

**upon
a Trust Dissolution Event...**

Upon the occurrence of a Trust Dissolution Event (as defined below) with respect to any Trust, such Trust will be dissolved and the Certificates issued by such Trust will be redeemed. Upon such dissolution of such Trust, each holder of Certificates issued thereby will receive as its liquidation distribution, by way of an assignment by such Trust to such holder, that number of Partnership Interests in the applicable LLC represented by Certificates issued by such Trust and held by such holder. Any Partnership Interest in an LLC received upon the liquidation of the corresponding Trust will not be listed on the Luxembourg Stock Exchange and will not be eligible for clearance through Euroclear or Clearstream, Luxembourg and a holder thereof will receive annually a Form K-1 in lieu of a Form 1099 for U.S. federal income tax reporting purposes. Partnership Interests in an LLC distributed upon the liquidation of the corresponding Trust may, therefore, trade at a discount to the price of Certificates issued by such Trust prior to such liquidation.

A “Trust Dissolution Event” means, with respect to a Trust, the occurrence of either a Tax Event or an Investment Company Event.

A Trust Dissolution Event, absent a simultaneous LLC Early Redemption Event, will not result in either the liquidation of the corresponding LLC or the redemption of the Partnership Interests therein.

Voting Rights

Generally, holders of Certificates will not have any voting rights. If at any time holders of the Partnership Interests in an LLC will be entitled to vote, including with respect to the election of independent directors, consents to amendments and other matters requiring the approval of the holders of Partnership Interests pursuant to the terms of a Charter, the Property Trustee of the applicable Trust will (a) notify the holders of Certificates issued by such Trust of such rights, (b) request specific direction of each holder of a Certificate issued by such Trust as to the vote with respect to the Partnership Interest represented by such Certificate and (c) vote such Partnership Interests held by such Trust only in accordance with such specific directions.

Except as expressly required by applicable law, or as indicated below, the holders of Partnership Interests will not be entitled to vote. If (1) an LLC fails to pay full Distributions on the Partnership Interests in such LLC for the most recent Distribution Period or (2) a Shift Event occurs, the holders of such Partnership Interests will be entitled to replace the Designated Independent Director (as defined herein under “—Management; LLC Independent Directors”) with a new director and to elect two additional directors (such replaced director and such additional directors, referred to as the “Elected Independent Directors” and, together with the Designated Independent Director, the “Independent Directors”) in respect of such LLC. Any member of the Board of Directors of such LLC elected by the holders of the Partnership Interests in such LLC will be deemed to be “independent” for purposes of the actions requiring, pursuant to the applicable Charter, the approval of a majority of the Independent Directors. Elected Independent Directors will be required to vacate office when the corresponding Shift Period ends, if applicable, or, if not applicable, when the next full Distribution is made on the Partnership Interests, except that, if any Elected Independent Director was elected to replace a Designated Independent Director, such Elected Independent Director will be entitled to remain in office until the Bank, acting through the Branch, as holder of all of the outstanding LLC Common Securities, designates another person as an Independent Director.

In addition, with respect to each LLC, certain actions require the approval of holders of two-thirds in aggregate liquidation preference of the Partnership Interests in such LLC. Other than with respect to those actions and with respect to the election, removal and replacement of Independent Directors in the circumstances described above, Partnership Interests will not have any voting rights.

The Bank, acting through the Branch, as holder of all of the outstanding LLC Common Securities of each tranche, will at all times have the right to elect a majority of the Board of Directors of each LLC.

Management; LLC

Independent Directors

With respect to each LLC, pursuant to the Charter of such LLC, such LLC will be managed by a Board of Directors consisting initially of five directors, of whom one director will be an independent director (“the Designated Independent Director”). The Designated Independent Director will be selected by the Bank, acting through the Branch, as holder of all of the outstanding LLC Common Securities of such LLC and may be replaced by the Bank (except during a Shift Period or during such time as such LLC will have failed to pay Distributions on the Partnership Interests for the most recent Distribution Period). The Designated Independent Director may not be an affiliate of the Bank or an employee of the Bank or of any affiliate of the Bank. In addition, holders of the Partnership Interests in any LLC, upon the failure of such LLC to pay Distributions on such Partnership Interests for the most recent Distribution Period or upon the occurrence of a Shift Event, may replace the existing Independent Director of such LLC with a new director and may elect two additional Independent Directors to the Board of Directors of such LLC.

Each LLC’s Charter provides that, for as long as any Partnership Interests in such LLC are outstanding, certain actions by such LLC must be approved by a majority of the Independent Directors thereof as well as by a majority of the entire Board of Directors. As long as there is only one Independent Director, any action that requires the approval of a majority of the Independent Directors must be approved by such Independent Director. The following actions require approval of a majority of the Independent Directors: (1) to the fullest extent permitted by law, any liquidation of such LLC while any Partnership Interests in such LLC are outstanding that is not concurrent with a liquidation of the Bank, (2) payment of Distributions on such Partnership Interests other than out of income received by such LLC on the Subordinated Note held by such LLC or the Eligible Intercompany Investments, (3) the conversion of such LLC into another type of entity or the consolidation or merger of such LLC with or into any other entity, the consolidation or merger of any other entity with or into such LLC or the sale of all or substantially all of the assets of such LLC, and (4) any transactions with the Bank or any affiliate of the Bank, including, without limitation, any modification of any of the terms of the Subordinated Note held by such LLC, but excluding the reinvestment by such LLC of the proceeds received upon redemption of such Subordinated Note in Eligible Intercompany Investments in accordance with the applicable investment guidelines.

With respect to each LLC, a majority of the Independent Directors, acting together and without the vote or consent of the other members of the Board of Directors, will have the sole and exclusive right and obligation on behalf of such LLC to enforce and otherwise act on behalf of such LLC with respect to the applicable Waiver and Improvement Agreement, the Subordinated Note held by such LLC, any Eligible Intercompany Investments and documents related to the enforcement of any of the foregoing. The holders of the Partnership Interests in such LLC, and hence the holders of the Certificates issued by the applicable Trust, will have a direct right to enforce such Waiver and Improvement Agreement only in the event the Independent Directors fail to enforce the rights of such LLC in respect of such Waiver and

Improvement Agreement. However, for so long as the Partnership Interests in such LLC are outstanding, such Waiver and Improvement Agreement may not be amended or modified without the consent of holders of two-thirds of the aggregate liquidation preference of such Partnership Interests. Each LLC's Charter provides that the Independent Directors (1) as to matters relating to the Subordinated Note held by such LLC, the Eligible Intercompany Investments, the applicable Waiver and Improvement Agreement and other documents relating to the enforcement of any of the foregoing, will consider only the interests of the holders of the Partnership Interests in such LLC and (2) as to all other matters, will consider the interests of holders of both the respective LLC Common Securities and such Partnership Interests in determining whether any proposed action requiring their approval is in the best interests of such LLC.

Withdrawal Rights With respect to each Trust, a holder of Certificates issued by such Trust will be entitled to surrender such Certificates and receive, by way of an assignment by such Trust to such holder, one Partnership Interest in the applicable LLC for each such Certificate so surrendered. Any holder exercising such rights will be responsible for any transfer taxes or fees incurred in connection with the surrender of such Certificates and the assignment of such Partnership Interests. Upon the receipt of a Partnership Interest in exchange for a Certificate, a holder thereof may not retransfer such Partnership Interest to the applicable Trust in exchange for a Certificate. Any Partnership Interest assigned in exchange for a Certificate will not be listed on the Luxembourg Stock Exchange and will not be eligible for clearance through Euroclear or Clearstream, Luxembourg. Holders of such Partnership Interests will receive annually a Form K-1 in lieu of a Form 1099 for U.S. federal income tax reporting purposes. Partnership Interests assigned upon exercise of the withdrawal rights may, therefore, trade at a discount to the price of the Certificates issued by the applicable Trust prior to such assignment.

Subordinated Notes The Subordinated Notes will have the aggregate original principal amounts and scheduled maturities shown in the table below:

TRANCHE	Aggregate Original Principal Amount	Maturity Date
III	€158,700,000	June 30, 2013
IV	¥ 15,015,000,000	March 31, 2033

If a maturity date with respect to any tranche occurs during a Shift Period, maturity will be extended to the earlier of (1) the date liquidation proceedings are commenced in respect of the applicable LLC in connection with the commencement of liquidation proceedings of the Bank and (2) the date after such Shift Period ends. Interest on each Subordinated Note will accrue from the original date of issue and be payable annually (in the case of Tranche III) or semi-annually (in the case of Tranche IV) in arrears on each Distribution Payment Date. Interest on each Subordinated Note will be calculated annually (in the case of Tranche III) or semi-annually (in the case of Tranche IV) at a fixed rate of interest per annum (as set forth in the table under "Overview") of the principal amount thereof. The right to receive interest payments and principal on any Subordinated Note may be waived under the circumstances described in the applicable Waiver and Improvement Agreement. Thereafter, under specified circumstances in connection with the payment by the Bank or its subsidiaries of dividends or other distributions on other securities or upon the cessation of a Shift Event, the obligation of the Bank, acting through the Branch, to pay interest and principal under such Subordinated Note will be reinstated. Any amounts not payable in respect of a Subordinated Note during a Shift Period will not accumulate and will not be paid subsequent to the termination of the relevant Shift Period. Each Subordinated Note will contain call provisions

and early redemption rights that correspond to the call provisions and early redemption rights applicable to the Partnership Interests in the corresponding LLC as described herein under “—Call Provisions” and “—Early Redemption.” Each Subordinated Note may also be redeemed by the Bank, acting through the Branch, at any time prior to maturity, provided that the applicable LLC invests the proceeds thereof in Eligible Intercompany Investments. See “—Eligible Intercompany Investments.”

Each Subordinated Note will constitute an unsecured obligation of the Bank, acting through the Branch, and will be subordinate and junior in right of payment to all present and future Other Obligations. See “Liquidation.” “Other Obligations” means all other liabilities of the Bank (including the rights of holders of *Genußscheine*, which is a form of participation qualifying as “tier two” capital) but excluding any indebtedness that by its terms is subordinated to or ranks *pari passu* with such Subordinated Note and other instruments of the Bank payments on which would, during a Shift Period, require the Bank, acting through the Branch, to make any payments in respect of such Subordinated Note as described herein under “—Required Payments.”

Waiver and Improvement Agreements

Under the Waiver and Improvement Agreement with respect to each LLC, during a Shift Period, (1) such LLC will waive its right to interest under the Subordinated Note held by such LLC for each interest payment date that occurs during such Shift Period and (2) such LLC’s right to principal and any other payments under such Subordinated Note, and the Bank, acting through the Branch, will not be obligated to make such payments. As a result, each LLC will have no income, and no Distributions will be paid to holders of Partnership Interests in such LLC, during any Shift Period. None of the LLCs expects that any waiver of interest, principal and other payments under the applicable Subordinated Notes will result in either a loss or an Accumulated Deficit with respect to such LLC, unless a Shift Event were to cause a permanent impairment in the value of such Subordinated Note.

With respect to each LLC, if a Shift Period has ceased to exist, any such waiver will terminate and all rights of such LLC and all obligations of the Bank, acting through the Branch, in respect of the applicable Subordinated Note will be reinstated (1) in respect of interest payments, as of the first day following the last interest payment date during such Shift Period and (2) in respect of other obligations, from and after cessation of the Shift Period. Any interest not payable in respect of a Subordinated Note during the time a Shift Period was continuing is not cumulative and will not be paid after the end of the Shift Period. Other than its obligations pursuant to the Subordinated Notes and the Waiver and Improvement Agreements, the Bank, acting through the Branch, has no obligation to contribute any funds, whether through the subscription of additional equity or otherwise, into any LLC or to provide credit to support the obligations of any LLC.

The Subordinated Notes and the Waiver and Improvement Agreements with respect to each tranche will provide that, at all times (whether or not during a Shift Period) if the Bank makes or declares dividends, other distributions or any other payments in respect of its Ordinary Securities or makes any payments, or provides funds to a subsidiary, in respect of any Parity Securities, then interest payments on the Subordinated Notes must be made as described herein under “—Required Payments.”

Eligible Intercompany Investments

“Eligible Intercompany Investments” are instruments of the Bank itself, the Bank acting through either the Branch or another branch of the Bank, or an affiliate of the

Investments Bank that is not a U.S. Person (as defined below) that satisfy the following conditions prior to substitution for a Subordinated Note as assets of the respective LLCs: (1) each Rating Agency then rating the Certificates or the Partnership Interests then outstanding, will have informed the Bank in writing that such substitution will not result in a downgrading of such rating; (2) the Eligible Intercompany Investments will be scheduled to mature on the same date as such Subordinated Note, subject to extension on the same terms as the Subordinated Note if such maturity date occurs during a Shift Period; (3) the Eligible Intercompany Investments will provide for periodic payments to the respective LLC in amounts sufficient to enable such LLC and the respective Trust to make Distributions in respect of the respective Partnership Interests and Certificates in the same circumstances and to the same extent as currently provided by such Partnership Interests and such Certificates; (4) there would be no adverse tax consequences to the Bank as a consequence of such substitution that would give rise to a Tax Event; (5) there would be no adverse withholding tax consequences to holders of such Eligible Intercompany Investments, Partnership Interests or Certificates, including the imposition of more burdensome tax identification requirements with respect to residents; (6) if, immediately prior to such substitution, the respective Partnership Interests qualify as consolidated Tier One Capital of the Group, then upon consultation with the FBSA, the Bank will have determined that the Partnership Interests would continue to qualify as consolidated Tier One Capital of the Group; (7) the respective Trust or LLC would not be required to register as an investment company under the 1940 Act; (8) the respective LLC would continue to be treated as a partnership and the respective Trust would continue to be classified as a grantor trust, in each case for U.S. federal income tax purposes; (9) the investment in the Eligible Intercompany Investments will not cause a Tax Event based on either (A) present applicable law or (B) any change or prospective change in applicable law to become effective at a later date and which change is known at the time of the investment in the Eligible Intercompany Investments; (10) the prior approval of the FBSA is obtained, if required; (11) the new obligor will have irrevocably submitted to the jurisdiction of any state or U.S. federal courts in the County of New York, State of New York; (12) either the new obligor will have also become a party to the applicable Waiver and Improvement Agreements or an agreement with terms substantially similar to such Waiver and Improvement Agreement will have become applicable to such Eligible Intercompany Investments; and (13) the respective LLC will have delivered to its Independent Directors an officers' certificate and an opinion of counsel stating that such investment complies with the terms of its Charter and that all conditions precedent in such Charter to such substitution have been complied with.

For these purposes, a "U.S. Person" is (1) an individual citizen or resident of the United States, (2) a corporation or partnership organized in or under the laws of the United States or any state thereof or the District of Columbia, (3) an estate the income of which is subject to U.S. federal income tax regardless of source or (4) a trust over which a court within the United States is able to exercise primary supervision over its administration and one or more U.S. holders have the authority to control all substantial decisions of the trust.

Form and Denomination Each tranche of Certificates will be represented by one or more Global Certificates. Certificates of each tranche sold to qualified institutional buyers in reliance on Rule 144A will be evidenced by a Global Certificate in registered form and will be deposited on or about the Closing Date with a custodian for, and registered in the name of a nominee of, DTC. Certificates sold to Non-U.S. Persons (as defined in Regulation S) will initially be evidenced by a temporary Regulation S Global Certificate in registered form in the name of a nominee of, and shall be deposited on or about the Closing Date with, the Common Depository for Euroclear and

Clearstream, Luxembourg. Beneficial interests in such Global Certificates will be shown on, and transfers thereof will be effected through, records maintained by DTC, Euroclear and Clearstream, Luxembourg and their respective participants. Interests in the temporary Regulation S Global Certificate may be exchanged 40 days after the Closing Date, for interests in the permanent Regulation S Global Certificate in registered form upon certification of non-U.S. beneficial ownership. No payment will be made in respect of an interest in a temporary Regulation S Global Certificate unless and until the beneficial owner of such interest has provided the required certification and such interest has been exchanged for an interest in the corresponding permanent Regulation S Global Certificate. Any Certificates sold other than in reliance upon Rule 144A or Regulation S will be issued in certificated form. Except in limited circumstances, Certificates in certificated form will not be issued in exchange for interests in the corresponding Global Certificates.

Transfer Restrictions..... Neither the Certificates nor the Partnership Interests of any tranche have been registered under the Securities Act and may therefore not be offered, sold, pledged or otherwise transferred, except as described under “Notice to Investors.”

Listing..... Application has been made to list the Certificates on the Luxembourg Stock Exchange. Certificates sold to qualified institutional buyers are expected to be declared eligible for listing on PORTAL.

Settlement..... Settlement instructions relating to transfers of the Certificates within Euroclear and Clearstream, Luxembourg will be stated in aggregate Initial Nominal Value.

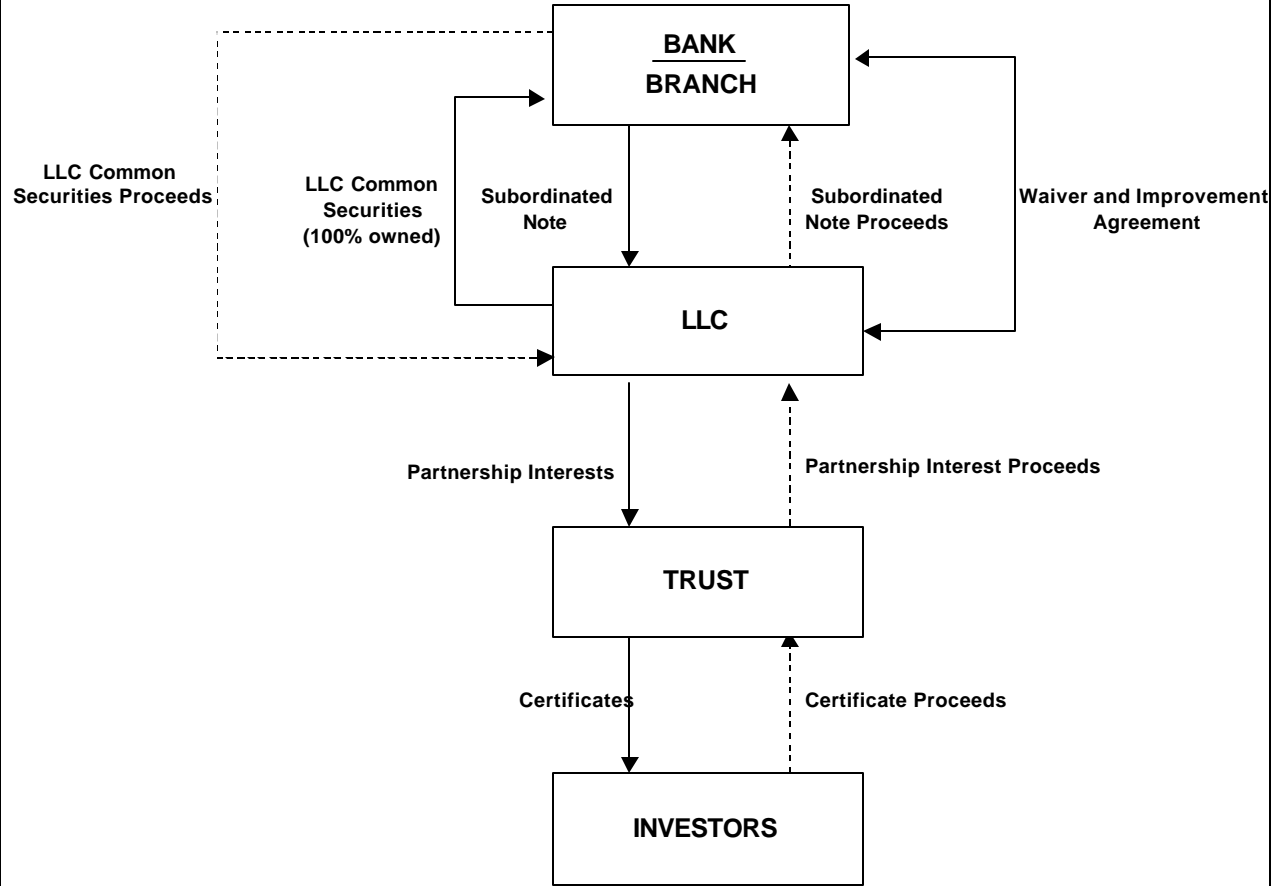
Ratings..... It is expected that, upon issuance, the Certificates of each tranche will be rated “a1 (outlook negative)” by Moody’s Investors Service Inc., “A (outlook negative)” by Standard & Poor’s and “A+ (longterm outlook stable)” by Fitch (each, a “Rating Agency”).

Governing Law..... Each Waiver and Improvement Agreement and each Subordinated Note will be governed by, and construed in accordance with, the laws of the State of New York. Declarations, Certificates and Charters of each tranche will be governed by, and construed in accordance with, the laws of the State of Delaware. Each Silent Partnership Agreement will be governed by the laws of Germany.

FORMATION OF THE TRUSTS AND THE LLCs

Prior to or simultaneously with the completion of the Offering, the Trusts and LLCs of each tranche and the Bank will engage in the transactions described under “Certain Transactions Constituting the Formation.” These transactions are designed to facilitate the Offering, including the acquisition of the Subordinated Notes by the respective LLCs and the execution of the Silent Partnership Agreements by the respective Trusts and LLCs.

The following diagram outlines the relationship between investors, each Trust, the corresponding LLC and the Bank following completion of the Offering:



RISK FACTORS

Prospective investors should carefully consider the following information in conjunction with the other information contained in this Offering Memorandum before purchasing any Certificates in the Offering. Prospective investors should also carefully consider the information regarding the Bank and the Branch contained herein.

Risk Associated with the Financial Conditions of the Bank and the Branch

If the financial condition of the Bank were to deteriorate with the consequence that a Shift Event occurred, the LLCs and the holders of the Certificates could suffer direct and materially adverse consequences, including suspension of Distributions on the Partnership Interests and, as a consequence, Distributions on the Certificates. In addition, if the Bank were liquidated, the LLCs would be liquidated and holders of the Certificates could suffer loss of their initial investment. ***Accordingly, potential investors in the Certificates should carefully consider the descriptions in this Offering Memorandum of the consequences of a Shift Event and the financial and other information regarding the Bank incorporated into this Offering Memorandum by reference.***

A Shift Event will occur if (1) the Board of Managing Directors (*Vorstand*) of the Bank determines that either (A) the Bank's total capital ratio or tier one capital ratio has declined below the minimum percentage required from time to time by the German Banking Act (presently 8% and 4%, respectively) or (B) the Bank's non-compliance with the foregoing capital ratio requirements is immediately imminent, (2) the Bank is declared insolvent or overindebted and insolvency proceedings are to be commenced, or (3) the FBSA either (A) exercises its extraordinary supervisory powers pursuant to Section 45 *et seq.* of the German Banking Act or (B) announces its intention to take such measures. The aforementioned powers of the FBSA may be invoked, among other things, if in the determination of the FBSA, it is or might be impossible to effectively supervise a banking institution, if the insolvency or overindebtedness of the institution is imminent or is connected with a serious deterioration in a banking institution's financial situation, including an insufficiency of regulatory capital or liquidity, or a possible inability of that institution to satisfy its obligations to creditors, in particular depositors.

While a Shift Event is in effect, under each of the Waiver and Improvement Agreements, the respective LLCs will waive all payments of principal and interest on the Subordinated Notes held by them, subject to reinstatement of (1) the obligation of the Bank, acting through the Branch, to pay interest if the Bank or certain of its subsidiaries make payments in respect of junior or *pari passu* securities and (2) its obligation to repay principal if the liquidation of the Bank is commenced. If such a waiver is in effect, none of the LLCs will earn any profit and will not have any obligation to make Distributions on the respective Partnership Interests.

Distributions Not Cumulative

Distributions on the Partnership Interests are not cumulative. Distributions on the Partnership Interests are expected to be paid on each Distribution Payment Date to the extent that (1) such payments can be made from Available Distributable Profits for any fiscal annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period and (2) the Current Nominal Value of each Partnership Interest is equal to the respective Liquidation Preference. To the extent that interest payments are made on a Subordinated Note in respect of any annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period, the LLC holding such Subordinated Note is expected to have Available Distributable Profits sufficient to pay Distributions on the Partnership Interests in such LLC for such annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period. If the Bank, acting through the Branch, does not pay interest on any Subordinated Note, the LLC holding such Subordinated Note will not have Available Distributable Profits to pay Distributions on the respective Partnership Interests for such Distribution Period. If a Distribution on any tranche of Partnership Interests does not become payable in respect of a Distribution Period for any reason, the applicable LLC will have no obligation to make a Distribution for such period, whether or not Distributions on such Partnership Interests are made for any future Distribution Period.

Bank Regulatory Restrictions on Operations of the LLCs

Because each Subordinated Note will be issued by the Bank, acting through the Branch, the New York State Banking Department and the Board of Governors of the Federal Reserve System, each of which has regulatory authority over the Branch, could make determinations in the future with respect to the Branch that could adversely affect the ability of the Bank, acting through the Branch, to pay interest on the Subordinated Notes and, accordingly, each LLC's ability to pay Distributions on its respective Partnership Interests. See "The Branch" for a description of New York State banking regulations applicable to the Branch. However, each Subordinated Note is an obligation of the Bank and, upon a liquidation of the Branch or a failure by the Branch to make payments under any Subordinated Note, the Bank, in accordance with German law, remains fully responsible for all obligations of the Branch under such Subordinated Note. The Bank, acting through the Branch, has agreed with the LLCs that, so long as any Partnership Interests remain outstanding, it will maintain direct or indirect ownership of 100% of the LLC Common Securities of each tranche. Similarly, because each LLC is a subsidiary of the Bank, the FBSA could make determinations in the future with respect to the Bank that could adversely affect an LLC's ability to make distributions to its securityholders (including Distributions to the applicable Trust as the holder of Partnership Interests in such LLC) or to redeem any of its securities, including any Partnership Interests.

Redemption upon Occurrence of an Early Redemption Event

Prior to the First Call Date and except during a Shift Period, Partnership Interests of any tranche will be redeemable only in full and not in part by the applicable LLC upon the occurrence of an LLC Early Redemption Event at a price equal to the Early Redemption Amount, which would be equal to the greater of (a) the Current Nominal Value plus any unpaid Distributions for the then current Distribution Period and (b) the Make Whole Amount, with (1) the prior consent of the FBSA and (2) no less than 30 and no more than 60 days' prior written notice to holders of such Partnership Interests. No LLC may, prior to the First Call Date, as a result of an LLC Early Redemption Event, redeem the Partnership Interests in such LLC unless the Current Nominal Value of each such Partnership Interest is equal to the Liquidation Preference. In the event that an LLC exercises its option to redeem the Partnership Interests in such LLC, the funds paid by such LLC upon such a redemption will be passed through by the applicable Trust to redeem the Certificates issued by such Trust corresponding to the Partnership Interests so redeemed.

Liquidation of the Trust upon Occurrence of a Trust Dissolution Event

If either a Tax Event or an Investment Company Event were to occur with respect to a Trust, then such Trust would be dissolved and liquidated. Upon such liquidation, each Holder of Certificates issued by such Trust would receive as its liquidation distribution a corresponding initial liquidation preference of Partnership Interests in the respective LLC. Such Partnership Interests would not be listed on the Luxembourg Stock Exchange or any other exchange, and the holders thereof, or their nominees, would become subject to Form K-1 reporting requirements for U.S. federal income tax purposes. See "Risk Factors—Lack of Public Market." Therefore, Partnership Interests distributed upon the liquidation of a Trust could trade at a discount to the price of the Certificates issued by such Trust prior to liquidation. See "Description of the Certificates—Liquidation upon a Trust Dissolution Event."

No Voting Rights

Holders of the Certificates will not have any voting rights, except as described under "Description of the Certificates—Voting Rights." The Partnership Interests will be non-voting, except that, if (1) an LLC fails to pay full Distributions on the Partnership Interests in such LLC for the most recent Distribution Period or (2) a Shift Event occurs, the holders of such Partnership Interests will be entitled to replace the Designated Independent Director of such LLC with one new Independent Director and to elect two additional Independent Directors. Any member of the Board of Directors of such LLC elected by the holders of such Partnership Interests will be deemed to be "independent" for purposes of the actions requiring, pursuant to the applicable Charter, the approval of a majority of the Independent Directors. The Elected Independent Directors will be required to vacate office when the corresponding Shift Period ends, if applicable, or if not applicable, when the next full Distribution is made on the applicable Partnership Interests. However, if any Elected Independent Director was elected to replace a Designated Independent Director, such Elected Independent Director will be entitled to remain in office until the Bank, acting

through the Branch, as holder of all of the outstanding LLC Common Securities designates another person as an Independent Director. See “Description of the Partnership Interests—Voting Rights.”

Ranking of the Partnership Interests

Although the assets of each LLC will consist of the Subordinated Note held by such LLC (subject to replacement in whole or in part by Eligible Intercompany Investments), upon a liquidation of the Bank the Partnership Interests will effectively rank subordinate and junior in right of payment to all Other Obligations (as defined below under “Description of the Subordinated Note and the Waiver and Improvement Agreement—Subordination”) of the Bank and rank *pari passu* with the Bank’s Parity Securities. There are no agreements relating to the Offering that restrict the ability of the Bank to incur additional indebtedness.

No Third Party Opinion as to the Fairness of the Terms of the Subordinated Notes

The LLCs and the Bank, acting through the Branch, intend that the terms of the Subordinated Notes, which will be issued by the Bank, acting through the Branch, will be fair to the LLCs. However, no third-party opinion as to the fairness of the terms of the Subordinated Notes has been or will be obtained for purposes of the Offering, and there can be no assurance that the terms of the Subordinated Notes are no less favorable to the LLCs than could have been obtained by the LLCs in an arm’s-length transaction with an unaffiliated party.

Relationship with the Bank and its Affiliates; Conflicts of Interest

The Bank and its affiliates are involved in all aspects of each LLC. The Bank, acting through the Branch, is the sole holder of the LLC Common Securities and is the issuer of the Subordinated Notes. The Bank, acting through the Branch, will have the right to elect all directors of each LLC (including the initial Independent Director) other than the Independent Directors elected by the holders of Partnership Interests in such LLC upon the failure of such LLC to pay Distributions thereon for any Distribution Period or during a Shift Period. The initial (and each LLC anticipates that all future) officers and employees of each LLC, including the officers and employees who administer the Subordinated Note or other assets, if any, held by such LLC and who make decisions on behalf of such LLC with respect to the acquisition and disposition of Eligible Intercompany Investments, will also be officers or employees of the Bank or one of its affiliates. Conflicts of interest may arise between the discharge by such individuals of their duties as officers or employees of such LLC on the one hand, and the Bank and its affiliates on the other hand.

The Bank and its affiliates may have interests that are not identical to those of an LLC. Consequently, conflicts of interest may arise with respect to transactions, including an LLC’s administration of the Subordinated Note or Eligible Intercompany Investments held by such LLC.

The requirement in each LLC’s Charter that, under certain circumstances, the actions of each LLC be approved by a majority of its Independent Directors is also intended to ensure fair dealings between the LLCs and the Bank and its affiliates. However, there can be no assurance that such agreements or transactions will be on terms as favorable to such LLC as those that could have been obtained from unaffiliated third parties.

Lack of Public Market

The Certificates are a new issue of securities for which there is no existing market. Application has been made to list the Certificates on the Luxembourg Stock Exchange. The Certificates sold to qualified institutional buyers are expected to be declared eligible for listing on PORTAL. There can be no assurance that an active market for the Certificates will develop or be sustained in the future on the Luxembourg Stock Exchange or the PORTAL. Although the Initial Purchaser has informed the Trusts and the Bank that it intends to make a market in the Certificates, the Initial Purchaser is not obligated to do so, and any such market making activity will be subject to the limits imposed by applicable law and may be interrupted or discontinued at any time without notice. See “Plan of Distribution.”

CAPITALIZATION OF THE LLCs AND THE TRUSTS

The following tables set forth the capitalization of each LLC and each Trust, in each case as of March 29, 2001 and as adjusted to reflect the consummation of the Offering and the use of the net proceeds therefrom as described under “Use of Proceeds.”

Capitalization of the LLCs

Dresdner Capital LLC III

	March 29, 2001	
	Actual	As Adjusted
	(€ thousands)	
Debt		
Total long-term debt.....	0	0
Securityholders’ Equity		
Partnership Interests, liquidation preference €1,000 per security; none issued and outstanding, actual; and 158,500 securities authorized, 158,500 securities issued and outstanding, as adjusted.....	0	158,500
LLC Common Securities; 1 security authorized, none issued and outstanding, actual; and 200 securities authorized, 200 securities issued and outstanding, as adjusted.....		200
Total securityholders’ equity.....	0	158,700
Total Capitalization¹	<u>0</u>	<u>158,700</u>

Dresdner Capital LLC IV

	March 29, 2001	
	Actual	As Adjusted
	(¥ thousands)	
Debt		
Total long-term debt.....	0	0
Securityholders’ Equity		
Partnership Interests, liquidation preference ¥100,000 per security; none issued and outstanding, actual; and 150,000 securities authorized, 150,000 securities issued and outstanding, as adjusted.....	0	15,000,000
LLC Common Securities; 1 security authorized, none issued and outstanding, actual; and 150 securities authorized, 150 securities issued and outstanding, as adjusted.....		15,000
Total securityholders’ equity.....	0	15,015,000
Total Capitalization¹	<u>0</u>	<u>15,015,000</u>

(1) There has been no material change in the capitalization of any LLC since its formation, except as disclosed in the above table.

Capitalization of the Trusts

Dresdner Funding Trust III

	March 29, 2001	
	Actual	As Adjusted
	(€thousands)	
Debt		
Total debt.....	0	0
Securityholders' Interests		
Trust Certificates, liquidation amount of €1,000 per security; none issued and outstanding, actual; and 158,500 securities authorized, 158,500 securities issued and outstanding; as adjusted.....	0	158,500
Total securityholders' interests	0	158,500
Total Capitalization¹	0	158,500

Dresdner Funding Trust IV

	March 29, 2001	
	Actual	As Adjusted
	(¥ thousands)	
Debt		
Total debt.....	0	0
Securityholders' Interests		
Trust Certificates, liquidation amount of ¥ 100,000 per security; none issued and outstanding, actual; and 150,000 securities authorized, 150,000 securities issued and outstanding; as adjusted.....	0	15,000,000
Total securityholders' interests	0	15,000,000
Total Capitalization¹	0	15,000,000

(1) There has been no material change in the capitalization of any Trust since its creation, except as disclosed in the above table.

USE OF PROCEEDS

Each Trust will use the proceeds from the issue and sale of the Certificates issued by such Trust to purchase Partnership Interests from the applicable LLC. Each LLC will use the proceeds from the sale of the Partnership Interests in such LLC and the respective LLC Common Securities to purchase a Subordinated Note from the Bank, acting through the Branch.

With the issuance of the Partnership Interests, the Bank intends to improve its regulatory capital base on a consolidated basis and to cost-efficiently strengthen the future growth of the Group. The Japanese yen denominated portion of the proceeds from the Offering will also provide currency diversification of the Group's core capital and provide a cushion for future exchange rate movements as regards the Bank's conversion of its foreign currency denominated asset base into euro.

The proceeds from the issue and sale of the Subordinated Notes will be employed by the Branch for general banking purposes.

THE BANK

Dresdner Bank Group

The Bank emerged in 1957 from the reunification of the independent banks which had been formed in 1952 as successor companies of Dresdner Bank, Berlin, which was founded in 1872 in Dresden.

The Bank is incorporated under German law as a joint stock company (*Aktiengesellschaft*) for an unlimited period of time. Its registered office is in Frankfurt am Main. The office address is Jürgen-Ponto-Platz 1, D-60301 Frankfurt am Main (Germany). The Bank has been entered in the register of companies of the District Court in Frankfurt am Main under registration number HRB 14000.

Objectives of the Bank

The objectives of the Bank as laid down in its Articles of Association are the transaction of banking business of all kinds and the provision of financial, advisory and similar services.

Subject to, and in accordance with German legal regulations, the Bank may carry on all business that is conducive to meeting the objectives of the Bank, including the purchase, management and disposal of property, the acquisition of interests in other companies as well as the formation and purchase of such companies and the establishment of branches in Germany and abroad.

The Bank is authorized to carry on its business activities through subsidiaries, affiliates or jointly-held companies and to engage in joint venture and cooperation agreements with other companies.

Activities

The Group maintains about 1,400 branches and other business units employing about 51,000 staff members. The Group is represented in more than 70 countries including all important financial centers in the world. Business activities of the Group consist of Asset Management, Corporate Customer Business, Investment Banking and Private Customer Business. Two further business divisions are currently in development. These are Real Estate and Transaction Banking.

Total assets of the Group increased in 1999 by €31.37 billion to €396.85 billion (€468.40 billion as of September 30, 2000).

Consolidated income after tax for the year 2000 amounted to €1.74 billion (preliminary, not audited) compared with €1.08 billion for the year 1999.

International Offices

The Group's international banking activities are conducted primarily in Europe, North America, Latin America, the Far East and Australia.

Foreign branches of the Bank exist in Amsterdam, Bangkok, Beijing, Brussels, Chicago, Copenhagen, Hong Kong, Labuan, London, Los Angeles, Luxembourg, Madrid, Marbella, Milan, Mumbai (Bombay), New Delhi, New York, Paris, Shanghai, Shenzhen, Singapore, Stockholm, Sydney, Vienna and Tokyo.

Representative offices of the Bank have been established in Almaty, Athens, Baku, Beirut, Bratislava, Cairo, Dubai, Guangzhou, Hanoi, Istanbul, Jakarta, Johannesburg, Kiev, Kuala Lumpur, Lisbon, Makati City, Moscow, Paris, Riga, Rome, Seoul, Taipei, Tashkent and Tehran. Joint representative offices maintained with the subsidiary Dresdner Bank Lateinamerika AG, Hamburg, are located in Asunción, Bogota, D.C., Buenos Aires, Caracas, Guatemala City, La Paz, Lima, Mexico City, Montevideo, Quito, Rio de Janeiro, San José, San Salvador, Santiago de Chile and São Paulo.

Through subsidiaries, affiliates and jointly-held companies the Bank is additionally represented internationally at the following locations:

Europe

Brno, Bourgas, Budapest, Dublin, Gdansk, Geneva, Guernsey, Istanbul, Izmir, Jersey, Katowice, Łódź, Lugano, Lyon, Monaco, Moscow, Poznan, Prague, Salzburg, Szczecin, Sofia, Strasbourg, St. Petersburg, Varna, Vienna, Warsaw, Wrocław, Zagreb, Zurich.

America

Belo Horizonte, Boston, Campinas, Curitiba, Grand Cayman, Mexico City, Miami, Panama City, Rio de Janeiro, São Paulo, San Francisco, Santiago de Chile, Toronto.

Africa

Johannesburg.

Overview of the Group

In addition to the Bank, the following companies essentially form part of the Group (as of December 31, 2000):

Dresdner Bank AG Frankfurt/Main Equity €1,354 million Over 200.000 shareholders			
Companies registered in Germany	Mortgage and commercial bank	Companies registered abroad	Joint-venture banks operated with Banque Nationale de Paris
ADVANCE Bank AG, Duisburg Investment held 100%	Deutsche Hyp Deutsche Hypothekenbank Frankfurt-Hamburg AG, Frankfurt/Main Investment held 98.1%	Albertini & C. SIM pA, Milan Investment held 66.8%	BNP-AK-DRESDNER BANK AS, Istanbul
Bankhaus Reuschel & Co. Munich Investment held over 50%		BANQUE pour l'EUROPE SA EUROPA BANK AG BANK for EUROPE Ltd, Luxembourg Investment held 100% ⁽²⁾	BNP-Dresdner Bank (Bulgaria) AD, Sofia Investment held 40%
Dresdner Bank Lateinamerika AG (vormals Deutsch- Südamerikanische Bank AG), Hamburg Investment held 100%		Dresdner Bank Canada Banque Dresdner du Canada, Toronto Investment held 100%	BNP-Dresdner Bank (CR) as, Prague Investment held 50%
Oldenburgische Landesbank AG, Oldenburg Investment held 89.7% ⁽²⁾		Dresdner Bank (Ireland) plc, Dublin Investment held 100% ⁽¹⁾	BNP-Dresdner Bank (Croatia) dd, Zagreb Investment held 50%
Dresdner Bauspar AG, Bad Vilbel Investment held 100% ⁽²⁾		Dresdner Bank, Luxembourg SA, Luxembourg Investment held 100% ⁽²⁾	BNP-Dresdner Bank (Hungaria) Rt., Budapest Investment held 50%
		Dresdner Bank México, SA, Mexico City Investment held 100% ⁽²⁾	BNP-Dresdner Bank (Polska) SA, Warsaw Investment held 50%
		Dresdner Bank (Schweiz) AG, Zurich Investment held 99.8%	BNP-Dresdner Bank ZAO, St. Petersburg Investment held 50% ⁽²⁾
		Dresdner Forfaitierungs Aktiengesellschaft, Zurich Investment held 100% ⁽²⁾	BNP-Dresdner European Bank AG, Vienna Investment held 50%
		Dresdner (South East Asia) Ltd, Singapore Investment held 100%	Dresdner Banque Nationale de Paris, Santiago de Chile Investment held 44.2% ⁽¹⁾
		Privatinvest Bank AG Salzburg Investment held 64% ⁽¹⁾	
		Veer Palthe Voûte NV, Gouda Investment held 100% ⁽¹⁾	

Investment banks, securities companies	Equity participation, consulting and brokerage companies	Capital Investment and asset management companies	
Kleinwort Benson Limited, London Investment held 100% ⁽¹⁾	Dresdner BdW Beteiligungs- verwaltungsgesellschaft mbH & Co. KG, Dresden Investment held 100%	Dresdner Asset Management (Germany) GmbH, Frankfurt/Main ⁽³⁾ Investment held 100%	Dresdner RCM Gestion, Paris Investment held 100% ⁽¹⁾
Kleinwort Benson Securities Limited London Investment held 100% ⁽¹⁾	DREGIS Dresdner Global IT-Services Gesellschaft mbH, Frankfurt/Main ⁽³⁾ Investment held 100%	DEGI Deutsche Gesellschaft für Immobilienfonds mbH, Frankfurt/Main Investment held 100%	Dresdner RCM Global Investors Asia Ltd, Hong Kong Investment held 100% ⁽¹⁾
Dresdner Kleinwort Benson (Marchés), Paris Investment held 100%	Dresdner Corporate Finance GmbH, Frankfurt/Main ⁽³⁾ Investment held 100%	DEUTSCHER INVESTMENT-TRUST Gesellschaft für Wertpapieranlagen mbH,, Frankfurt/Main Investment held 100%	Dresdner RCM Global Investors Holdings (UK) Ltd, London Investment held 100% ⁽¹⁾
Dresdner Kleinwort Benson (Asia) Limited, Tokyo Investment held 100%	Dresdner Vermögens- beratungsgesellschaft mbH, Frankfurt/Main Investment held 100%	Dresdner Asset Management Ltd, Singapore Investment held 100% ⁽¹⁾	Dresdner RCM Global Investors Securities Investment Consulting Co. Ltd, Taipei/Taiwan Investment held 100% ⁽¹⁾
Kleinwort Benson Securities (Asia) Limited, Hong Kong Investment held 100% ⁽¹⁾	GIM Grundwert Immobilien Management GmbH, Frankfurt/Main Investment held 100%	dresdnerbank asset management SA, Luxembourg Investment held 100% ⁽¹⁾	Dresdner RCM Global Investors LLC, Wilmington/Delaware, San Francisco Investment held 100% ⁽¹⁾
Dresdner Kleinwort Benson North America LLC, Wilmington/Delaware, New York Investment held 100% ⁽²⁾	Herakles Beteiligungs- Gesellschaft mbH, Bad Vilbel Investment held 100%	dresdnerbank investment management Kapital- anlagegesellschaft mbH, Frankfurt/Main Investment held 100%	MEIJI Dresdner Asset Management Co., Ltd, Tokyo Investment held 49% ⁽²⁾
	ALLAGO AG, Bad Vilbel, ⁽¹⁾ Investment held 92%	Dresdner International Management Service Ltd, Dublin Investment held 100% ⁽¹⁾	Pension & Compensation Consulting GmbH, Frankfurt/Main Investment held 100%

(1) Held indirectly.

(2) Including investment held indirectly.

(3) Not included in the consolidated financial statements as of December 31, 1999.

Significant shareholdings (non-banks)

The Bank holds shares of five percent or more, directly or indirectly, in the following domestic companies not engaging in banking business (as of December 31, 1999):

Company	Percentage of capital held %	Market value €million
Bilfinger & Berger Bauaktiengesellschaft, Mannheim.....	25.1	172
Heidelberger Zement Aktiengesellschaft, Heidelberg	18.2	836
Allianz Aktiengesellschaft, Berlin/Munich	10.0	8,180
Dyckerhoff AG, Wiesbaden.....	10.0	95
Metallgesellschaft AG, Frankfurt am Main	9.7	362
Münchener Rückversicherungs-Gesellschaft AG, Munich.....	8.3	3,724
Karstadt Quelle Aktiengesellschaft, Essen	7.1	339
AMB Aachener und Münchener Beteiligungs-AG, Aachen	5.1	191
Bayerische Motorenwerke AG, Munich	5.0	981

The total market value of the Group's shareholdings in non-banks at year-end 1999 -- excluding trading portfolios -- was €16 billion.

Capitalization of the Group

September 30, 2000

	(€million)
Trading liabilities	46,984
Liabilities to banks	106,701
Liabilities to customers	161,975
Certificated liabilities	117,761
Provisions and other liabilities	12,321
Liabilities (excluding subordinated liabilities)	445,742
Subordinated liabilities	8,710
Profit-participation certificates	2,020
Minority interest	102
The Group's shareholders' equity as of September 30, 2000 was composed as follows:	
Subscribed capital.....	1,354
Additional paid-in capital and retained earnings.....	9,885
Profit	586
Total shareholders' equity.....	11,825

Save as disclosed in this Offering Memorandum, there has been no material change in the borrowings of the Group since September 30, 2000.

Capital and Shares

The subscribed capital of the Bank as of January 4, 2001 amounted to €1,432,215,337.80 divided into 550,852,053 registered shares of no nominal value. The right of shareholders to certification for their shares is excluded.

Listing and Quotation of Shares

The shares of the Bank are listed for trading and official quotation on the stock exchanges of Frankfurt am Main, Berlin, Bremen, Dusseldorf, Hamburg, Hanover, Munich and Stuttgart, and abroad on the stock exchanges of Amsterdam, Antwerp, Brussels, Luxembourg, Paris and Tokyo, as well as on the Electronic Exchange Switzerland.

Audit of the financial statements

The financial statements of the Bank and the consolidated financial statements for the financial years 1997 and 1998 were audited by C & L Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Bockenheimer Anlage 15, 60322 Frankfurt am Main. Financial statements of the Bank and the consolidated financial statements for the financial year 1999 were audited by PwC Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Bockenheimer Anlage 15, 60322 Frankfurt am Main. The reports contain no objections and, in each case, an unqualified opinion has been given.

General Meetings of Shareholders

The general meetings of shareholders are convened by the Board of Managing Directors or by the Supervisory Board. Each share is entitled to one vote at the general meeting.

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

Financial Year

The financial year is the calendar year.

Management

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

According to the Articles of Association, the Board of Managing Directors must consist of two or more members. The actual number of Managing Directors is determined by the Supervisory Board. At present, there are 8 members, as listed below:

Prof. Dr. Bernd Fahrholz ⁽¹⁾	Frankfurt am Main
Prof. Dr. Gerhard Barth	Frankfurt am Main
Leonhard H. Fischer	Frankfurt am Main
Dr. Andreas Georgi	Frankfurt am Main
Dr. Joachim von Harbou	Frankfurt am Main
Joachim Mädler	Frankfurt am Main
Dr. Horst Müller	Frankfurt am Main
Dr. Bernd W. Voss	Frankfurt am Main

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

⁽¹⁾ Prof Dr. Bernd Fahrholz was appointed Chairman of the Board of Managing Directors on May 1, 2000.

According to the Articles of Association, the Supervisory Board⁽²⁾ consists of 20 members. At present, the members are:

Dr. Alfons Titzrath	Frankfurt am Main, Chairman
Dipl.-Kfm. Uwe Plucinski	Dresdner Bank AG, Hamburg, Deputy Chairman*
Klaus Carlin	HBV Trade Union, Dusseldorf*
Meinhard Carstensen	Former Member of the Board of Managing Directors of Dresdner Bank AG, Frankfurt am Main
Reinhard Drönner	Head of the Section Banks and Savings Banks, Federal Executive Board of Trade Union DAG, Hamburg*
Claudia Eggert-Lehmann	Dresdner Bank AG, Hagen*
Bernhard Enseling	Dresdner Bank AG, Frankfurt am Main*
Dr. Martin Frühauf	Deputy Chairman of the Supervisory Board of Aventis S.A., Frankfurt am Main
Peter Haimerl	Dresdner Bank AG, Munich*
Manfred Karsten	Oldenburgische Landesbank AG, Diepholz
Ainis Kibermanis	Dresdner Bank AG, Frankfurt am Main*
Bernd Kriegeskorte	Dresdner Bank AG, Munich*
Dr. Heinz Kriwet	Chairman of the Supervisory Board of Thyssen-Krupp AG, Dusseldorf
Prof. Dr. Edward G. Krubasik	Member of the Board of Managing Directors of Siemens AG, Munich
Dr. Dietmar Kuhnt	Chairman of the Board of Managing Directors of RWE AG, Essen
Michel Pébereau	Président Directeur Général of Banque Nationale de Paris S.A., Paris
Stefan Quandt	Chairman of the Supervisory Board of Delton AG, Bad Homburg v.d.H.
Sultan Salam	Dresdner Bank AG, Frankfurt am Main*
Dr. Hans-Jürgen Schinzler	Chairman of the Board of Managing Directors of Münchener Rückversicherungs-Gesellschaft AG, Munich
Dr. jur. Henning Schulte-Noelle	Chairman of the Board of Managing Directors of Allianz Aktiengesellschaft, Munich

⁽²⁾ Dr. Wolfgang Röller (Frankfurt am Main) is Honorary Chairman of Dresdner Bank AG Supervisory Board.

* Members of the Supervisory Board representing the employees.

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

Legal proceedings

Several class action suits and individual actions against the Bank and other credit institutions were filed in the United States of America. The suits, some of which have been dismissed recently, allege that the banks collaborated with the Nazi regime before and during World War II and enriched themselves. Furthermore, former Polish concentration camp inmates have applied to the State Court in Frankfurt am Main, Germany, for a grant of covering the cost of legal proceedings, which they intend to bring against the Bank with regard to their detention. These applications have been rejected by the State Court in Frankfurt.

The Bank is one of the founding members of, and has pledged a contribution to, the “German Enterprises Foundation Initiative: Remembrance, Responsibility and the Future”. The objectives of this initiative are, *inter alia*, to respond to the moral responsibility of German enterprises for the injustices of the Nazi era by supporting Nazi era victims, as well as future-oriented projects. This Foundation Initiative has led to the German legislation regarding the establishment of the Public Foundation “Remembrance, Responsibility and the Future”. All parties participating in the negotiations regarding this Foundation have declared, that it is their common objective, that German companies receive all embracing and enduring legal peace, and that it would be in their interests for the Foundation to be the exclusive remedy and forum for the resolution of all claims that have been or may be asserted against German companies arising out of the Nazi era and World War II. The Bank is confident, that, based on this legislation and the accompanying declarations, especially those by the Government of the United States, all Nazi era related actions filed against the Bank will be dismissed and believes that the contribution by the Bank to the Foundation will not have a material adverse effect on the Bank’s financial condition.

Several purported class action lawsuits arising out of the June 2000 offering of ADSs of Deutsche Telekom AG in the United States, being part of an international offering of 200 million shares of Deutsche Telekom AG, have been filed in several U.S. courts. Defendants in the case include: Deutsche Telekom AG, Kreditanstalt für Wiederaufbau, Deutsche Bank, Deutsche Bank Alex Brown, Dresdner Kleinwort Benson, Dresdner Kleinwort Benson North America LLC, Goldman Sachs & Co and Ron Sommer. The Bank, Deutsche Bank AG and Goldman Sachs & Co were joint global coordinators in the placement. The complaints allege material misrepresentations and/or omissions in the offering prospectus, in particular an alleged failure to disclose negotiations by Deutsche Telekom AG to acquire Voicestream, Inc. The Bank believes that the claims have no merit with regard to the Bank and its subsidiaries.

Investigations have been conducted against the Bank alleging assistance to tax evasions committed by customers transferring funds from Germany to Luxembourg or Switzerland. A settlement has been reached in the proceedings conducted by the Dusseldorf District Attorney’s Office, which played a leading role in the investigations. The Bank believes that, in light of this settlement, settlement of the remaining proceedings will be achieved and will not have a material adverse effect on the Bank’s financial condition.

Recently the Commission of the EU opened proceedings pursuant to Article 81 EU-Treaty against a large number of banks in various European countries, *inter alia* the Bank, in connection with the bank prices for the exchange of currencies in the Euro-Zone. The Bank has rejected the charge of pricing arrangements.

The Bank was and is not involved in any other judicial or arbitration proceedings which could have, or have had in the last two fiscal years, a material adverse effect on the financial situation and, to the best of knowledge of the Bank, no such judicial or arbitration proceedings are pending or threatened.

Strategic Aspects

The Group’s strategic concept, introduced on May 19, 2000, is a sound foundation to establish the Group as the “Focused European Advisory Bank” for corporates, institutions and private customers. The Group’s new business model represents a departure from the traditional blueprint of a universal bank.

Focused means that the Group will concentrate on customer groups, on selected products and on certain regions. Focus on the customer’s needs is at the heart of what the Group does. What the Group will focus on in particular is sophisticated advisory services in the securities and capital markets business — the raising of capital for corporate and institutional clients, as well as managing capital investment and capital growth for private customers.

This strategic focus requires that the Group place an even greater emphasis on divisional structure. Thanks to the enhanced transparency associated with this process, the entire organization is focused on customer service as the decisive factor. In addition, as already announced for the Investment Banking Division, the Group created largely autonomous divisions with independent support units, to be managed along the lines of a holding structure. A Corporate Center is being established to support the Board of Managing Directors in managing the Group. Wherever potential synergies exist, the Group will integrate cross-divisional support functions as Corporate Services while the divisions will be responsible for administrative functions dedicated to their own activities. The Group has already made rapid progress in implementing this new organizational structure.

The Group has launched a strategic program comprising two core elements to implementing its new business model:

- an investment and growth program of approximately €3.5 billion; and
- a restructuring and cost reduction program designed to achieve cost savings in the amount of €500 million per annum, and to release core capital of up to €1 billion.

The Group will invest massively in highly profitable business activities that have a strong competitive position and hold attractive growth potential. The Group's investment and growth program consists of three initiatives:

1. In the Group's business with corporates and institutions, the Group will pursue its successful corporate banking strategy in Germany and, as a new strategic focus, the Group will develop Dresdner Kleinwort Wasserstein into a leading European investment bank with global reach in selected areas of business. (Total investment €1.5 billion.)

2. In the private customer business, the Group will continue to develop Dresdner Bank as the "Advisory Bank" with a focus on capital growth and investment in Germany and, as a new strategic focus, expansion into Europe. (Total investment €1.5 billion.)

3. Across customer groups, the Group will raise its profile in e-business as the major driver of future growth. (Total investment €500 million.)

In order to finance this, the Group will sell a part of its holdings outside of its core banking business. In this manner, the Group will continue with its policy of selected, targeted divestments. These plans are supported by the tax reform package passed just recently, whereby the disposal of participations will be exempt of tax as from 2002.

The Group's restructuring and cost reduction program, which affects business areas that tie up significant amounts of capital and which are not sufficiently profitable, also comprises three initiatives:

1. Restructuring of the retail business in Germany, streamlining the Group's domestic branch network in closing down approximately 300 branches.

2. Reduction of commercial lending outside Europe, releasing €1 billion in core capital, which is to be reallocated to more profitable businesses.

3. Discontinuation of non-core activities outside Europe, primarily in Asia, leading to a reduction in staff of roughly 600.

The Group has already made significant progress in implementing new strategic programs.

- The Group's restructuring initiative is well underway and already ahead of schedule.
- The investment and growth program has already led to strategic acquisitions:

1. The acquisition of Wasserstein Perella Group, Inc., which was announced in September 2000 and completed on January 4, 2001, is proof of the determination to put the new strategy into practice. As a renowned U.S. investment bank, Wasserstein Perella is among the leaders in U.S. mergers and acquisitions. The combination of Wasserstein Perella and Dresdner Kleinwort Benson will further strengthen the Investment Banking Division, underlining its quality advisory and relationship culture and full-service financing and distribution capabilities. The businesses of Dresdner Kleinwort Benson and Wasserstein Perella are highly complementary, both culturally, where both businesses operate with a long established relationship approach, and geographically. Exploiting the recognized brand names and franchises of the two businesses, the new Investment Banking Division has been renamed Dresdner Kleinwort Wasserstein. Wasserstein Perella shareholders received consideration,

payable through the issue of 29.2 million new Dresdner Bank shares, financed by a capital increase against contributions in kind, out of authorized capital.

2. In the Group's private customer business, a major milestone in this development was the acquisition of Orbis Trust Group ("Orbis"), which holds significant cross-selling potential. Orbis manages more than 1,200 trusts and trust companies with aggregate funds of approximately €4.2 billion. Since trusts are primarily established for the preservation and transfer of assets, but also in relation to inheritance or business succession, also taking into account tax considerations, relationships in this business are generally maintained on a very long-term basis, extending beyond generations. The merger of this company with the existing units is set to create one of the largest trust managers in the British Channel Islands.

Business Development

Extracted without adjustments from the Ad-hoc Disclosure Pursuant to Section 15 of the German Securities Trading Act, dated February 20, 2001.

"The year 2000 went well, despite special factors.

In a meeting being held today, the Board of Managing Directors of Dresdner Bank AG presented preliminary key figures of the financial statements as at 31 December 2000 to the Supervisory Board. According to these figures, net income for the group was up by more than 60%, to €1.7 billion. Among other factors, this increase was due to favorable tax effects.

On this basis, the bank's Board of Managing Directors indicated that they will propose a dividend of €0.90 (1999: €0.85 plus €0.05 bonus) per share during the Supervisory Board's financial accounts meeting to be held on 3 April 2001. Total dividends paid will increase to €500 million, compared to €469 million for the previous year.

Aggregate income increased by approx. €2 billion, or 20%. Administrative expenses increased by €1.1 billion, or 17%. Net loan loss provisions were burdened by a one-off provisioning need by Dresdner Bank's subsidiary, Deutsche Hypothekbank Frankfurt-Hamburg AG, in the amount of €500 million. A restructuring charge in the amount of approx. €480 million was taken for measures designed to increase productivity throughout the bank's domestic distribution network, and for the discontinuation of non-core activities outside Europe. Expenses to secure the bank's competitive position in conjunction with the aborted merger with Deutsche Bank amounted to approx. €550 million. The consolidated financial statements include a profit of approx. €1.5 billion realized upon the placement of shares in Münchener Rückversicherungs-Gesellschaft AG.

Details regarding 2000 results (preliminary, not audited):

	(€bn)	%
Net interest and current income	4.31	+8
Loan loss provisions	1.59	+24
Net fee and commission income	4.29	+25
Net trading income	1.33	+4
Administrative expenses	7.65	+17
Results from Investment securities	2.26	+64
Net other income/other expenses	-0.31	
Expense to secure competitive position	0.55	-
Restructuring charge	0.48	-
Income before taxes	1.61	-24
Income tax expense	-0.13	
Income after taxes	1.74	+61

The Supervisory Board meeting to examine and approve the financial statements will be held on 3 April 2001. The press conference with regard to the full-year results 2000 is scheduled for 5 April 2001. The Annual General Meeting will be held on 11 May 2001."

Key Figures of the Group

	1999	1998	Change	1997
	€mn	€mn	%	€mn
Result of Operations				
Income before taxes	2,130	1,338	+59.2	1,435
Income after taxes	1,079	950	+13.6	611
Ratios	%	%		%
Cost/Income Ratio	66.2	71.1		70.5
Return on equity before taxes	19.3	12.7		15.3
Return on equity after taxes	9.8	9.1		6.5
Balance sheet data as of December 31	€mn	€mn	%	€mn
Total assets	396,846	365,475	+ 8.6	343,549
Lending volume	223,336	203,877	+ 9.5	182,766
Deposits and certificated liabilities	329,384	306,824	+ 7.4	290,241
Risk-weighted assets (German Banking Act)	194,929	176,956	+ 10.2	159,211
Liable capital (German Banking Act)	22,682	18,724	+ 21.1	16,733
Capital ratios	%	%		%
Core capital (German Banking Act)	6.6	6.0		5.7
Total capital (German Banking Act)	11.6	10.6		10.5
Core capital (BIS)	6.4	5.7		5.5
Total capital (BIS)	12.4	11.7		11.0
Information about the Dresdner Bank share	€	€	%	€
Earnings per share	2.04	1.82	+ 12.1	1.23
Diluted earnings per share	1.99	1.77	+ 12.4	1.20
Dividend per share before tax credit	0.90*	0.79	+ 13.9	0.79
Dividend per share after tax credit	1.29	1.13	+ 14.2	1.13
High/low of the Dresdner Bank share price	56.50/30.05	59.05/25.56		45.61/22.93
Market capitalization as at year-end (€bn)	28.1	18.5	+ 51.9	21.8
* Including bonus payment in the amount of €0.05 per share.				
Number of employees	50,659	48,948		46,577
Germany	42,294	40,717		39,315
Other countries	8,365	8,231		7,262
Number of branch offices	1,459	1,506		1,553

Key Figures of the Group (continued)

	January 1- September 30, 2000	Change	January 1- September 30, 2000	Change	January 1- September 30, 1999
			Adjusted ¹⁾		
Result of Operations	€mn	%	€mn	%	€mn
Income before taxes	911	- 25.0	1,730	+ 42.5	1,214
Income after taxes	592	- 17.5	1,124	+ 56.5	718
Ratios	%		%		%
Cost/Income Ratio	69.5		69.5		71.1
Return on equity before taxes	10.6		19.6		14.8
Return on equity after taxes	6.9		12.8		8.7
Information about the Dresdner Bank Share	€	%	€	%	€
Earnings per share	1.13	- 16.9	2.15	+58.1	1.36
High/low of the Dresdner Bank Share price ²⁾	60.00/40.50				56.50/30.05
Market capitalization as at 30 Sept. (€bn) ³⁾	25.9				28.1

1) Adjusted for expense to secure competitive position (€489 million) and restructuring charge (€350 million).

2) For the period January 1 to September 30, 2000 and for the full year 1999, respectively.

3) Compared against December 31, 1999.

	September 30, 2000	Change	December 31, 1999
Balance sheet	€mn	%	€mn
Total assets	468,399	+ 18.0	396,846
Lending volume	225,219	+ 0.8	223,336
Deposits and certificated liabilities	386,437	+ 17.3	329,384
Risk-weighted assets (German Banking Act)	206,366	+ 5.9	194,929
Liable capital (German Banking Act)	22,631	- 0.2	22,682
Capital ratios	%		%
Core capital (German Banking Act)	6.3		6.6
Total capital (German Banking Act)	11.0		11.6
Core capital (BIS)	6.0		6.4
Total capital (BIS)	12.2		12.4
Number of employees	50,973		50,659
Germany	42,489		42,294
Other countries	8,484		8,365
Number of branch offices	1,414		1,469

MANAGEMENT OF THE LLCS

Except as noted, the following description of the management of an LLC applies equally and identically to each of the LLCs:

Directors and Executive Officers of the LLC

Each LLC’s Board of Directors will initially be composed of five members, one of whom will be an independent director (the “Designated Independent Director”). The directors will serve three-year terms (five years in the case of the Independent Director), subject to earlier resignation or removal. There is no current intention to alter the number of directors comprising the Board of Directors and the Amended and Restated Limited Liability Company Agreement of the Company (the “Charter”) will provide that the Board of Directors may not consist of more than seven members. Except with respect to the Subordinated Note, any Eligible Intercompany Investments or the Waiver and Improvement Agreement and any other documents relating to the enforcement of any of the foregoing, the Charter provides that the Independent Directors are required to take into account the interests of the holders of both Partnership Interests and the LLC Common Securities in assessing the benefit to the LLC of any proposed action requiring their consent. With respect to the Waiver and Improvement Agreement, the Subordinated Note, the Eligible Intercompany Investments and any documents relating to the enforcement of the foregoing, the Independent Directors shall only take into account the interests of the holders of the Partnership Interests. In considering the interests of the holders of Partnership Interests, the Independent Directors shall owe the holders of Partnership Interests the same duties which the Independent Directors owe to the holders of the LLC Common Securities.

It is expected that each of the following persons will serve as an initial director and, where applicable, hold the executive office of the LLC shown below.

Name	Position and Offices Held
George N. Fugelsang <i>Chairman</i>	Co-Chairman of Dresdner Kleinwort Wasserstein, North America
Henry Fajemirokun <i>Director</i>	Executive Vice President of Dresdner Bank AG New York Branch
Hartmut G. Grossmann <i>Director</i>	Executive Vice President of Dresdner Kleinwort Benson North America LLC
Francis M. Harte <i>Director</i>	Senior Vice President of Dresdner Kleinwort Benson North America LLC

The following is the summary of the experience of each of the directors and the executive officers of the LLC:

George N. Fugelsang joined Citicorp/Citibank in 1964 after graduating from the University of Oregon in 1962 and receiving a Bachelor of Foreign Trade in 1963 from the American Graduate School of International Management. In 1986 he joined Morgan Stanley where he became a Managing Director in Morgan Stanley’s Investment Banking Division in London. Mr. Fugelsang joined the Bank in February 1994 as President of Dresdner Securities (USA) Inc. He is currently Co-Chairman of Dresdner Kleinwort Wasserstein, North America.

Henry Fajemirokun is Co-Head of Global Debt, North America, responsible for fixed-income, foreign exchange, derivatives, money markets, commodities, and credit and other debt capital market products throughout North America. Mr. Fajemirokun joined Dresdner Bank AG New York Branch from Barclays Capital, where he was most recently a managing director heading the firm’s Japan and Asia Pacific derivatives business in Tokyo. From 1992 to 1998, he held a series of increasingly responsible positions at Bankers Trust, where he rose to managing director and head of Southeast Asia derivatives in Hong Kong. Mr. Fajemirokun earned a Bachelor of Arts degree in physics from the College of Christ Church, Oxford University, and a Ph.D. in plasma physics from Imperial College of Science and Technology, London.

Hartmut G. Grossmann is responsible for the North American Service Company including Finance, Human Resources, Legal and Compliance functions. Prior to joining the Bank, Mr. Grossmann was Legal Counsel to the World Bank responsible for projects in Portugal, Turkey, Iran, Thailand and Pakistan as well as funding of the World Bank in the international capital markets. Before that he served as Regional Counsel at Dow Chemical Germany where he was responsible for all legal matters of the company. Mr. Grossmann received law degrees from the University of Hamburg, Germany and the University of California at Berkeley.

Francis M. Harte joined Dresdner Kleinwort Benson in March 1989. He is currently the Senior Vice President and Chief Financial Officer of Dresdner Kleinwort Benson North America LLC. He previously worked at First Boston Corporation. Mr. Harte holds a Bachelor of Science degree in Accounting from New York University.

Independent Directors

The Designated Independent Director will be selected by the Bank, acting through the Branch, as holder of all of the outstanding LLC Common Securities and may be replaced by the Bank (except during a Shift Period or during such time as the LLC will have failed to pay Distributions on the Partnership Interests for the most recent Distribution Period). The Designated Independent Director may not be an affiliate of the Bank or an employee of the Bank or of any affiliate of the Bank. The LLC's initial Designated Independent Director is Winfried H. Spaeh.

The Charter will require that, so long as any Partnership Interests are outstanding, certain actions by the LLC must be approved by a majority of the Independent Directors of the LLC. See "Description of the Partnership Interests—Rights of Enforcement." For so long as there is only one Independent Director, any action that requires the approval of a majority of Independent Directors must be approved by such Independent Director.

In addition, the holders of the Partnership Interests, upon the failure of the LLC to pay Distributions on the Partnership Interests for the most recent Distribution Period or upon the occurrence of a Shift Event, may replace the existing Independent Director with a new director and may elect two additional Independent Directors to the Board of Directors of the LLC (such new director and the two additional Independent Directors, collectively, the "Elected Independent Directors"). The term of the Elected Independent Directors will terminate, and the total number of directors will be decreased by two, upon (1) full Distributions having been paid or declared and a sum sufficient for payment thereof set apart for payment on the Partnership Interests in accordance with the Silent Partnership Agreement or (2) if the number of directors was increased as a result of a Shift Event, the related Shift Period has terminated (with termination determined as set forth in "Description of the Partnership Interests—'Shift Event,' 'Shift Period'"), *provided, however*, that the Elected Independent Directors elected to replace the Designated Independent Director will remain in office until the holders of the LLC Common Securities elect a replacement Designated Independent Director.

The Partnership Interest holders will have the right to remove any such Elected Independent Director at any time with or without cause. Removal of an Elected Independent Director will require the vote of the Partnership Interest holders holding a majority (by liquidation preference) of the outstanding Partnership Interests. Election of an Elected Independent Director will require the majority by liquidation preference of votes cast for such an election. A meeting of the holders of Partnership Interests may be called by the holders of at least 25% (by liquidation preference) of the outstanding Partnership Interests.

Compensation of Directors and Officers

The LLC intends to pay the Independent Directors fees for their services as directors. An Independent Director (including any Elected Independent Director) will receive annual compensation of \$5,000, plus reimbursement of expenses for attendance of each meeting of the Board of Directors.

The LLC will not pay any compensation to its officers and employees or to directors who are not Independent Directors.

Limitation on Liability of Directors and Officers

The Charter will provide that the LLC's directors and officers have no personal liability to the LLC or its security holders for monetary damages for breach of, in the case of a director, such director's duties as set forth in the Charter or, in the case of a director or an officer, for any act or omission performed or omitted by such director or officer in good faith on behalf of the LLC, except for such director's or officer's gross negligence or willful misconduct. The Charter will also provide that the Bank, acting through the Branch, will indemnify any director or officer of the LLC for any loss, damage or claim incurred by such director or officer by reason of any act or omission performed or omitted by such director or officer in good faith on behalf of the LLC and in a manner reasonably believed to be within the scope of authority conferred on such director or officer by the Charter, except with respect to any act or omission determined by a court of competent jurisdiction to have constituted gross negligence or willful misconduct of such director or officer; *provided, however*, that holders of Partnership Interests will have no personal liability on account thereof.

THE GERMAN BANKING SYSTEM AND ITS SUPERVISION AND REGULATION

Introduction to the German Banking System

The German banking system is made up of a variety of public and private banks of two general types: universal banks and specialized banks. Most banks, including the Bank, are universal banks (also known as full-service or multi-purpose banks) and not only carry out deposit and lending business but also investment banking, underwriting and securities trading for themselves and their customers. Specialized banks are more restricted in their activities and concentrate on certain types of credit business or have special functions (such as the mortgage banks whose principal activity is secured mortgage lending). In addition, financial service institutions are engaged primarily in the securities business (such as new issues, trading, portfolio management).

Universal banks can be divided into three broad types: private sector commercial banks like the Bank (*private Geschäftsbanken*), public sector savings banks (*Sparkassen*) and their central institutions (*Landesbanken-Girozentralen*) and cooperative banks (*Volksbanken and Raiffeisenbanken*) and their central institutions.

German universal banks traditionally hold participations in industrial companies. The participations generally arise because of long-standing relationships with such companies (the “*Hausbank*” principle), certain German tax benefits (the “*Schachtelprivileg*”) and, in some cases, because such participations were acquired in connection with the restructuring of the relevant company.

The Banking Act and Regulation by the German Federal Banking Supervisory Authority

All banks in Germany, including the Bank, are subject to comprehensive governmental supervision and regulation on a consolidated basis by the FBSA in accordance with the German Banking Act. The FBSA is an independent federal authority which reports to and is supervised by the Federal Minister of Finance. The FBSA is authorized to issue regulations and guidelines implementing the provisions of the German Banking Act and other laws affecting German banks. Its main purpose is to protect the soundness of the German banking system. The German Banking Act and the regulations issued thereunder have been amended over time in order to keep them in line with internationally accepted principles. In doing so, Germany has implemented the recommendations on banking supervision issued by the Basle Committee on Banking Supervision at the BIS and transformed into German law the relevant European Council Directives.

Under the German Banking Act, all German banking and financial service institutions are required to have a license from the FBSA to carry on business. The FBSA supervises the operations of all banks, including the Bank, to ensure that it conducts its business in accordance with the provisions of the German Banking Act and other applicable German laws and regulations. Particular emphasis is placed on compliance with capital adequacy and liquidity requirements, lending limits and restrictions on certain activities imposed by the German Banking Act and the regulations promulgated thereunder.

Regulation by the Bundesbank

The FBSA carries out its banking supervision role in close cooperation with the Deutsche Bundesbank (the “Bundesbank”), the German central bank, as required under the German Banking Act. Although the authority to issue administrative orders (*Verwaltungsakte*) that are binding on specific banks is vested solely with the FBSA, the FBSA must consult with the Bundesbank before it issues general regulations (*Verordnungen*) and must obtain the consent of the Bundesbank if the regulations affect the functions of the Bundesbank, as, for example, in the case of regulations concerning capital adequacy and liquidity requirements. The Bundesbank is responsible for organizing the collection and analysis of the periodic and other reports from the banks (described in more detail below). The task of analyzing these reports is performed by the relevant regional office (*Landeszentralbank*) of the Bundesbank responsible for the State in which the bank has its head office. The Bank reports to the *Landeszentralbank* for the State of Hesse, which is based in Frankfurt am Main. The Bundesbank also maintains a checks and control system as part of its own internal reporting systems in order to monitor unusual developments which must then be explained by the relevant banks to the Bundesbank if questions are raised.

Capital Adequacy Requirements

The German Banking Act and the regulations promulgated thereunder contain certain capital adequacy requirements.

Solvency Ratio

Under the German risk-based capital adequacy rules, each bank's ratio (the "Solvency Ratio") of Liable Capital (defined below) to risk-weighted assets and certain off-balance sheet items (described below) must equal at least 8% at the end of each business day ("Principle I").

$$\text{Solvency Ratio} = \frac{\text{Liable Capital}}{\text{risk-weighted assets and off-balance sheet items}}$$

Liable Capital

As described below, at least half of Liable Capital must be Core Capital. Pursuant to the German Banking Act and calculated based on the accounting rules of the German Commercial Code, for a bank such as the Bank, "Liable Capital" (the numerator of the Solvency Ratio) consists principally of:

- (1) paid-in share capital without preferred stock (*Vorzugsaktien*);
- (2) capital reserves;
- (3) earnings reserves which are disclosed in the bank's annual balance sheet;
- (4) net profits which are shown in audited interim financial statements and which will not be used for distribution or the payment of taxes;
- (5) the fund for general banking risks (pursuant to Section 340g of the German Commercial Code, a bank may create a reserve fund from its after-tax retained earnings if advisable in its reasonable commercial judgment in light of the special risks inherent in the banking business);
- (6) capital paid in by silent partners which meets certain conditions set forth in the German Banking Act, including subordination to all creditors and participation in the bank's losses;
- (7) reserves for general banking risks (pursuant to Section 340f of the German Commercial Code, a bank may record on its balance sheet certain receivables and securities, which are neither investment securities nor part of the trading portfolio, at a lower value than that permitted for industrial and other non-banking corporations if the use of a lower value is advisable in its reasonable commercial judgment to safeguard against the special risks inherent in the banking business), *provided* that such reserves may not exceed 4% of the book value of such receivables and securities;
- (8) preferred stock;
- (9) capital paid in consideration of profit participation rights (*Genußrechte*) which meets certain conditions set forth in the German Banking Act, including subordination to all creditors and participation in the bank's losses;
- (10) long-term subordinated debt (with a term of at least five years) meeting certain conditions set forth in the German Banking Act, including subordination to all non-subordinated creditors;
- (11) certain revaluation reserves (banks may allocate amounts equaling a certain percentage of the difference between the book value and the actual value of certain assets to revaluation reserves; these

revaluation reserves may, in an amount up to 1.4% of the risk-weighted assets and certain off-balance sheet items, be counted as Liabile Capital, if the Core Capital of the bank amounts to at least 4.4% of such risk-weighted assets and off-balance sheet items); and

(12) reserves pursuant to Section 6b of the German Income Tax Act (*Einkommensteuergesetz*).

The German Banking Act also requires that balance sheet losses and certain intangible assets (including goodwill), certain investments in banks or financial services institutions and certain other items be deducted in computing Liabile Capital.

Core Capital is the portion of Liabile Capital set forth in items (1) through (6) above, less balance sheet losses, certain intangible assets (including goodwill) and certain other items. Supplementary Capital is the portion of Liabile Capital referred to in items (7) through (12), less certain deductions. The German Banking Act provides that the aggregate amount of Supplementary Capital must not exceed the Core Capital. In addition, the sum of long-term subordinated debt must not exceed 50% of the Core Capital. Core Capital reflects the same concept as Tier I Capital and Supplementary Capital reflects a similar concept as Tier II capital (as such terms are used in the United States capital adequacy rules).

Risk Weighted Assets and Off-Balance Sheet Items

To compute risk-weighted assets (the first part of the denominator of the Solvency Ratio), the assets of a bank are assigned to six broad categories (0%, 10%, 20%, 50%, 70% and 100%) of relative credit risk depending on the debtor or on the type of instrument or collateral securing the asset. The valuation basis of each asset, being its book value subject to certain accounting adjustments, is multiplied by the percentage weight applicable to its risk category to arrive at the risk-weighted value.

The valuation basis for computing risk-adjusted off-balance sheet items (the second part of the denominator of the Solvency Ratio) depends on the type of the off-balance sheet item. The valuation basis for financial swaps and guaranties assumed in connection therewith is the principal amount or -- in absence of such principal amount -- the current market value of the underlying instrument, for financial forward contracts and option rights and guaranties assumed in connection therewith, the right of the bank to obtain delivery or the obligation of the counterparty to accept delivery of the subject matter of the contract assuming actual performance, and for all other off-balance sheet items, their book value subject to certain accounting adjustments. For computation of the second part of the Solvency Ratio denominator (risk weighted off-balance sheet items), first the value of such off-balance sheet items is adjusted according to their risk classification depending on the type of instrument (20, 50 and 100%). Financial swaps, financial forward contracts, option rights and guaranties assumed in connection therewith are taken into account either according to the original exposure method or according to the mark-to-market method. Under the original exposure method, the valuation basis of the instrument is multiplied with maturity-related percentages. Under the mark-to-market method, the instrument is taken into account with the amount required to cover if the counterparty does not perform plus an additional amount for future increase of risk. After such adjustment, the off-balance sheet items are assigned, in the same manner as on-balance sheet assets, to the credit risk categories depending on the type of the counterparty or the debtor and multiplied by the applicable percentage weight.

Own Funds

Besides the Solvency Ratio requirement, the German Banking Act requires market risk positions of banks to be covered by adequate capital. In order to achieve this result, two concepts are used by the German Banking Act: (1) Own Funds (*Eigenmittel*) and (2) the distinction between trading transactions which are allocated to a bank's trading book (*Handelsbuch*) (the "Trading Book") and transactions in commercial banking business which are allocated to a bank's investment book (*Anlagebuch*) (the "Investment Book").

Own Funds consist of Liabile Capital plus Tier III Capital. Tier III Capital consists of:

(1) short-term subordinated debt (with a term of at least two years but less than five years) that meets certain conditions set forth in the German Banking Act, including subordination to all non-subordinated creditors, and

- (2) the net profits which would be realized if:
 - (a) all positions in the Trading Book were settled,
 - (b) all foreseeable expenses and distributions on capital were deducted, and
 - (c) all probable losses that would be incurred in the Investment Book if the bank were liquidated were deducted.

The sum of Tier III Capital plus the portion of Supplementary Capital that is not required to cover risk positions in the Investment Book (in order to meet the Solvency Ratio requirement) must not exceed 250% of the portion of Core Capital that is not required to cover risk positions in the Investment Book (in order to meet the Solvency Ratio requirement).

Trading Book and Investment Book

The Trading Book of a bank is comprised of the following:

- (1) securities, money market instruments, derivatives and marketable obligations and participations (all “instruments”) that are held by the bank for its own account for resale or trading;
- (2) instruments held and transactions entered into for the purpose of hedging the market risk of the Trading Book and transactions to refinance such hedging;
- (3) transactions subject to the designation of the counterparty (*Aufgabegeschäfte*);
- (4) receivables for fees, interest and dividends related to positions in the Trading Book; and
- (5) securities lending, loans or similar transactions related to positions in the Trading Book.

Banks must establish guidelines for the inclusion of transactions in its Trading Book, which must be submitted to the FBSA and the Bundesbank. The Investment Book of a bank consists of all transactions that are not contained in the Trading Book as set forth above.

Covering Market Risk Positions

Market risk positions are foreign exchange positions, commodity positions and positions allocated to the Trading Book. The sum of the risk-weighted values of market risk positions and, under certain circumstances, separately computed option positions, may not exceed the difference between the bank's Own Funds and an amount equal to 8% of the risk-weighted assets and off-balance sheet items. This limitation must also be computed daily at the close of business. Additionally, on the last day of each calendar month, an overall ratio of the bank's eligible capital (numerator) to the sum of risk-weighted assets and off-balance sheet items and market risk positions, the latter multiplied by 12.5 (denominator), must be computed and must also be equal to at least 8%. The eligible capital is composed of the Liable Capital not used to cover other risks under Principle I and that portion of the Tier III Capital that is used to cover market risk positions and options. As a result, the risk-weighted values of market risk positions have to be covered by Liable Capital or Tier III Capital, whereas under the solvency ratio requirement, risk weighted assets and off-balance sheet items must be covered by Liable Capital. Therefore, (1) Tier III capital may only be used to cover market risk positions but not assets or off-balance sheet items, and (2) Liable Capital not used to cover assets and off-balance sheet items may be used to cover market risk positions. Principle I does not permit Own Funds that have already been used to cover a risk to cover other risks under Principle I.

The risk-weighted values of such market risk positions and certain option positions must be computed in accordance with rules set forth in Principle I or, in the case of market risk positions, in accordance with the bank's own risk computation models which have been approved by the FBSA.

Consolidated Capital Requirements

Capital adequacy rules must not only be met by a bank and its banking subsidiaries on an individual basis, but also by the entire banking group (*Institutsgruppe*) as a whole. A banking group exists if a bank, a financial services institution, a financial enterprise or bank service enterprise is a subsidiary of the parent bank having its seat in Germany. Subsidiary is defined in terms of a voting majority or controlling influence of the parent bank. The subordinated enterprises of a banking group may have their registered office in Germany or outside of Germany.

The banking group of Dresdner Bank consists principally of Advance Bank AG, Bankhaus Reuschel & Co., DEGI Deutsche Gesellschaft für Immobilienfonds mbH, Deutsche Hyp Deutsche Hypothekbank Frankfurt-Hamburg AG, Deutscher Investment-Trust, Dresdnerbank Investment Management Kapitalanlagegesellschaft mbH, Dresdner Bank Lateinamerika AG, Dresdner Bauspar AG and Oldenburgische Landesbank AG in Germany and of, among others, Dresdner Luxembourg S.A., Luxembourg, Dresdner (South East Asia) Ltd., Singapore and Kleinwort Benson Group plc, London, abroad.

As of December 31, 2000, Dresdner Bank, the banking group of which it forms part, and the German bank members of such group all met, and currently meet, the risk-based capital adequacy rules of the German Banking Act.

Liquidity Requirements

The German Banking Act and the regulations issued by the FBSA also contain liquidity requirements.

Beginning July 1, 2000, a new Principle II to measure the liquidity of banks has replaced the prior Principles II and III. According to the new Principle II, banks must compute a liquidity factor at the end of every calendar month. The liquidity factor is the quotient of liquid assets to payment obligations during four time bands: (1) one day to one month; (2) more than one month to three months; (3) more than three months to six months; and (4) more than six months to twelve months. The liquidity factor for the one month time band must not be less than 1. The excess of available funds over payment obligations in one of the other time bands may be counted as available funds for the succeeding time band. The ratios between the respective liquid assets over the payment obligations in the other three time bands are calculated for observation purposes only. The liquidity factor and the observation ratios must be submitted at the end of each calendar month to the Bundesbank, which passes the reports on to the FBSA.

Limitation on Large Credits

Own Funds and the distinction between Trading Book and Investment Book, are also relevant for the limitations on large credits. The term "credit" is defined to include all items on the asset side of the balance sheet, derivative transactions and related guaranties and equivalent off-balance sheet positions. The term includes equity investments. Large credits are credits to a single borrower or a connected group of borrowers that equal or exceed 10% of the Liab Capital or Own Funds depending on whether the credit is allocated to the Investment Book or to the combined Investment Book and Trading Book. There is no separate Trading Book lending limit. The term "borrower" includes certain affiliates of the borrower. The limitations on large credits are applied on a risk-weighted basis in a manner similar to the application of the risk-weighted capital adequacy rules discussed above.

The German Banking Act as it applies to the Bank establishes the following lending limits:

(1) A bank's aggregate disbursed large Investment Book credits may not exceed eight times the bank's Liab Capital. A large Investment Book credit of a bank is defined as the sum total of credits extended to any one borrower or connected group of borrowers that are allocated to the Investment Book and that, in the aggregate, are equal to or exceed 10% of the bank's Liab Capital.

(2) A bank's aggregate disbursed large combined Investment Book/Trading Book credits may not exceed eight times the bank's Own Funds. A large combined Investment Book/Trading Book credit of a bank is defined as the sum total of all credits extended to any one borrower or connected group of borrowers (allocated to the Investment Book or to the Trading Book) that, in the aggregate, are equal to or exceed 10% of the bank's Own Funds.

(3) The aggregate amount of credits extended by a bank to one borrower or connected group of borrowers that are allocated to the Investment Book, *i.e.*, a borrower's Investment Book credit position, may not exceed 25% of the bank's Liabe Capital (20% in the case of a bank's unconsolidated parent, subsidiary or sister company).

(4) The aggregate amount of credits extended by a bank to one borrower or connected group of borrowers that are allocated to the Investment Book or the Trading Book, *i.e.*, the borrower's aggregate credit position, may not exceed 25% of the bank's Own Funds (20% in the case of a bank's unconsolidated parent, subsidiary or sister company).

(5) In case total aggregate credits extended to one borrower or connected group of borrowers that are allocated to the Trading Book or the Investment Book, *i.e.*, the borrower's aggregate credit position (see (4) above), with or without approval by the FBSA, exceed the 25% (or 20% in the case of a bank's unconsolidated parent, subsidiary or sister company) of the bank's Own Funds ceiling, credits extended to such borrower or connected group of borrowers that are allocated to the Trading Book shall not, in the aggregate, exceed five times the bank's Own Funds that are not required to cover risk positions in the Investment Book.

(6) There is an additional over-all lending limit to the effect that the aggregate portions of a borrower's aggregate credit position (credits that are allocated to the Trading Book or the Investment Book) (see (4) above) that exceed 25% (or 20% in the case of a bank's unconsolidated parent, subsidiary or sister company) of the bank's Own Funds ceiling for more than ten days shall, in the aggregate, not exceed six times the bank's Own Funds that are not required to cover risk positions in the Investment Book.

A bank must report its large credits to the Bundesbank, which forwards the reports with its comments to the FBSA. With the approval of the FBSA, a bank may exceed the eight times Liabe Capital or Own Funds and the 25% (or 20%) of Liabe Capital or Own Funds ceilings referred to in paragraphs (1) to (4) above, if the amount exceeding these ceilings is covered by Liabe Capital and Own Funds, respectively. The amounts of Liabe Capital used to cover such excess amount must be disregarded when computing the adequacy of Liabe Capital under the capital adequacy rules discussed above. If the 25% (or 20%) ceiling and the eight times Liabe Capital ceiling or Own Funds ceiling are exceeded, the larger of both excess amounts must be covered by Liabe Capital and Own Funds, respectively. A bank must notify the FBSA and the Bundesbank without delay if it exceeds these ceilings. If a bank exceeds the 5 times Own Funds ceiling referred to in paragraph (5) above or the six times Own Funds ceiling referred to in paragraph (6) above, it must report this fact to the FBSA and the Bundesbank and must cover such excess amounts with Own Funds.

The provisions of the German Banking Act limiting large credits by a bank apply also to the aggregate credits extended by members of a banking group. In order to determine whether members of a banking group in the aggregate have complied with the various limitations on large credits, the credits extended by the members of the group to one borrower are consolidated and are measured against the consolidated Liabe Capital and Own Funds of the banking group. Banking group for purposes of the large credit limitation is defined in the same manner as for purposes of computing the Own Funds of banking groups. Consolidation of credits to one borrower or connected group of borrowers is only required if the credit of at least one member of the banking group to such borrower is equal to or exceeds 5% of such member's Liabe Capital.

Limitations on Substantial Participations

The total nominal value (as opposed to the book value or price paid) of a deposit-taking bank's Substantial Participations (defined below) in an enterprise (other than a bank, financial services institution, financial enterprise, insurance company or bank service enterprise) may not exceed 15% of the Liabe Capital of such bank, and the aggregate nominal value of all such Substantial Participations may not exceed 60% of such bank's Liabe Capital. With the approval of the FBSA, a bank may exceed the 15% and 60% limitation on investments if it covers the Substantial Participations in excess of these limits by Liabe Capital. If both limitations are exceeded, the larger of both excess amounts must be covered by Liabe Capital. "Substantial Participations" is defined in the German Banking Act as an investment (1) directly or indirectly in at least 10% of the capital or the voting rights of an enterprise or (2) that affords the possibility of exercising a significant influence over the management of the enterprise in which the investment has been made. All of the shares of an enterprise which the bank owns indirectly

through one or more subsidiaries are fully attributed to the bank. The limitations on investments also apply to a banking group on a consolidated basis if at least one deposit-taking bank is a member of such group.

Policies on Trading Activities

In 1995, the FBSA issued a release concerning certain minimum requirements that German banks need to observe with respect to transactions relating to money market activities, securities, foreign exchange, precious metals and derivatives. The release stresses the responsibility of senior management for the proper organization and monitoring of trading and sales activities, requires that banks adopt written policies regarding such activities, imposes specific requirements with respect to activities in new products and deals with the qualifications and remuneration of trading and sales staff, record retention, risk controlling and management and the internal organization of trading, sales, settlement and accounting.

Reporting Requirements

In order to enable the FBSA and the Bundesbank to monitor compliance with the German Banking Act and other applicable legal requirements and to obtain information on the financial condition of the German banks, the FBSA and the Bundesbank require the periodic filing of information.

Each bank must file with the FBSA or the Bundesbank, or both, among other things, the following information: (1) immediate notice of certain organizational changes, the extension or increase of large credits, the acquisition or disposal of 10% or more of the equity of another company or certain changes in the amount of such equity investment, and the commencement or termination of certain non-banking activities; (2) monthly balance sheet and statistical information and annual audited unconsolidated and consolidated financial statements; (3) the acquisition or disposal of a direct or indirect investment in the bank representing 10% or more of the voting rights or capital of the bank or giving the person making the investment a significant influence over the management of the bank ("Substantial Participation"), or an increase or decrease of a Substantial Participation which results in the investment reaching or passing the threshold of 20%, 33% or 50% of such voting rights or capital, as well as the fact that the bank became or ceased to be a subsidiary of another enterprise, if the bank has knowledge of such facts; and on an annual basis, the names and addresses of holders of Substantial Participations in the bank and its foreign subsidiary banks, and the amount of such investment if the bank has knowledge of such facts; (4) monthly compliance statements with regard to the capital adequacy rules and the requirements on liquidity and statements on certain foreign lending; and (5) quarterly statements listing the borrowers to whom the reporting bank has outstanding loans of DM 3 million or more and certain information about the amount and the type of the loan, including syndicated loans exceeding this amount even if the reporting bank's share does not reach DM 3 million.

If several banks report to the Bundesbank loans of DM 3 million or more to the same borrower, the Bundesbank must inform the reporting banks of the total reported indebtedness and of the type of such indebtedness of such borrower and of the number of reporting lending banks.

Enforcement Powers

In order to secure compliance with the German Banking Act and the regulations issued thereunder, the FBSA and the Bundesbank may require information and documents from a bank and the FBSA may examine a bank without having to give any particular reason. The FBSA may also require information and documents from members of a banking group and may examine such members to the extent necessary to ascertain the correctness of information and data required for consolidated supervision. Examinations may also be conducted at a foreign member of the banking group that is part of a banking group if necessary to verify the accuracy of data and information required for consolidated supervision, but only to the extent permitted under the law of the domicile of such subsidiary. In addition, the FBSA may attend meetings of the bank's supervisory board, its managing board and of the bank's shareholders (and require such meetings to be convened). In practical terms, because the FBSA has access to the books and records of the Bank in Germany, it is able to monitor the world-wide activities of the Bank.

To ensure that German banks, including the Bank, fully comply with all applicable legislation and reporting requirements, the FBSA requires that they maintain an effective and independent internal auditing department of adequate size and quality. A bank must also establish a written plan of organization, which sets forth the responsibilities of its employees and operating procedures. The internal auditing department must examine compliance with this plan and these responsibilities and procedures.

If the FBSA discovers irregularities, it has a wide range of enforcement powers. The FBSA can challenge the qualifications of the bank's management. If the Own Funds of a bank are not adequate, or if the liquidity requirements are not met and if the bank has failed to remedy the deficiency within a period set by the FBSA, the FBSA may prohibit or restrict the distribution of profits or the extension of credit. These prohibitions also apply to the parent bank of a banking group if the consolidated Own Funds of the bank members of the group do not meet the legal requirements.

If a bank is in danger of defaulting on its obligations to creditors, the FBSA may take emergency measures to avert default. In this connection, it may, *inter alia*: (1) issue instructions relating to the management of the bank, (2) prohibit or restrict the acceptance of deposits and the extension of credit, (3) prohibit or restrict management of the bank from carrying on their functions, and (4) appoint supervisors. If these measures are inadequate, the FBSA may revoke the bank's license and, if appropriate, order that the bank be closed. To avoid the insolvency of a bank, the FBSA has the authority to prohibit payments and disposal of assets, to suspend customer services, and to prohibit the acceptance of payments other than in payment of debt owed to the bank. In addition, violations of the German Banking Act may result in criminal and administrative penalties.

Powers of the European Central Bank Affecting the Bank's Conduct of Business

For the conduct of the single European monetary policy, a European System of Central Banks ("ESCB") consisting of the European Central Bank ("ECB") and the central banks of the 11 member states participating in the European Monetary Union (the "National Central Banks") was established. The primary objective of the ESCB is to maintain price stability. Furthermore, without prejudice to the objective of price stability, it supports the general economic policies in the participating countries. The basic function to be carried out by the ESCB is to define and implement the monetary policy of the participating countries, conduct foreign exchange operations, hold and manage the official foreign reserves of the member states and promote the smooth operation of payment systems. The ESCB is governed by the decision making bodies of the ECB.

The National Central Banks retain all the functions, which are not transferred to the ESCB. Thus, the Bundesbank continues to act as discount window for banks for eligible securities whereby the discount rate is computed on the basis of the so-called base rate. The base rate is adjusted on January 1, May 1 and September 1 of each year by the number of percentage points by which the ECB's interest rate for longer-term refinancing operations has been raised or lowered since the last change in the base rate. However, the base rate is only changed on the above-mentioned dates if the ECB's rate for longer-term refinancing operations has changed by at least 0.5 percentage points.

The ECB requires credit institutions established in the 11 participating member states, including the Bank, to hold minimum reserves on accounts with the National Central Banks, which, in the case of the Bank, are held by the Bundesbank. By issuance of the regulation on minimum reserves, the ECB, as of January 1, 1999, set a 0% reserve ratio on the following liability categories: "deposits with agreed maturity over to two years," "deposits redeemable with notice period over to two years," "repurchase agreements (repos)" and "debt securities issued with an agreed maturity over two years." For all other deposits, debt securities issued and money market paper, the ECB set a 2% reserve ratio. The ECB may at any time change the reserve ratios. Liabilities to other institutions subject to the ESCB's minimum reserve system and liabilities to the ECB and the National Central Banks are not included in the reserve base.

Regulation by the Federal Supervisory Authority for Securities Trading

The Securities Trading Act (*Wertpapierhandelsgesetz*) (the "Securities Trading Act") of 1995 established an independent federal agency, the Federal Supervisory Authority for Securities Trading (*Bundesaufsichtsamt für*

den Wertpapierhandel) (the “Securities Trading Authority”), which supervises securities trading and deals with irregularities in the securities market.

The Securities Trading Act also prohibits insider trading with respect to securities admitted to trading or included in the over-the-counter market at a German exchange or the exchange in another member state of the European Union or the European Economic Area. The Act also requires that the issuer of securities admitted to trading on a German stock exchange publish promptly any new fact relating to the issuer which is not publicly known if such fact could have a material influence on the market price of such securities due to its effects on the financial condition or the overall business performance of the issuer.

To enable the Securities Trading Authority to carry out its supervisory functions, the German banks and the other institutions that are members of a German stock exchange are subject to comprehensive reporting requirements with respect to all transactions in securities and derivatives that are listed or traded on an exchange or other organized market in Germany or another member state of the European Union or a member state of the European Economic Area. The reporting obligation applies to transactions for a bank’s own account as well as for the account of its customers.

The Securities Trading Act also introduced so-called “Rules of Conduct” for securities service enterprises, which encompass all banks (credit institutions and financial service institutions). These Rules of Conduct apply to all securities service enterprises, i.e., enterprises engaged in the purchase and sale of securities or derivatives for others or the intermediation of transactions in securities or derivatives. In practice, the Rules of Conduct therefore apply principally to the German banks. The Securities Trading Authority has broad powers to investigate securities service enterprises with a view to monitoring compliance with the Rules of Conduct. The Securities Trading Act provides for an annual examination by the Securities Trading Authority of a bank’s compliance with its obligations under the Securities Trading Act.

Financial Statements and Audits

The Bank’s financial statements are prepared in accordance with the German Commercial Code (which permits the Group to prepare its consolidated financial statements in accordance with IAS), the German Banking Act, general corporate law, the Bank Accounting Directive Law of 1990 (*Bankenbilanzrichtlinie Gesetz*), and the Regulation on Accounting by Credit Institutions (*Verordnung über Rechnungslegung der Kreditinstitute*) issued by the Federal Minister of Justice (in conjunction with the Federal Minister of Finance and the Bundesbank).

Under German law, the Bank and the Group must both be audited annually by a German certified public accountant (*Wirtschaftsprüfer*) who is appointed annually at the shareholders’ annual general meeting (on the recommendation of the Supervisory Board). The FBSA must be informed of and may reject such appointment. The certified public accountants are required to prepare annually the financial statements and a very detailed and comprehensive audit report (*Prüfungsbericht*), which is submitted to the Supervisory Board of the Bank, the FBSA and the Bundesbank. This comprehensive audit report is in contrast to the much shorter audit reports typically prepared for other German companies. The contents of the report are prescribed in a regulation issued by the FBSA. In particular, the auditor must review that the bank is in compliance with: (1) the regulatory reporting requirements; (2) the large credit limitations; (3) the limitations on extension of credit to related companies; (4) the requirements of the capital adequacy and liquidity principles (described above) and (5) the regulations concerning the prudent granting of credit. The audit report must also discuss in detail certain large or important loans and review compliance with certain provisions of the German Banking Act, match assets and liabilities bearing interest at fixed rates according to maturity and assets and liabilities bearing interest at floating rates according to interest periods, and explain the effect of a change in interest rates on the unmatched portion of such assets and liabilities, respectively. The auditor’s certificate verifies compliance with German GAAP and all applicable legal requirements.

In addition, each year an independent public auditor designated by the FBSA must conduct an examination of any bank, such as the Bank, that acts as depository of customers’ securities under the German Depository Act (*Depotgesetz*). The examination is made in accordance with the Depository Act and verifies the proper execution of

trading orders by such bank for its customers and certifies that the securities are kept in safekeeping for such customers.

Deposit Protection

In order to comply with the EC Directives on Deposit-Guarantee Schemes and Investor-Compensation Schemes and the German Law on Deposit-Guarantee Schemes and Investor Compensation Schemes (*Einlagensicherungs- und Anlegerentschädigungsgesetz*) (the “Deposit Guarantee Act”) the Bundesverband Deutscher Banken, the association of the German private sector commercial banks, established a company under the name Entschädigungseinrichtung deutscher Banken GmbH (the “Compensation Institution”) to provide deposit protection and investor compensation for the customers of German private sector deposit-taking banks. The Deposit Guarantee Act provides that the deposits of a given depositor at a given bank and claims resulting from securities transactions by a customer with a given bank must each be covered up to the lesser of 90% of the bank's covered obligations to such customers and € 20,000. As a result, the maximum compensation amount for a customer of a failed bank may be € 40,000 if such customer had deposits and was engaged in investment transactions with that bank. The deposit guarantees are funded through annual contributions by the private sector commercial banks to the Compensation Institution in the amount of 0.008% of their liabilities to nonbank customers.

In addition, the German banking industry has voluntarily set up various protection funds for the protection of depositors. Almost all private sector commercial banks, including the Bank, are members of the *Einlagensicherungsfond*, a deposit protection association with a fund which covers liabilities to nonbank customers up to an amount of 30% of the Core Capital and the Supplementary Capital (to the extent that the Supplementary Capital does not exceed 25% of the Core Capital) of each member bank. Payments from the *Einlagensicherungsfond* cover the portion of a deposit not already covered by the Compensation Institution. Members of this association are required to give all necessary information to the association and also to the *Prüfungsverband deutscher Banken e.V.* (an institution for the auditing of German banks). This auditing institution conducts its own examinations of banks in order to reduce the risk of failures within the deposit protection system.

The member banks have to pay an annual contribution equal to 0.03% of their liabilities to nonbank customers. If the level of funds is insufficient, the amount of the annual contribution may be increased to a maximum of 0.06% of the liabilities to nonbank customers.

Furthermore, depositors and other creditors of German banks benefit directly from the existence of the *Liquiditäts-Konsortialbank GmbH* (“LIKO”), a bank founded 1974 in order to provide funding for any German bank which experiences liquidity problems. The shares in LIKO are owned the Bundesbank (30%), all other German banks and banking associations. The shareholders have contributed capital to LIKO in the amount of DM 372 million. The Bank's participation is DM 20,460,000 (5.5%). Furthermore, each shareholder is obligated to contribute additional capital to LIKO as the need assesses. The Group is contingently liable to pay in additional capital to LIKO in the amount of DM 113 million. In addition, as a member of the *Einlagensicherungsfond*, which is itself a shareholder in LIKO, the Bank is severally liable with the other members of the association for the association's maximum possible additional capital contribution in the amount of its annual contribution, which was approximately DM 38.8 million in 1998.

Mortgage Banks

The Bank owns all the shares of Deutsche Hyp Deutsche Hypothekbank Frankfurt-Hamburg AG, a mortgage bank. Mortgage banks are specialized banks that are principally engaged in mortgage lending and lending to public authorities and public-sector entities. They are regulated by a special statute, the Mortgage Bank Act (*Hypothekbankgesetz*). Under this Act, mortgage banks are authorized to finance themselves through the issuance of mortgage-backed bonds (*Hypothekpfandbriefe*) and public-debt backed bonds (*Öffentliche Pfandbriefe*). These bonds are generally long-term bonds (typically with an original maturity of two to ten years), the principal and interest of which are at all times required to be covered by a separate pool of specified qualifying assets (“cover”) listed in registers maintained by the mortgage bank. Mortgage-backed bonds are backed by mortgage loans extended by the mortgage bank and secured by real estate property located in certain enumerated countries. The mortgages cover 60% or less of the market value of the respective real estate property. Public-debt backed bonds are

backed by loans extended by the mortgage bank to German public authorities or entities organized under public law or to member states of the European Union and their territorial subdivisions (or which are guaranteed or otherwise secured by such persons). A separate pool and separate register is maintained for the mortgage-backed bonds and for the public-debt backed bonds issued by it. Each asset pool is required to be replenished when necessary to assure that all bonds issued by the mortgage bank are fully covered. The qualifying assets remain on the mortgage bank's balance sheet. In case of insolvency proceedings relating to the mortgage bank, the asset pools constituting cover will be exempt from such proceedings. Mortgage-backed bonds and public debt-backed bonds may be issued in registered or bearer form and they are general recourse obligations of the issuing mortgage bank.

THE BRANCH

General

Dresdner Bank, New York Branch (the “Branch”) has been in operation since 1972 pursuant to a license granted by the Superintendent of Banks of the State of New York. Prior to the establishment of the Branch, the Bank maintained operations in New York through a representative office.

The Bank’s commercial banking operations in the United States are comprised of the Branch, the Chicago Branch and the Los Angeles Agency. The financial results of the U.S. banking operations are fully consolidated with the Bank’s financial reports and are included in the audited financial statements of the Bank. The U.S. banking offices do not publish separate financial results.

The Branch provides commercial banking services to U.S. companies and U.S. subsidiaries of non-U.S. enterprises. These activities cover a broad range of credit and advisory products such as commercial paper back-up, liquidity and credit enhancement facilities, term loans, bridge loans and standby letters of credit. The Branch seeks lead positions by underwriting significant amounts in medium to large syndicated credits. The Branch offers tax advantaged and structured lease financing. The Branch’s lending and credit enhancement activities are focused on the following sectors and products: non-bank financial institutions, health care, commercial/industrial, media/telecommunications, real estate, leveraged and acquisition finance, project finance (with a special emphasis on energy and infrastructure), asset backed finance and leasing. The Branch has a commodities unit and a unit which specializes in derivatives activities including swaps and options in a variety of currencies. The Branch also provides private banking products and services.

The Branch funds itself by taking corporate, bank and government deposits, borrowing in the inter-bank market and issuing certificates of deposit. The Branch also obtains funding from an affiliate, Dresdner U.S. Finance Inc., which issues commercial paper. The Branch is active in money market dealing, foreign exchange, interest rate swaps and currency swaps in both the corporate and inter-bank markets.

The U.S. banking offices employed a total of 168 persons as of February 9, 2001, of which 141 were employed by the Branch. The Branch is located at 75 Wall Street, New York, New York 10005-2889. The Branch is not required to be and is not a member of the Federal Deposit Insurance Corporation (the “FDIC”) and the obligations of the Branch are not insured by the FDIC.

Regulation and Supervision of the Bank and the Branch in the United States

The Branch is licensed by the Board of Governors of the Federal Reserve System (the “Board”) and by the Superintendent of Banks of the State of New York (the “Superintendent”) under the Banking Law of the State of New York. The Branch is examined by the New York State Banking Department and the Board and is subject to the banking laws and regulations applicable to a foreign bank that operates a New York branch. Under New York Banking Law, the Bank must maintain with approved banks or trust companies in the State of New York specified types of interest-bearing governmental obligations, dollar deposits, investment grade commercial paper, obligations of certain international financial institutions and other specified obligations in an aggregate amount determined by the Superintendent as security for the benefit of depositors and certain other creditors of the Branch. This amount is currently set at 5% of the liabilities of the Branch (excluding liabilities to other offices and wholly owned subsidiaries of the Bank and liabilities of the Branch that are booked at its International Banking Facility). Under the New York Banking Law, the Superintendent is also empowered to require foreign banks operating a New York branch to maintain in New York specified assets equal to such percentage of the branch’s liabilities payable at or through the branch as the Superintendent may designate. At present, the Superintendent has set this percentage at zero percent, although specific asset maintenance requirements may be imposed by the Superintendent on a case-by-case basis. No such requirement has been prescribed for the Branch. Under the New York Banking Law, the Bank is also subject to reporting and examination requirements.

The New York Banking Law authorizes the Superintendent to take possession of the business and property of the New York branch of a foreign bank under circumstances similar to those that would permit the

Superintendent to take possession of the business and property of a state-chartered bank. These circumstances include the violation of any law, unsafe business procedures, capital impairments, suspension of payment of obligations, the initiation of liquidation proceedings against the foreign bank in the jurisdiction of its domicile or elsewhere or the existence of reason to doubt its ability or willingness to pay in full the accepted claims specified in the New York Banking Law. Pursuant to Section 606.4 of the New York Banking Law, in liquidating or dealing with the branch's business after taking possession of the Branch, the claims of creditors which arose out of transactions with the Branch may be accepted or rejected by the Superintendent; those which are not rejected are "accepted" with respect to the Branch's assets to the exclusion of the claims of other creditors of the foreign bank, without prejudice to the rights of the holders of such "accepted" claims to be satisfied out of other assets of the foreign bank.

In addition to being subject to the New York Banking Law and regulations, the Bank and the Branch are also subject to federal regulation and supervision under the International Banking Act of 1978 ("IBA"), and the Bank is subject to U.S. federal regulation under the Bank Holding Company Act of 1956 (the "BHCA"). Under the IBA and applicable regulations, the Branch is subject to reserve requirements on deposits held by the Branch. In December 1990, the Board reduced from three to zero percent the reserve requirement applicable to non-personal time deposits (time deposits by persons other than natural persons) with original maturities of less than 18 months and to net Eurocurrency liabilities. Because the Branch does not engage in "retail" deposit taking, its deposits need not be, and are not, insured by the FDIC. The IBA and the BHCA also contain certain restrictions on the Bank's ability to engage directly or through subsidiaries in non-banking activities in the United States. Under the BHCA, the Bank is subject to reporting and examination requirements of the Board similar to those imposed on domestic banks that are members of the Federal Reserve System. On December 13, 2000 the Bank became a Financial Holding Company under the Gramm-Leach-Bliley Act of 1999 (the "GLBA") which amended the BHCA and as such may make merchant banking investments to the extent permitted by the GLBA.

The Foreign Bank Supervision Enhancement Act of 1991 (the "FBSEA"), increased the degree of U.S. federal bank regulation of and supervision over United States branches of foreign banks such as the Branch. The FBSEA provides, among other things, that the Board may examine such a branch and that each branch of a foreign bank shall be examined at least once during each 12-month period in an on-site examination. The FBSEA also provides that the Board may order a foreign bank that operates a State branch to terminate the activities of such branch if the Board finds that the foreign bank is not subject to comprehensive supervision or regulation on a consolidated basis by the appropriate authorities in its home country, or that there is reasonable cause to believe that such foreign bank, or any affiliate of such foreign bank, has committed a violation of law or engaged in an unsafe or unsound banking practice in the United States and, as a result of such violation or practice, the continued operation of the branch would not be consistent with the public interest or with the IBA, the BHCA or the Federal Deposit Insurance Act. A foreign bank so required to terminate activities conducted at a branch in the United States must comply with the requirements of applicable federal and state law with respect to procedures for the closure or dissolution thereof. The FBSEA also provides that a state branch of a foreign bank such as the Branch may not engage in any type of activity that is not permissible for a U.S. federal branch of a foreign bank unless the Board has determined that such activity is consistent with sound banking practice. Based upon the activities presently conducted by the Branch, the Branch does not believe that this provision materially limits its activities.

The Branch is generally subject under New York Banking Law to the same lending limits to a single borrower as a ratio of capital as apply to a New York State-chartered bank, except that for the Branch such limits are based on the capital of the Bank. The FBSEA makes the Branch also subject to the same lending limits that apply to a U.S. federally-licensed branch of a foreign bank. Compliance with the FBSEA -imposed lending limits has not required the Branch to alter its lending activities in a material manner.

CERTAIN TRANSACTIONS CONSTITUTING THE FORMATION

Except as noted, the following description of certain transactions constituting the formation of an LLC applies equally and identically to each of the LLCs:

The Formation

Prior to or simultaneously with the completion of the Offering, the Trust, the LLC, and the Bank, acting through the Branch, will engage in the transactions described below designed to facilitate (1) the issuance, offer and sale of the Certificates, (2) the execution of the Silent Partnership Agreement by the Trust and the LLC and (3) the acquisition of the Subordinated Note by the LLC. In addition:

- The Bank, acting through the Branch, will purchase the 200 common limited liability company interests of Dresdner Capital LLC III and the 150 common limited liability company interests of Dresdner Capital LLC IV (the “LLC Common Securities”), each having an issue price, a nominal value and Paid Additional Capital as set forth in the table below:

	<u>TRANCHE</u>	
	<u>III</u>	<u>IV</u>
Issue Price	€1,000	¥ 100,000
Nominal Value	€0	¥ 1,000
Paid Additional Capital	€90	¥ 99,000

- The Trust will sell to the Initial Purchaser in the Offering the Certificates for the aggregate liquidation amount set forth in the table immediately below:

	<u>TRANCHE</u>	
	<u>III</u>	<u>IV</u>
Aggregate Liquidation Amount (of Certificates)	€158,500,000	¥ 15,000,000,000

The Trust will enter into the Silent Partnership Agreement with the LLC, providing for its purchase of the Partnership Interests, and in connection therewith will contribute to the LLC the gross proceeds from the sale of the Certificates.

- The LLC will purchase the Subordinated Note from the Branch for aggregate original principal amount as set forth in the table below:

	<u>TRANCHE</u>	
	<u>III</u>	<u>IV</u>
Aggregate Original Principal Amount (of Subordinated Note)	€158,700,000	¥ 15,015,000,000

- The Bank, in its own capacity and acting through the Branch, will enter into the Waiver and Improvement Agreement with each LLC.
- The Bank will pay the expenses of the Offering, the formation of each LLC and the creation and operation of each Trust.

The LLC and the Bank intend that the terms of the Subordinated Note, which will be issued by the Bank, acting through the Branch, will be fair to the LLC. However, no third-party opinion as to the fairness of the terms of the Subordinated Note has been or will be obtained for purposes of the Offering, and there can be no assurance that

the terms of the Subordinated Note are no less favorable to the LLC than could have been obtained by the LLC in an arm's length transaction with an unaffiliated party.

Benefits to the Group

The Group expects to realize the following benefits in connection with the Offering:

- The Group is required by the FBSA to maintain certain levels of capital under applicable regulatory capital requirements. The Bank intends to treat the Partnership Interests as consolidated Tier One Capital of the Group.
- The Bank believes that the capital increase resulting from the sale of the Partnership Interests, together with the LLC's expected treatment as a partnership for U.S. federal income tax purposes, will provide the Group with a cost-effective means of obtaining additional Tier One Capital.

DESCRIPTION OF THE PARTNERSHIP INTERESTS

Except as noted, the following description of Partnership Interests applies equally and identically to each tranche of Partnership Interests:

The Partnership Interests will be provided for in the Silent Partnership Agreement to be dated March 29, 2001 (the “Silent Partnership Agreement”), between the LLC and the Property Trustee, on behalf of the holders of the Certificates, and in the Charter. The following summary sets forth the material terms and provisions of the Partnership Interests, and is qualified in its entirety by reference to the terms and provisions of the Silent Partnership Agreement and the Charter, copies of which are available from the LLC or the Initial Purchaser upon request.

General

The Partnership Interests are preferred limited liability company interests in, and represent preferred rights to participate in the profits of, the LLC, the terms of which are set forth in the Silent Partnership Agreement and the Charter, and as such entail the holders thereof to participate in the profits of the LLC. When issued pursuant to the terms of the Silent Partnership Agreement and the Charter, the Partnership Interests will be validly issued, fully paid and non-assessable. The holders of the Partnership Interests will have no pre-emptive or similar rights with respect to any limited liability company interests in the LLC or any other securities of the LLC convertible into or carrying rights or options to purchase any such securities. Partnership Interests are not convertible into LLC Common Securities or any other class or series of limited liability company interests in, or preferred rights to participate in the profits of, the LLC and are not subject to any sinking fund or other obligation of the LLC for its repurchase or retirement. The obligations of the LLC to make payments in respect of the Partnership Interests, and the rights of holders of Partnership Interests to participate in the profits of the LLC, will rank senior to the rights of the holders of the LLC Common Securities to receive payments in respect thereof. The Partnership Interests are subordinated, however, in every respect to the claims of any creditors of the LLC. So long as any Partnership Interests are outstanding, the LLC may not incur any debt obligations and may not issue any other securities that are *pari passu* with, or rank senior to, the Partnership Interests.

Each Partnership Interest will have an Initial Nominal Value and a Liquidation Preference as set forth in the table below. Each Partnership Interest will also have a Current Nominal Value that will initially equal the Initial Nominal Value and that will thereafter be reduced on a notional basis to reflect the allocation of any Accumulated Deficit (as defined herein under “—‘Available Distributable Profits’, ‘Profit’ and ‘Accumulated Deficit’”) in excess of Paid Additional Capital as described under “—Loss Participation.”

	Tranche of Partnership Interests	
	III	IV
Initial Nominal Value (per Partnership Interest).....	€1,000	¥ 100,000
Liquidation Preference (per Partnership Interest).....	€1,000	¥ 100,000
Aggregate Liquidation Preference/Aggregate Capital Contribution.....	€158,500,000	¥ 15,000,000,000
Scheduled Partnership Interest Maturity Date.....	June 30, 2013	March 31, 2033

Distributions Other Than During A Shift Period

Periodic Distributions in respect of the Partnership Interests will be payable on a noncumulative basis when, as, and if declared (or deemed declared) by the Board of Directors of the LLC out of Available Distributable Profits (as defined herein under “—‘Available Distributable Profits’, ‘Profit’ and ‘Accumulated Deficit’”) in arrears on each Distribution Payment Date.” Distributions on each Partnership Interest will be payable at a fixed rate of interest per annum shown in the table above under “Summary—The Offering—Distributions Other than During a Shift Event.” Upon receipt by the Trust of a Distribution in respect of each Partnership Interest from the LLC, the Trust will make a corresponding Distribution in respect of each Certificate. As used herein, all references to “Distributions” in respect of the Partnership Interests will be deemed to include any Additional Amounts in respect

of the Partnership Interests. See “—Payment of Additional Amounts.” Except as described in this section, holders of the Partnership Interests will have no right to participate in the profits of the LLC.

The LLC will be required to make Distributions in respect of the Partnership Interests to the extent that (1) such payments can be made from the Available Distributable Profits for the relevant fiscal annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period and (2) the Current Nominal Value of each Partnership Interest is equal to the Liquidation Preference. To the extent that interest payments are made on the Subordinated Note in respect of any annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period, the LLC is expected to have Available Distributable Profits sufficient to pay Distributions on the Partnership Interests for such annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period. If the Bank, acting through the Branch, does not pay interest on the Subordinated Note, whether it is not obligated to do so during a Shift Period (as defined herein under “—‘Shift Event’; ‘Shift Period’”) or whether because it has not otherwise made such payments, the LLC will not have Available Distributable Profits to pay Distributions on the Partnership Interests.

In addition, Distributions will not be made in respect of the Partnership Interests and, accordingly, Distributions will not be made in respect of the Certificates if, and for so long as, the Current Nominal Value of the Partnership Interests, as calculated for the relevant annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period, is less than the Liquidation Preference of the Partnership Interests, except to the extent that the LLC is obligated to pay Distributions in respect of the Partnership Interests out of Available Distributable Profits when the obligation of the Bank, acting through the Branch, to pay interest on the Subordinated Note has been reinstated pursuant to the Waiver and Improvement Agreement. Except during a Shift Period, the LLC does not expect that the Current Nominal Value of any Partnership Interest will be less than the Liquidation Preference of such Partnership Interest.

Distributions not declared (or deemed to be declared) by the LLC in respect of the Partnership Interests for any Distribution Period will not accumulate and holders of Partnership Interests will have no right to receive a Distribution on the Partnership Interests in respect of such Distribution Period, whether or not Distributions are declared with respect to a future Distribution Period.

The obligation of the LLC to make Distributions in respect of the Partnership Interests will rank senior to the rights of the holders of the LLC Common Securities to receive Distributions in respect thereof, but are subordinated in every respect to the claims of any creditors of the LLC. Accordingly, the LLC may pay Distributions in respect of the LLC Common Securities in any Distribution Period only if it has paid in full the Distributions in respect of the Partnership Interests for such Distribution Period.

Distributions on the Certificates and on the Partnership Interests in respect of each Distribution Period will be calculated on the basis of the number of days per year and days per month as set forth in “Summary—The Offering—Distributions Other than During a Shift Period.” Distributions payable on each Distribution Payment Date will be calculated from and including the immediately preceding Distribution Payment Date (or, in the case of the initial Distribution Payment Date, from and including the Closing Date) to but excluding the relevant Distribution Payment Date (each such period, a “Distribution Period”). If any Distribution Payment Date or other payment date falls on a day that is not a Business Day, the applicable Distribution or other payment will be payable on the next succeeding Business Day without adjustment, interest or further payment as a result of the delay. “Business Day” means a day that is both (1) a Target business day and (2) a day other than Saturday, Sunday or a day on which banking institutions in The City of New York and, in the case of Tranche IV, Tokyo, or, as long as any Certificates are listed on the Luxembourg Stock Exchange, banking institutions in Luxembourg are authorized or required by law or executive order to remain closed.

Each payment in respect of the Partnership Interests will be payable to holders of record as they appear on the securities register of the Property Trustee on the corresponding record date. The record dates for the Partnership Interests will be, if the Partnership Interests are solely in global form, one Business Day prior to the relevant Distribution Payment Date and, in the event that any of the Partnership Interests are not in book-entry form, the first day (whether or not a Business Day) of the month of the relevant Distribution Payment Date.

The only source of funds for payment of Distributions in respect of the Partnership Interests will be the payments received by the LLC in respect of the Subordinated Note or the Eligible Intercompany Investments, as the case may be.

Distributions During A Shift Period

Pursuant to the terms of the Waiver and Improvement Agreement and the Subordinated Note, during a Shift Period, the LLC will waive its right to interest, principal and other payments under the Subordinated Note, and the Bank, acting through the Branch, will not be obligated to make such payments. In such event, the LLC will have no income. As described herein under “—Loss Participation,” if any annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) balance sheet of the LLC shows an Accumulated Deficit, then such Accumulated Deficit will be allocated on a notional basis first to the Paid Additional Capital of the LLC Common Securities until such Paid Additional Capital is exhausted and then to the nominal value of the LLC Common Securities and the Initial Nominal Value of the Partnership Interests in proportion to the nominal value of the LLC Common Securities and the Initial Nominal Value of the Partnership Interests.

Under certain circumstances in connection with payments by the Bank in respect of any Ordinary Securities or Parity Securities or upon the end of a Shift Period, the obligation of the Bank, acting through the Branch, to pay interest, principal and other payments under the Subordinated Note will be reinstated. In particular, the Waiver and Improvement Agreement provides that, during a Shift Period, if the Bank makes or declares dividends, other distributions or other payments in respect of its Ordinary Securities, or makes any payments, or provides funds to a subsidiary, in respect of any Parity Securities, then interest payments in full must be paid on the Subordinated Note for the Corresponding Period. See “—Required Payments.” The Bank’s current practice is to pay dividends in respect of its Ordinary Securities in May of each year with respect to its fiscal year ended on the preceding December 31.

If a Shift Period has ceased to exist, pursuant to the Waiver and Improvement Agreement, the waiver thereunder shall terminate and all rights of the LLC and all obligations of the Bank, acting through the Branch, in respect of the Subordinated Note will be reinstated (1) in respect of interest payments, as of the first day following the last interest payment date during such Shift Period and (2) in respect of other obligations, from and after cessation of the Shift Period. Any interest not payable in respect of the Subordinated Note during the time a Shift Period was continuing is not cumulative and therefore shall not be paid following the end of the Shift Period. Other than its obligations pursuant to the Subordinated Note and the Waiver and Improvement Agreement, the Bank, acting through the Branch, has no obligation to contribute any funds, whether through the subscription of additional equity or otherwise, into the LLC or to provide credit support for the obligations of the LLC.

Required Payments

Taken together, the Subordinated Note and the Waiver and Improvement Agreement provide, in effect, that interest must be paid annually (in the case of Tranche III) or semi-annually (in the case of Tranche IV) on the Subordinated Note, on each interest payment date, at all times other than during a Shift Period and also, during a Shift Period, to the extent payments are being made in respect of any Ordinary Securities or Parity Securities. The Waiver and Improvement Agreement accomplishes this result for periods during a Shift Period by providing that if, during such Shift Period, the Bank makes or declares dividends or other distributions or makes any payments in respect of its Ordinary Securities or makes any payments, or provides funds to a subsidiary, in respect of any Parity Securities, then interest payments in full must be paid on the Subordinated Note for the following periods (each, a “Corresponding Period”): (x) the next interest payment date (in the case of Tranche III) or the two consecutive interest payment dates (in the case of Tranche IV) commencing with the next interest payment date contemporaneous with or following the date on which the Bank redeems, repurchases or otherwise acquires or defeases or otherwise terminates its obligations in respect of any Ordinary Securities or any Parity Securities or provides funds to any subsidiary in respect of the redemption, repurchase or acquisition by such subsidiary of any Ordinary Securities or Parity Securities or the defeasance or other termination of the obligations of the issuer thereof in respect of any Ordinary Securities or Parity Securities (other than (1) in connection with transactions effected by or for the account of customers of the Bank or its subsidiaries or in connection with the distribution, trading or market-making in respect of such securities based on an authorization by the Bank’s shareholders referred to in § 71(1) No. 7 of the German Stock Corporation Act, (2) in connection with the satisfaction by the Bank or any of its

subsidiaries of its obligations under any employee benefit plans or similar arrangements, with or for the benefit of any employees, officers, directors or consultants of the Bank or any of its subsidiaries, (3) as a result of a reclassification of the capital stock of the Bank or any of its subsidiaries or the exchange or conversion of one class or series of such capital stock for another class or series of such capital stock, (4) the purchase of fractional interests in shares of the capital stock of the Bank or any of its subsidiaries pursuant to the conversion or exchange provisions of such capital stock or the security being converted or exchanged, (5) a repurchase pursuant to § 71(1) No. 3 of the German Stock Corporation Act resulting from an obligation of the Bank to offer its shares to shareholders of a company that has entered into a domination or profit-and-loss-pooling agreement with, or has been integrated (*Eingliederung*) into, the Bank in exchange for the shares of that company, or in connection with an obligation of the Bank to purchase its shares from shareholders that have dissented to a split-up (*Aufspaltung*), spin-off (*Abspaltung*) or change of the legal form (*Umwandlung*) of the Bank, (6) as a result of a merger or other succession involving less than one percent of any class of Ordinary Securities or Parity Securities and which transaction is not entered into for the purpose of, directly or indirectly, acquiring any Ordinary Securities or Parity Securities, (7) the satisfaction of an obligation on a regularly scheduled maturity date which is required by the terms of the applicable governing instrument); (y) the next interest payment date (in the case of Tranche III) or the two consecutive interest payment dates (in the case of Tranche IV) commencing with the next interest payment date contemporaneous with or following the date on which the Bank or any subsidiary pays dividends or makes other distributions or payments on any Ordinary Securities or any Parity Securities, in each case where such dividends, distributions or other payments are made no more frequently than annually and (z) the next interest payment date contemporaneous with or following the date on which the Bank or any subsidiary pays dividends or makes other distributions or payments on any Ordinary Securities or any Parity Securities, in each case where such dividends, distributions or other payments are made more frequently than annually.

As used herein, “Ordinary Securities” means the Ordinary Shares and any other security ranking junior to the Bank Parity Securities; and “Parity Securities” means Bank Parity Securities and Subsidiary Parity Linked Securities.

For purposes of the foregoing definitions, “Ordinary Shares” means the Bank’s common shares and other voting and non-voting shares (*Stammaktien* and *Vorzugsaktien*); “Bank Parity Securities” means any silent partnership agreement or any other instrument of the Bank that has rights to payment that are expressly or legally subordinated to all creditors of the Bank (including holders of *Genußscheine*) but that are senior to the rights of the Ordinary Securities of the Bank and that would qualify as consolidated Tier One Capital of the Group under current or future regulatory requirements. “Subsidiary Parity Linked Securities” means any silent partnership agreement or any other instrument of any subsidiary of the Bank that has rights to payment that are (1) expressly or legally subordinated to all creditors of such subsidiary (including holders of *Genußscheine*) and (2) linked to the Bank through any mechanism that expressly (through one or more agreements) makes such payments subordinated to all creditors of the Bank (other than creditors subject to similar agreements) but senior to the Bank’s Ordinary Securities at all times or under circumstances similar to a Shift Event or other failure to comply with regulatory capital requirements and that would qualify as consolidated Tier One Capital of the Group under current or future regulatory requirements.

“Available Distributable Profits,” “Profit” and “Accumulated Deficit”

As used herein, the LLC’s “Available Distributable Profits” for any fiscal annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period means the LLC’s Profit only with respect to such fiscal annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period.

“Profit” of the LLC with respect to the income statements of the LLC covering such annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period means the profit earned for such annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period as shown in the unaudited annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) income statements of the LLC for such annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period and as determined in accordance with U.S. GAAP.

“Accumulated Deficit” means any deficit in retained earnings of the LLC in respect of periods after the issuance of the Partnership Interests and the receipt of the Paid Additional Capital, as shown on the relevant

unaudited, unconsolidated annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) balance sheet of the LLC prepared in accordance with U.S. GAAP.

Loss Participation

Pursuant to the Silent Partnership Agreement and the Charter, a holder of the Partnership Interests will participate in any Accumulated Deficit of the LLC. If any annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) balance sheet of the LLC shows an Accumulated Deficit, then such Accumulated Deficit will be allocated on a notional basis first to the Paid Additional Capital of the LLC Common Securities until such Paid Additional Capital is exhausted, and then to the nominal value of the LLC Common Securities and the Initial Nominal Value of the Partnership Interests in proportion to the nominal value of the LLC Common Securities and the Initial Nominal Value of the Partnership Interests.

The allocation of any Accumulated Deficit to the Partnership Interests and the LLC Common Securities will be solely on a notional basis for purposes of allocating losses among the Partnership Interests and the LLC Common Securities and, accordingly, will not result in the actual write down of the nominal value of either the Partnership Interests or the LLC Common Securities. Unless the Current Nominal Value equals the Liquidation Preference of the Partnership Interests, no Distributions may be paid in respect of the Partnership Interests or the LLC Common Securities, except to the extent Distributions are required to be paid pursuant to the requirements of the Waiver and Improvement Agreement.

“Shift Event,” “Shift Period”

A “Shift Event” will be deemed to have occurred if (1) the Board of Managing Directors (*Vorstand*) of the Bank determines that either (A) the Bank’s total capital ratio or tier one capital ratio has declined below the minimum percentages required from time to time by the German Banking Act (presently, 8% and 4%, respectively) or (B) the Bank’s non-compliance with the foregoing capital ratio requirements is immediately imminent, (2) the Bank is declared insolvent or overindebted and insolvency proceedings are to be commenced, or (3) the FBSA either (A) exercises its extraordinary supervisory powers pursuant to the provisions of Section 45 *et seq.* of the German Banking Act or (B) announces its intention to take such measures. These powers of the FBSA may be invoked, among other things, if the FBSA determines that it is or might be impossible to effectively supervise a banking institution, if the insolvency or overindebtedness of the institution is imminent or in connection with a serious deterioration in a banking institution’s financial situation, including an insufficiency of regulatory capital or liquidity, or such institution may be unable to satisfy its obligations to creditors, in particular depositors.

A “Shift Period” is defined as any period commencing on the occurrence of any Shift Event and ending upon the date immediately preceding the first date upon which no Shift Event exists.

Payment of Additional Amounts

All payments by the Trust in respect of the Certificates will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or other governmental charges of whatever nature, imposed or levied by or on behalf of Germany, the United States or the jurisdiction of residence of any obligor on the Partnership Interests, the Subordinated Note or any Eligible Intercompany Investments (each such jurisdiction, together with Germany and the United States, a “Relevant Jurisdiction”) or any political subdivision or authority therein or thereof having power to tax (the taxes so imposed, each a “Relevant Tax”), unless the withholding or deduction of such Relevant Tax is required by law. In that event, the Trust will pay, as further Distributions, such additional amounts (“Additional Amounts”) as may be necessary in order for the net amounts received by the holders of the Certificates after such withholding or deduction to equal the amount that such holders would have received in respect of the Certificates in the absence of such withholding or deduction, except that no such Additional Amounts will be payable to a holder of Certificates (or to a third party on any holder’s behalf) with respect to any Certificates (1) to the extent that such Relevant Tax is imposed or levied by virtue of such holder (or the beneficial owner of such Certificates) having some connection with the Relevant Jurisdiction, or any political subdivision or authority therein or thereof having power to tax that is imposing such tax other than being a holder (or the beneficial owner) of such Certificates (including indirect ownership of the Partnership Interests) or (2) to the extent that such Relevant Tax is imposed or levied by virtue of any such holder (or beneficial owner) not having

made a declaration of non-residence in, or other lack of connection with, the Relevant Jurisdiction, or any political subdivision or authority therein or thereof, having power to tax that is imposing such tax, provided that the Bank, acting through the Branch, or its agent has provided the holder (or beneficial owner) of such Certificate or its nominee with at least 60 days, prior written notice of an opportunity to make such a declaration or claim.

The LLC will pay, subject to the same exceptions set forth in the preceding paragraph as applied to holders of the Partnership Interests and the holders of Certificates (provided, however, that no such exceptions will apply with respect to the Trust as holder of any Partnership Interests), such Additional Amounts to each holder of Partnership Interests as may be necessary in order that every net payment in respect thereof, after withholding for any Relevant Tax, will not be less than the amount otherwise required to be paid in respect of the Partnership Interests or the Certificates. The Bank, acting through the Branch, will also pay under the terms of the Subordinated Note, subject to the same exceptions set forth in the preceding paragraph as applied to holders of the Partnership Interests and the holders of the Certificates (provided, however, that no such exceptions will apply with respect to the Trust as holder of any Partnership Interests or the LLC or any other holder of the Subordinated Note), such Additional Amounts to any holder of the Subordinated Note as may be necessary in order that every net payment in respect thereof, after withholding for any Relevant Tax, will not be less than the amount otherwise required to be paid in respect of the Subordinated Note, the Partnership Interests or the Certificates. The Bank, acting through the Branch, will also pay such additional amounts as may be necessary to pay any taxes that may be imposed on the Partnership Interests, the LLC, or the Trust by any Relevant Jurisdiction or any political subdivision or authority therein or thereof having power to tax that is imposing such tax.

Liquidation

In the event of any dissolution and liquidation of the LLC, holders of Partnership Interests will be entitled to receive out of assets of the LLC available for distribution after satisfaction of any claims of creditors, if any, and before any distributions of assets to the holders of the LLC Common Securities an amount per Partnership Interest equal to the sum of (1) the Liquidation Preference (regardless of whether the Current Nominal Value is less than the Liquidation Preference of the Partnership Interests) and (2) any unpaid Distributions in respect of each Partnership Interest for the then current Distribution Period (such amount being the “Liquidation Distribution”). In the event that the Liquidation Distribution cannot be made in full because the LLC does not have sufficient funds to do so, the Liquidation Distribution will be made on a *pro rata* basis among the Partnership Interests. So long as any of the Partnership Interests are outstanding, the Charter provides that the Bank, acting through the Branch, as the holder of the LLC Common Securities, will not cause the LLC to liquidate unless the Bank is also liquidated. The Charter also provides that the LLC will be liquidated if the Bank is liquidated. Under the terms of the Charter, and to the fullest extent permitted by law, the LLC will not be liquidated until all claims under the Subordinated Note or Eligible Intercompany Investments have been paid to the extent required by the terms of such instruments and the Waiver and Improvement Agreement. Upon receipt of the Liquidation Distribution by the Trust in respect of the Partnership Interests, the Trust will make a corresponding Liquidation Distribution in respect of the Certificates. If the LLC is liquidated, the Trust will also be liquidated.

Notwithstanding the foregoing, the Declaration will provide that the Trust may not be liquidated so long as any Partnership Interests are outstanding except (1) in connection with a Trust Dissolution Event, (2) if no Certificates are outstanding or (3) upon the liquidation of the LLC.

If the Bank is liquidated during a Shift Period, the LLC will be entitled to receive the repayment of principal in respect of the Subordinated Note, provided, however, that such right with respect to the Subordinated Note will be subordinated to the rights of all creditors of the Bank (including the rights under *Genußscheine*), but will rank senior to the rights of the shareholders (including common shares and other voting and non-voting shares (*Stammaktien* and *Vorzugsaktien*)) and any other Ordinary Security and will rank *pari passu* with Bank Parity Securities and any debt instruments of the Bank held by any Parity Issuer in respect of any Subsidiary Parity Linked Securities.

Maturity; Maturity Payments

Each tranche of Partnership Interests will mature on the respective maturity date set forth in the table above (the “Scheduled Partnership Interest Maturity Date”), but if the Scheduled Partnership Interest Maturity Date occurs

during a Shift Period, the maturity will be extended to the earlier of (1) the date liquidation proceedings are commenced in respect of the LLC in connection with the commencement of liquidation proceedings in respect of the Bank or (2) the date after the Shift Period ends (such earlier date, the “Extended Maturity Date” and, together with the Scheduled Partnership Interest Maturity Date, the “Partnership Interest Maturity Date”). If the Partnership Interest Maturity Date occurs other than in connection with the liquidation of the Bank, the LLC will pay the Current Nominal Value, not to exceed the Liquidation Preference, of each Partnership Interest as calculated based on the most recent annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) unaudited financial statements of the LLC plus accrued and unpaid Distributions for the then current Distribution Period (the “Maturity Payment”). If the Partnership Interest Maturity Date occurs in connection with the liquidation of the Bank, the holders of Partnership Interests will receive the amounts to which they are entitled in connection with the related liquidation of the LLC as set forth in “—Liquidation” above. If any Partnership Interest Maturity Date falls on a day that is not a Business Day, the applicable Maturity Payment will be payable on the next succeeding Business Day without adjustment, interest or further payment as a result of the delay. The LLC will make the Maturity Payment out of the amounts received upon maturity of the Subordinated Note. Upon receipt by the Trust of the Maturity Payment, if any, from the LLC in respect of each Partnership Interest, the Trust will make a corresponding payment in respect of each Certificate.

Call Provisions

Prior to the Partnership Interest Maturity Date and except during a Shift Period, the Partnership Interests may be called in part or in full by the LLC on the respective date (the “First Call Date”) set forth in the table under “Summary – The Offering – Silent Partnership Agreements; Partnership Interests,” and thereafter on any Distribution Payment Date (such date, together with the First Call Date, the “Call Date”) for an amount per Partnership Interest equal to the Current Nominal Value plus any unpaid Distributions for the then current Distribution Period with (1) the prior consent of the FBSA and (2) no less than 30 and no more than 60 days’ prior written notice to holders of the Partnership Interests. The LLC may not call the Partnership Interests prior to the Partnership Interest Maturity Date unless the Current Nominal Value of each Partnership Interest is equal to the Liquidation Preference. If any Call Date falls on a day that is not a Business Day, the applicable amount payable as a result of the call will be so payable on the next succeeding Business Day without adjustment, interest or further payment as a result of the delay. In the event that the LLC exercises its option to call the Partnership Interests, the funds paid by the LLC upon such a call will be passed through by the Trust to redeem the Certificates corresponding to the Partnership Interests so called.

In the event that fewer than all the outstanding Partnership Interests are to be called, the number of Partnership Interests to be called will be determined by the Board of Directors, and the securities to be called shall be determined by lot or *pro rata* as may be determined by the Board of Directors in its sole discretion to be equitable; provided that such method satisfies any applicable requirements of any securities exchange or automated quotation system on which the Partnership Interests may then be listed or quoted and, if the Partnership Interests are then held by DTC (or its nominee) in the form of a global security, any applicable requirements of DTC. The LLC will promptly notify the registrar and transfer agent for the Partnership Interests in writing of the securities to be called and, in the event less than all of the Partnership Interests are to be called, the aggregate liquidation preference of the Partnership Interests to be called.

Early Redemption

Prior to the First Call Date and except during a Shift Period, the Partnership Interests will be redeemable only in full and not in part by the LLC upon the occurrence of an LLC Early Redemption Event (as defined below) at an amount (the “Early Redemption Amount”) equal to the greater of (a) the Current Nominal Value plus any unpaid Distributions for the then current Distribution Period and (b) the Make Whole Amount, with (1) the prior consent of the FBSA and (2) no less than 30 and no more than 60 days’ prior written notice to holders of the Partnership Interests. The LLC may not, prior to the First Call Date, as a result of an LLC Early Redemption Event, redeem the Partnership Interests unless the Current Nominal Value of each Partnership Interest is equal to the Liquidation Preference. In the event that the LLC exercises its option to redeem the Partnership Interests, the funds paid by the LLC upon such a redemption will be passed through by the Trust to redeem the Certificates corresponding to the Partnership Interests so redeemed.

The “Make Whole Amount” is equal to the sum of (a) the present value of the Liquidation Preference of each Partnership Interest at the date of redemption (the “Early Redemption Date”) in connection with an LLC Early Redemption Event and (b) the aggregate present value of Distributions scheduled to be made in respect of each Partnership Interest from the Early Redemption Date to the First Call Date (the “Remaining Life”), in each case discounted to the Early Redemption Date from the First Call Date on an annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) basis (calculated on the basis of the number of days per year and days per month as set forth in the table under “Summary—The Offering—Distributions Other than During a Shift Period”) at the Comparable Rate plus (1) in the event that the Early Redemption Date occurs on or prior to June 30, 2002, 125 basis points or (2) in the event that the Early Redemption Date occurs after such date, 50 basis points.

“Comparable Rate” means, with respect to any Early Redemption Date, the rate per annum equal to the equivalent yield to maturity of the Comparable Issue, assuming a price for the Comparable Issue (expressed as a percentage of its principal amount) equal to the Comparable Price for such Early Redemption Date.

“Comparable Issue” means the German Bund or Japanese Government Bond, as applicable per tranche of Partnership Interests, selected by an Independent Investment Banker as having a maturity comparable to the Remaining Life of the Partnership Interests to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such Partnership Interests. “Independent Investment Banker” means one of the Reference Dealers appointed by the Bank.

“Comparable Price” means, with respect to any redemption date, (A) the average of the Reference Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Dealer Quotations, or (B) if the calculation agent obtains fewer than four such Reference Dealer Quotations, the average of all such quotations. “Reference Dealer Quotations” means, with respect to each Reference Dealer and any redemption date, the average, as determined by the calculation agent, of the bid and offered prices for the Comparable Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the calculation agent by such Reference Dealer at 3:30 p.m. New York time on the third business day preceding such redemption date.

“Reference Dealer” means, with respect to German Bunds or Japanese Government Bonds, any German Bund dealer or Japanese Government Bond dealer, respectively, selected by the applicable LLC in consultation with the Bank.

Unless the LLC defaults in payment of the redemption price, on and after the Early Redemption Date, Distributions will cease to accrue on the Partnership Interests called for redemption.

In the event that the Partnership Interests are redeemed upon the occurrence of an LLC Early Redemption Event, the Certificates will likewise be redeemed for an amount per Certificate equal to the Early Redemption Price and both the Trust and the LLC will, upon such redemption, be liquidated.

If full Distributions on any Partnership Interests are unpaid, then (1) no Partnership Interests shall be redeemed unless all outstanding Partnership Interests are redeemed and (2) the LLC shall not purchase or otherwise acquire any Partnership Interests; *provided, however*, that the LLC may purchase or acquire Partnership Interests pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding Partnership Interests.

An “LLC Early Redemption Event” means (1) a Tax Event with respect to the LLC or (2) an Investment Company Event with respect to the LLC or (3) a Capital Event.

A “Tax Event” with respect to the LLC means the receipt by the Bank of an opinion of a nationally recognized law firm or other nationally recognized tax adviser in any Relevant Jurisdiction, experienced in such matters, to the effect that, as a result of (1) any amendment to, or clarification of, or change (including any announced prospective change) in the laws or treaties (or any regulations promulgated thereunder) of the Relevant Jurisdiction or any political subdivision or authority therein or thereof having power to tax, (2) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) (an “Administrative

Action”) or (3) any amendment to, clarification of, or change in the official position or the interpretation of any Administrative Action or any interpretation or pronouncement that provides for a position with respect to any Administrative Action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification, change or Administrative Action is effective, or which interpretation, pronouncement or decision is announced, on or after the date of the original execution of the Silent Partnership Agreement, there is more than an insubstantial risk that (1) the LLC is or will be subject to more than a *de minimis* amount of taxes, duties or other governmental charges or (2) the Trust, the LLC, the Bank, acting through the Branch, or the Issuer of any Eligible Intercompany Investments, as the case may be, would be required to pay any Additional Amounts in respect of the Partnership Interests as described herein under “—Payment of Additional Amounts.”

An “Investment Company Event” with respect to the LLC means that the Bank will have requested and received an opinion of a nationally recognized U.S. law firm, experienced in such matters, to the effect that there is more than an insubstantial risk that the LLC is or will be considered an “investment company” within the meaning of, and required to register as an “investment company” under, the 1940 Act.

A “Capital Event” means the determination by the Bank that the Partnership Interests may not be included in the consolidated Tier One Capital of the Group for purposes of the German Banking Act or the rules of the Committee on Banking Supervision at the BIS.

Voting Rights

Except as expressly required by applicable law, or as indicated below, holders of Partnership Interests will not be entitled to vote. In the event the holders of Partnership Interests are entitled to vote as indicated below, each Partnership Interest will be entitled to one vote. Any voting rights in respect of the Partnership Interests will be passed through by the Property Trustee, as nominee of holders of the Certificates, to such Certificate holders. Generally, holders of Certificates will not have any voting rights. If at any time holders of the Partnership Interests will be entitled to vote, including with respect to the election of certain of the independent directors, or to consent to amendments to the Charter and the Partnership Interests and other matters requiring the approval of the holders of Partnership Interests pursuant to the terms of the LLC’s Charter, the Property Trustee will (a) notify the holders of the Certificates of such rights, (b) request specific direction of each holder of a Certificate as to the vote with respect to the Partnership Interest represented by such Certificate and (c) vote the Partnership Interests held by the Trust only in accordance with such specific directions. The Board of Directors of the LLC will seek instructions with respect to matters requiring a vote by holders of the Partnership Interests, and the Property Trustee will vote the Partnership Interests held by the Trust solely in accordance with instructions received from the holders of Certificates. In the absence of specific instructions from a holder of Certificates, the Property Trustee will not vote or cause to be voted the Partnership Interests represented by such Certificates.

If (1) the LLC fails to pay full Distributions on the Partnership Interests for the most recent Distribution Period or (2) a Shift Event occurs, the holders of the Partnership Interests will be entitled to replace the Designated Independent Director with a new director and to elect two additional directors. Any member of the Board of Directors of the LLC elected by the holders of the Partnership Interests will be deemed to be “independent” for purposes of the actions requiring, pursuant to the Charter, the approval of a majority of the Independent Directors. The Elected Independent Directors will be required to vacate office when the corresponding Shift Period ends, if applicable, or, if not applicable, when the next full Distribution is made on the Partnership Interests, except that, if any Elected Independent Director was elected to replace a Designated Independent Director, such Elected Independent Director will be entitled to remain in office until the Bank, acting through the Branch, as holder of all of the outstanding LLC Common Securities designates another person as an Independent Director.

Any Elected Independent Director may be removed by, and shall not be removed except by, the vote of the holders of record of the outstanding Partnership Interests entitled to vote, voting as a single class of the LLC’s securityholders. As long as Distributions on Partnership Interests shall not have been paid for an applicable Distribution Period or during a Shift Period, any vacancy in the office of any Elected Independent Director may be filled by the vote of the holders of the outstanding Partnership Interests voting together as a single class at a meeting of the holders of Partnership Interests called for that purpose.

So long as any Partnership Interests are outstanding, the LLC shall not, without the consent or vote of the holders of at least two-thirds of the outstanding Partnership Interests (based on aggregate Liquidation Preference), voting separately as a class, (a) amend, alter or repeal or otherwise change any provision of the Silent Partnership Agreement (including the terms of the Partnership Interests), the Subordinated Note or the Waiver and Improvement Agreement if such amendment, alteration, repeal or change would materially and adversely affect the rights, preferences, powers or privileges of the Partnership Interests, (b) merge, consolidate, reorganize or effect any other business combination involving the LLC unless (1) the resulting entity will thereafter have no class or series of equity securities either authorized or outstanding ranking prior to the Partnership Interests as to Distributions, or as to the distribution of assets upon liquidation, dissolution or winding up, except the same number of shares of such equity securities with the same preferences, conversion or other rights, voting powers, restrictions, limitations as to Distributions, or other distributions, qualifications or terms or conditions or redemption as the shares of equity securities of the LLC that are authorized and outstanding immediately prior to such transaction, (2) each holder of the Partnership Interests immediately prior to such transaction shall receive securities with the same preferences, conversion or other rights, voting powers, restrictions, limitations as to Distributions, or other distributions, qualifications or terms or conditions or redemption of the resulting entity as the Partnership Interests held by such holder immediately prior thereto, (3) such transaction does not result in the Certificates being delisted or removed from any securities exchange on which the Certificates are then listed or quoted or the Partnership Interests or the Certificates being downgraded by any Rating Agency then rating such securities, or the Partnership Interest holders or the Certificate holders recognizing any gain or loss for U.S. federal income tax consequences, (4) such successor entity shall not be treated as an association or publicly traded partnership subject to tax as a corporation for U.S. federal income tax purposes, and (5) such transaction shall not adversely affect the limited liability of the holders of the Partnership Interests, (c) cause itself to be dissolved or liquidated except in connection with a liquidation of the Bank or (d) sell the Subordinated Note and do other than invest the proceeds from such sale in Eligible Intercompany Investments or redeem the Partnership Interests. So long as any Partnership Interests are outstanding, the LLC shall not, without the consent of the holders of each outstanding Partnership Interest, authorize, create or increase the authorized amount of or issue any class or series of any equity securities of the LLC, or any warrants, options or other rights convertible or exchangeable into any class or series of any equity securities of the LLC.

Notwithstanding that holders of Partnership Interests are entitled to vote or consent under the limited circumstances described above, any Partnership Interests that are beneficially owned at such time by the Bank or any of its affiliates shall not be entitled to vote or consent and shall, for purposes of such vote or consent, be treated as if such Partnership Interests were not outstanding, except for the Partnership Interests purchased or acquired by the Bank or its affiliates in connection with transactions effected by or for the account of customers of the Bank or any of its affiliates or in connection with the distribution or trading of or market-making in connection with such Partnership Interests; *provided, however*, that persons (other than affiliates of the Bank) to whom the Bank or any of its affiliates have pledged Partnership Interests may vote or consent with respect to such pledged Partnership Interests pursuant to the terms of such pledge.

The Bank, acting through the Branch, as holder of all of the outstanding LLC Common Securities, will at all times have the right to elect a majority of the Board of Directors of the LLC.

Rights of Enforcement

The Property Trustee, for so long as the Partnership Interests are held by the Property Trustee, will have the right to enforce the terms of the Partnership Interests, including the right to receive payments thereon, and to enforce the covenants and other terms contained therein and in the Silent Partnership Agreement.

Notwithstanding the foregoing paragraph, a holder of Certificates will be able to institute a direct action against the LLC to enforce the terms of the Silent Partnership Agreement and Partnership Interests represented by the Certificates held by such holder, including the right to receive payments on the Partnership Interests.

A majority of the Independent Directors, acting together and without the vote or consent of the other members of the Board of Directors, shall have the sole and exclusive right and obligation on behalf of the LLC to enforce the Waiver and Improvement Agreement, as well as the Subordinated Note and the Eligible Intercompany Investments, if any, held by the LLC. The holders of the Partnership Interests, and hence the holders of the Certificates, shall not have any direct right to enforce the Waiver and Improvement Agreement absent failure by the

Independent Directors to enforce the LLC's rights thereunder. However, for so long as the Partnership Interests are outstanding, the Waiver and Improvement Agreement may not be amended or modified without the consent of holders of two-thirds of the aggregate Liquidation Preference of the Partnership Interests.

The Property Trustee

The Property Trustee will execute the Silent Partnership Agreement and hold the Partnership Interests for the holders of the Certificates. To induce the Property Trustee to act as trustee, the LLC and the Bank, acting through the Branch, will agree to indemnify the Property Trustee for certain liabilities incurred in connection with the performance by the Property Trustee of its duties with respect to the Partnership Interests and the holders of Certificates. The LLC will also agree to provide certain information to the Property Trustee and to perform certain administrative tasks with respect to payments and notices to the Property Trustee on behalf of the Certificate holders.

The Property Trustee will account to all holders of Certificates for all payments in respect of the Partnership Interests if, as and when received from the LLC and will take certain other actions in connection with the administration of the Partnership Interests, including the transfer of an individual Partnership Interest upon surrender of a Certificate by a holder thereof and the initiation of enforcement actions against the LLC on behalf of the Certificate holders other than any Certificate holder that has chosen to bring an enforcement action directly.

The Property Trustee, in its role as trustee, is entitled to enforce the Partnership Interests on behalf of the Trust, including the right to receive payments with respect to the Partnership Interests. Notwithstanding the foregoing, each holder of Certificates may bring an action directly against the LLC to enforce the rights of such holder under the Partnership Interests evidenced by the Certificates held by such holder.

Merger, Consolidation or Amalgamation of the LLC

The LLC may not consolidate, amalgamate, merge with or into, or be replaced by, or convey, transfer or lease its properties and assets substantially as an entirety to, any corporation or other body, except as described below or elsewhere herein. The LLC may, without the consent of the holders of the Partnership Interests, consolidate, amalgamate, merge with or into, or be replaced by a limited partnership, limited liability company or trust organized as such under the laws of any state of the United States of America, *provided* that (1) such successor entity either (x) expressly assumes all of the obligations of the LLC under the Partnership Interests or (y) substitutes for the Partnership Interests other agreements having substantially the same terms as the Partnership Interests (the "LLC Successor Securities") so long as the LLC Successor Securities are not junior to any equity securities of the successor entity, with respect to participation in the profits, distributions and assets of the successor entity, (2) the Bank expressly acknowledges such successor entity as the holder of the Subordinated Note or equivalent Eligible Intercompany Investment, (3) such merger, consolidation, amalgamation or replacement does not cause the Certificates (or, in the event that the Trust is liquidated in connection with a Trust Dissolution Event, the Partnership Interests (including any LLC Successor Securities)) to be downgraded by any Rating Agency, (4) such merger, consolidation, amalgamation or replacement does not adversely affect the powers, preferences and other special rights of the holders of the Certificates or Partnership Interests (including any LLC Successor Securities) in any material respect, (5) such successor entity has a purpose substantially identical to that of the LLC, and (6) prior to such merger, consolidation, amalgamation or replacement, the LLC has received an opinion of a nationally recognized law firm experienced in such matters to the effect that (A) such successor entity will be treated as a partnership, and will not be treated as an association or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes, (B) such merger, consolidation, amalgamation or replacement would not cause the Trust to be classified as other than a grantor trust for U.S. federal income tax purposes, (C) following such merger, consolidation, amalgamation or replacement, such successor entity will not be required to register under the 1940 Act and (D) such merger, consolidation amalgamation or replacement will not adversely affect the limited liability of the holders of the Partnership Interests or the LLC Successor Securities.

Withdrawal Rights

A holder of Certificates will be entitled to surrender the Certificates and receive, by way of an assignment by the Trust to such holder, one Partnership Interest for each Certificate so surrendered. Any holder exercising such

rights will be responsible for any transfer taxes or fees incurred in connection with the surrender of the Certificates and the assignment of the Partnership Interests. In the case of Certificates in definitive form, such assignment will be made upon presentation by the holder thereof of the Certificates to a registrar and transfer agent in exchange for which holders will receive an instrument of assignment of the Partnership Interests represented by the Certificates surrendered. Upon the receipt of a Partnership Interest in exchange for a Certificate, a holder will thereafter be precluded from retransferring the Partnership Interest to the Trust in exchange for a Certificate. Any Partnership Interest assigned in exchange for a Certificate will not be listed on the Luxembourg Stock Exchange and will not be eligible for clearance through Euroclear or Clearstream, Luxembourg, and the holder thereof will receive annually a Form K-1 in lieu of a Form 1099 for U.S. federal income tax reporting purposes. The Partnership Interests assigned upon exercise of the withdrawal rights may, therefore, trade at a discount to the price of the Certificates prior to such assignment.

Registrar, Transfer Agent, Paying Agent and Calculation Agent

The Bank of New York will act as registrar, transfer agent, paying agent and calculation agent for the Partnership Interests.

Registration of transfers of Partnership Interests will be effected without charge by or on behalf of the LLC, but upon payment (with the giving of such indemnity as the LLC may require) in respect of any tax or other governmental charges that may be imposed in relation to it.

The LLC will not be required to register or cause to be registered the transfer of Partnership Interests after such Partnership Interests have been called for redemption.

Miscellaneous

The Board of Directors of the LLC is authorized and directed to conduct the affairs of the LLC in such a way that (1) the LLC will not be deemed to be required to register under the 1940 Act and (2) the LLC will be treated as a partnership for U.S. federal income tax purposes. In this connection, the Board of Directors of the LLC is authorized to take any action, not inconsistent with applicable law or the Charter, that the Board of Directors determines in its discretion to be necessary or desirable for such purposes, so long as such action does not adversely affect the interests of the holders of the Partnership Interests.

DESCRIPTION OF THE CERTIFICATES

Except as noted, the following description of Certificates applies equally and identically to the Certificates issued by each Trust:

The Certificates will be issued by the Trust pursuant to the terms of the Declaration. The aggregate liquidation amount of the Certificates is set forth in the table below. The Bank of New York will act as the Property Trustee and The Bank of New York (Delaware) will act as Delaware Trustee. The following summary of the material terms and provisions of the Certificates does not purport to be complete and is subject to, and qualified in its entirety by reference to, the Declaration (a copy of which is available upon request from the Trust or the Initial Purchaser), the Trust Act and the U.S. Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”).

	Tranche of Certificates	
	III	IV
Aggregate Liquidation Amount.....	€158,500,000	¥ 15,000,000,000
Liquidation Amount per Certificate.....	€1,000	¥ 100,000

General

The Declaration authorizes the Trust to issue the Certificates, each of which represents (1) an undivided beneficial ownership interest in the assets of the Trust and (2) the right to receive a direct interest in the underlying Partnership Interest upon the exercise of the holder’s withdrawal rights, as described herein. Accordingly, an investment in the Certificates will have substantially the same risks and rewards as an investment in the Partnership Interests. See “Description of the Partnership Interests.” The Declaration does not permit the issuance by the Trust of any securities other than the Certificates or the incurrence of any indebtedness for borrowed money by the Trust. Pursuant to the Declaration, the Property Trustee will hold legal title to the Partnership Interests purchased by the Trust for the benefit of the holders of Certificates, provided that, upon exercise of a holder’s withdrawal rights, as described herein, such holder will then hold legal title to the Partnership Interests.

The Trust’s funds available for distribution to the holders of the Certificates will be limited solely to payments received from the LLC as Distributions, redemption payments, liquidation payments, amounts payable at maturity and other payments in respect of the Partnership Interests, which payments will be passed through, on a *pro rata* basis, if, as and when received by the Trust from the LLC to the holders of the Certificates. See “Description of the Partnership Interests—Distributions Other Than During A Shift Period” and “—Distributions During A Shift Period.” Consequently, if the LLC does not make any payments in respect of the Partnership Interests, the Trust will not have sufficient funds to make the corresponding payments on the Certificates. The Property Trustee will pass through to holders of Certificates any voting rights, rights to consent, and other related matters requiring the approval of the holders of the Partnership Interests.

The Declaration provides that, to the fullest extent permitted by law, the Property Trustee, in its role as trustee, is entitled to enforce the terms of the Partnership Interests on behalf of the Trust, including the right to receive payments thereon and to enforce the covenants and other terms contained therein and in the Silent Partnership Agreement. Notwithstanding the foregoing, each holder of Certificates may bring an action directly against the LLC to enforce the terms of the Silent Partnership Agreement and the Partnership Interests represented by the Certificates held by such holder, including the right to receive payments on such Partnership Interests.

Application has been made to list the Certificates on the Luxembourg Stock Exchange. The Certificates sold to qualified institutional buyers are expected to be declared eligible for listing on PORTAL.

Distributions

Distributions on the Certificates will be made annually (in the case of Tranche III) or semi-annually (in the case of Tranche IV) by the Trust on a pass-through basis upon (and subject to) receipt by the Trust of Distributions by the LLC on the Partnership Interests. Distributions in respect of each Certificate will be made annually (in the case of Tranche III) or semi-annually (in the case of Tranche IV) in arrears on each Distribution Payment Date, commencing, in the case of Tranche III, June 30, 2001, or, in the case of Tranche IV, September 30, 2001. The only

source of funds for payment of Distributions in respect of the Certificates will be the payment of Distributions by the LLC in respect of the Partnership Interests. See “Description of the Partnership Interests—Distributions Other Than During A Shift Period” and “—Distributions During A Shift Period.” Distributions not payable on the scheduled Distribution Payment Date will not accumulate, and holders of Certificates will not be entitled to recover such Distributions, whether or not Distributions on the Certificates are paid in any future Distribution Period. If any Distribution Payment Date or other payment date falls on a day that is not a Business Day, the applicable Distribution or other payment will be payable on the next succeeding Business Day without adjustment, interest or further payment as a result of the delay.

The assets of the LLC will initially consist only of the Subordinated Note. Prior to the occurrence of a Shift Event, to the extent that the Bank, acting through the Branch, as issuer of the Subordinated Note, fails to make any interest payment, maturity payment or other payment in respect of the Subordinated Note, the LLC will not have sufficient funds to pay and will not make payment of Distributions and other payments on the Partnership Interests. Accordingly, Distributions and other payments will not be made in respect of the Certificates. In addition, Distributions will not be made in respect of the Partnership Interests and, accordingly, Distributions will not be made in respect of the Certificates if, and for so long as, the Current Nominal Value of the Partnership Interests, as calculated for the relevant annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period, is less than the Liquidation Preference of the Partnership Interests except in the limited circumstances described herein.

In certain circumstances, including during a Shift Period, no Distributions will be paid on the Partnership Interests. Notwithstanding the existence of a Shift Period, however, upon the occurrence of certain events, including, among other things, upon the payment of dividends or other distributions or other amounts in respect of any Ordinary Securities or Parity Securities, the payment of Distributions on the Partnership Interests will be mandatory, except for certain limitations.

Distributions and other payments on the Certificates will be payable to the holders thereof as they appear on the books and records of the Trust on the relevant record dates, which, if the Certificates are solely in book-entry form, will be one Business Day prior to the relevant payment dates. Such payments will be paid by the Property Trustee, who will hold amounts received in respect of the Partnership Interests for the benefit of the holders of Certificates. Subject to any applicable laws and regulations and the provisions of the Declaration, each such payment will be made as described under “—Form, Book-Entry Procedures and Transfer” below. In the event that the Certificates are not solely in book-entry only form, the relevant record dates shall be the fifteenth day of the month of the relevant payment dates.

Payment of Additional Amounts

All payments by the Trust in respect of the Certificates will be made without withholding or deduction for or on account of any Relevant Tax imposed or levied by or on behalf of any Relevant Jurisdiction or any political subdivision or authority therein or thereof having power to tax, unless the withholding or deduction of such Relevant Tax is required by law. In that event, the Trust will pay, as further Distributions out of additional payments received from the LLC, such Additional Amounts as may be necessary in order that the net amounts received by the holders of the Certificates after such withholding or deduction will equal the amount that such holders would have received in respect of the Certificates in the absence of such withholding or deduction, except that no such Additional Amounts will be payable to a holder of Certificates (or to a third party on any holder’s behalf) with respect to any Certificates (1) to the extent that such Relevant Tax is imposed or levied by virtue of such holder (or the beneficial owner of such Certificates) having some connection with the Relevant Jurisdiction, or any political subdivision or authority therein or thereof having power to tax, that is imposing such tax, other than being a holder (or the beneficial owner) of such Certificates (including indirect ownership of the Partnership Interests) or (2) to the extent that such Relevant Tax is imposed or levied by virtue of any such holder (or beneficial owner) not having made a declaration of non-residence in, or other lack of connection with, the Relevant Jurisdiction or any political subdivision or authority therein or thereof having power to tax, that is imposing such tax, provided that the Bank, acting through the Branch, or its agent has provided the holder (or beneficial owner) of such Certificate or its nominee with at least 60 days, prior written notice of an opportunity to make such a declaration or claim. See “Description of the Partnership Interests—Payment of Additional Amounts.”

Maturity; Maturity Payments

Upon receipt by the Trust of the Maturity Payment, if any, from the LLC in respect of each Partnership Interest on the Partnership Interest Maturity Date, the Trust will make a corresponding payment in respect of each Certificate.

Call Provisions

In the event that the LLC exercises its option to call the Partnership Interests as described herein under “Description of the Partnership Interests—Call Provisions,” the funds will be passed through by the Trust to redeem the number of Certificates representing the Partnership Interests so redeemed. In the event that fewer than all of the outstanding Certificates are to be redeemed, the Certificates will be redeemed *pro rata* as described under “—Form, Book-Entry Procedures and Transfer” below.

Early Redemption

In the event that the Partnership Interests are redeemed upon the occurrence of an LLC Early Redemption Event as described under “Description of the Partnership Interests—Early Redemption,” the Certificates will likewise be redeemed for an amount per Certificate equal to the Early Redemption Price.

Notice of Call or Redemption

If the Trust gives a notice of call or redemption in respect of any Certificates (which notice will be irrevocable), then, by 12:00 noon, New York City time, on the redemption date, provided that the LLC has paid to the Property Trustee cash in the amount of either the call price or the Early Redemption Amount in connection with the redemption of the Partnership Interests, the Trust will irrevocably deposit with the DTC, Euroclear or Clearstream, Luxembourg, as applicable, funds sufficient to pay the applicable redemption amount in respect of Certificates in book-entry form for payment to the beneficial owners of the Certificates represented by Global Certificates (as defined herein) and will irrevocably deposit with the paying agent for the Certificates funds sufficient to pay such applicable redemption amount in respect of any Certificates in certificated form and will give such paying agent irrevocable instructions and authority to pay such amount to the holders thereof on surrender of their Certificates. See “—Form, Book-Entry Procedures and Transfer.” If notice of an early call or redemption has been given and funds have been deposited as required, then, immediately prior to the close of business on the date of such deposit, all rights of holders of such Certificates so called for redemption will cease, except the right of the holders of such Certificates to receive the applicable redemption amount (but without interest on such redemption amount). Certificates called or redeemed as described above will be cancelled.

In the event that fewer than all of the outstanding Certificates are to be redeemed, the Certificates will be redeemed *pro rata* as described below under “—Form, Book-Entry Procedures and Transfer.”

Subject to the foregoing and applicable law (including, without limitation, U.S. federal securities laws), the Bank may, at any time and from time to time, purchase outstanding Certificates by tender, in the open market or by private agreement.

Liquidation upon a Trust Dissolution Event

Upon the occurrence of a Trust Dissolution Event (as defined below), the Trust will, except in the limited circumstances described below, be liquidated and the Certificates redeemed. Upon such liquidation of the Trust, after satisfaction of creditors of the Trust, if any, Partnership Interests with an aggregate Liquidation Preference equal to the aggregate liquidation amount of the Certificates will be distributed by way of assignment to the holders of the Certificates in liquidation of such holders' interests in the Trust on a *pro rata* basis within 90 days following the occurrence of such Trust Dissolution Event; provided, however, that in the case of the occurrence of a Trust Dissolution Event, that such dissolution and distribution shall be conditioned on (1) the Trust's receipt of a written opinion of a recognized independent U.S. tax counsel experienced in such matters (a “No Recognition Opinion”), which opinion may rely on published revenue rulings of the U.S. Internal Revenue Service, to the effect that the

holders of the Certificates whose functional currency is U.S. dollars will not recognize any gain or loss for U.S. federal income tax purposes as a result of such liquidation and distribution of Partnership Interests and (2) the LLC being unable to avoid such Trust Dissolution Event within such 90-day period by taking some ministerial action or pursuing some other reasonable measure that will have no adverse effect on the Trust, the Bank, the Branch, the LLC or the holders of the Certificates.

If, after receipt by the Trust of a tax opinion with respect to the occurrence of a Tax Event, the Trust shall have been informed by U.S. tax counsel that it cannot deliver a No Recognition Opinion to the Trust, the LLC will have the right, upon not less than 30 nor more than 60 days' notice to holders of Certificates, to redeem the Partnership Interests, in whole or in part, for cash within 90 days following the occurrence of such Trust Dissolution Event, and, following such redemption, Certificates with an aggregate liquidation amount equal to the aggregate Liquidation Preference of the Partnership Interests so redeemed shall be redeemed by the Trust on a pro rata basis; *provided, however*, that, if at the time there is available to the LLC or the Trust the opportunity to eliminate a Tax Event with respect to the Trust within such 90 day period by taking some ministerial action, such as filing a form or making an election or pursuing some other similar reasonable measure that has no adverse effect on the Trust, the LLC or the holders of the Certificates or the Partnership Interests, the LLC or the Trust will pursue such measure in lieu of redemption.

A "Trust Dissolution Event" means the occurrence of either a Tax Event or an Investment Company Event, in each case with respect to the Trust.

A "Tax Event" with respect to the Trust means the receipt by the Bank of an opinion of a nationally recognized law firm or other nationally recognized tax adviser in any Relevant Jurisdiction, experienced in such matters, to the effect that, as a result of (1) any amendment to, or clarification of, or change (including any announced prospective change) in the laws or treaties (or any regulations promulgated thereunder) of the Relevant Jurisdiction or any political subdivision or authority therein or thereof having the power to tax, (2) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) (an "Administrative Action") or (3) any amendment to, clarification of, or change in the official position or the interpretation of any Administrative Action or any interpretation or pronouncement that provides for a position with respect to any Administrative Action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification, change or Administrative Action is effective, or which interpretation, pronouncement or decision is announced, on or after the date of the original execution of the Silent Partnership Agreement and the Certificates, there is more than an insubstantial risk that (1) the Trust is or will be subject to more than a *de minimis* amount of taxes, duties or other governmental charges or (2) the Trust would be required to pay any Additional Amounts.

A Trust Dissolution Event, absent a simultaneous LLC Early Redemption Event, will not result in either the liquidation of the LLC or the redemption of any Partnership Interests.

An "Investment Company Event" with respect to the Trust means that the Bank shall have requested and received an opinion of a nationally recognized U.S. law firm, experienced in such matters, to the effect that there is more than an insubstantial risk that the Trust is or will be considered an "investment company" within the meaning of, and required to register as an "investment company" under, the 1940 Act.

Effect of Liquidation of the Trust

Pursuant to the Declaration, the Trust will dissolve (1) upon liquidation of the Bank, (2) upon the filing of a certificate of dissolution or its equivalent with respect to the LLC, (3) upon the entry of a decree of judicial dissolution of the Trust, (4) when the Certificates shall have been called for redemption by call or early redemption and the amounts necessary for redemption thereof shall have been paid to the Holders in accordance with the terms of the Certificates; (5) upon the election of the Trustees, following the occurrence and continuation of a Trust Dissolution Event, pursuant to which the Trust shall have been dissolved in accordance with the terms of the Certificates and all of the Partnership Interests shall have been distributed to the Holders of Certificates in exchange

for all of the Certificates or cash paid in lieu of distribution of Partnership Interests; or (6) before the issuance of any Certificates, with the consent of all of the Trustees and the LLC, as grantor of the Trust.

In the event of any voluntary or involuntary liquidation, dissolution, winding-up or termination of the Trust, the then holders of the Certificates will be entitled to receive out of the assets of the Trust, after satisfaction of liabilities to creditors (whether by payment or the making of reasonable provisions for payment thereof) (1) distributions in an amount equal to the call price or the Early Redemption Amount upon call or early redemption of the Partnership Interests, as the case may be, (2) the Maturity Payment upon maturity of the Partnership Interests or (3) upon a Trust Dissolution Event, Partnership Interests in an aggregate Liquidation Preference equal to the aggregate liquidation amount of the Certificates to be redeemed in connection with such Trust Dissolution Event or cash paid in lieu of distribution of such Partnership Interests.

If, upon any such liquidation, the call price or Early Redemption Amount can be paid only in part because the Trust has insufficient assets available to pay in full the aggregate call price or Early Redemption Amount, then the amount payable directly by the Trust on the Certificates shall be paid on a *pro rata* basis as described below under “—Form, Book-Entry Procedures and Transfer.”

Withdrawal Rights

Any beneficial owner of a Certificate may withdraw, by way of an assignment by the Trust to such owner, any or all of the Partnership Interests represented by such Certificate. In order to receive Partnership Interests, a beneficial owner of Certificates must provide written notice to the Property Trustee, together with (1) evidence of beneficial ownership in a form satisfactory to the Property Trustee and, if applicable, certification as to the beneficial ownership by a Non-U.S. Person (as defined in Regulation S) and (2) provision to the LLC of such documents or information as are requested by the LLC for tax reporting purposes. Such notice shall also be deemed to be such beneficial owner’s agreement to be subject to the terms of the Charter and the Silent Partnership Agreement applicable to the rights of holders of Partnership Interests. Within a reasonable time period after such request has been properly made, the Property Trustee will reduce the Partnership Interests represented by the relevant Global Certificate by the aggregate stated liquidation amount of the Partnership Interests so withdrawn by the owner or, if the Partnership Interests are represented by a Certificated Security, cancel such Certificated Security. The LLC will then assign Partnership Interests in an aggregate Liquidation Preference equal to the aggregate liquidation amount of the Certificates subject to withdrawal. The Property Trustee, on behalf of the owner exercising such right, shall notify the Registrar of the withdrawal and the identity of the assignee of the Partnership Interests. Any owner exercising such rights will be responsible for any transfer taxes or fees incurred in connection with the surrender of Certificates and the assignment of Partnership Interests. Upon the receipt of a Partnership Interest in exchange for a Certificate, a holder thereof will thereafter be precluded from retransferring the Partnership Interest to the Trust in exchange for a Certificate. As described herein, any Partnership Interest assigned in exchange for a Certificate will not be listed on the Luxembourg Stock Exchange and will not be eligible for clearance through Euroclear or Clearstream, Luxembourg and the holder thereof will receive annually a Form K-1 in lieu of a Form 1099 for US federal income tax reporting purposes. The Partnership Interests assigned upon exercise of the withdrawal rights may, therefore, trade at a discount to the price of the Certificates prior to such assignment.

Voting Rights

Generally, holders of Certificates will not have any voting rights. However, if at any time the holders of the Partnership Interests shall be entitled to vote, including with respect to the election of Independent Directors, or to consent to amendments and other matters requiring the approval of the holders of Partnership Interests pursuant to the terms of the Charter, the Property Trustee will (a) notify the holders of the Certificates of such rights, (b) request specific directions of each holder of a Certificate as to the vote with respect to the Partnership Interests represented by such Certificate and (c) vote the Partnership Interest held by the Trust only in accordance with such specific directions. See “Description of the Partnership Interests—Voting Rights.”

Upon receipt of notice of any meeting at which the holders of Partnership Interests are entitled to vote, the Property Trustee is required, as soon as practicable thereafter, to mail to the holders of Certificates a notice, and publish a notice to such effect in one English language daily newspaper of general circulation in London (which is expected to be the *Financial Times*) and, so long as the Certificates are listed on the Luxembourg Stock Exchange,

in a daily newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) which notice must contain (1) such information as is contained in such notice of meeting, (2) a statement that the holders of Certificates will be entitled, subject to any applicable provision of law, to direct the Property Trustee specifically as to the exercise of the voting rights pertaining to the number of Partnership Interests represented by their respective Certificates, and (3) a brief statement as to the manner in which such specific directions may be given.

Upon the written direction of a holder of Certificates, the Property Trustee will vote or cause to be voted a corresponding amount of Partnership Interests represented by such Certificates in accordance with the instructions set forth in such direction. In the absence of specific instructions from a holder of Certificates, the Property Trustee will not vote or cause to be voted the Partnership Interests represented by such Certificates.

Modification of the Declaration

The Declaration may be modified and amended by a written instrument approved and executed by the Trustees; *provided, however*, that no such amendment will be effective for so long as any Partnership Interests are outstanding unless the holders of two-thirds of the Partnership Interests by Liquidation Preference voting as a class consent to the terms of such amendment unless (1) the proposed amendment would not materially and adversely affect the rights, preferences, powers or privileges of the Trust, (2) the Trust has received a letter from each Rating Agency then rating the Partnership Interests or the Certificates, as the case may be, to the effect that such amendment will not result in a downgrading of its respective rating then assigned to the Partnership Interests or the Certificates, as the case may be, and (3) a majority of the Independent Directors have consented to such modification or amendment.

Notwithstanding the foregoing, no amendment or modification may be made to the Declaration if such amendment or modification would (1) cause the Trust to be classified for purposes of U.S. federal income taxation as other than a grantor trust, (2) reduce or otherwise adversely affect the powers of any of the Trustees in contravention of the Trust Indenture Act or (3) cause the Trust to be deemed an “investment company” which is required to be registered under the 1940 Act.

Form, Book-Entry Procedures and Transfer

The Certificates will be issued in fully registered form, without coupons.

Global Certificate; Book-entry Form. Except as provided below, Certificates sold to “qualified institutional buyers,” as defined in Rule 144A (“QIBs”), otherwise than in reliance on Regulation S, will be evidenced by one or more global certificates in registered form representing Certificates (collectively, the “Restricted Global Certificate”), which will be deposited on or about the Closing Date with a custodian for, and registered in the name of a nominee of, DTC. Certificates sold to persons who acquired such Certificates in compliance with Regulation S under the Securities Act (“Non-U.S. Persons”) will initially be evidenced by one or more temporary global certificates (collectively, the “Regulation S Global Certificate” and together with the Restricted Global Certificate, the “Global Certificates” or each individually, a “Global Certificate”), which will be in registered form, registered in the name of a nominee for, and deposited on or about the Closing Date with the Common Depository for, Euroclear and Clearstream, Luxembourg. Beneficial interests in such Global Certificates will be shown on, and transfers thereof will be effected through, records maintained by DTC, Euroclear and Clearstream, Luxembourg and their respective participants. The Global Certificates (and any Certificates issued in exchange therefor) will be subject to certain restrictions on transfer set forth therein and in the Declaration and will bear the legend regarding such restrictions set forth under “Notice to Investors.” Until the 40th day after the later of the commencement of the Offering and the last clearing date for the Certificates (such period, the “Restricted Period”), beneficial interests in the temporary Regulation S Global Certificate may be held only through Euroclear or Clearstream, Luxembourg, unless delivery is made through the Restricted Global Certificate in accordance with the certification requirements described below. Interests in the temporary Regulation S Global Certificate may be exchanged, not earlier than 40 days after the later of the commencement of the Offering and the closing date, for interests in the permanent Regulation S Global Certificate upon certification of non-U.S. beneficial ownership. No payment will be made in respect of an interest in the temporary Regulation S Global Certificate unless and until the beneficial owner of such interest has provided the required certification and such interest has been exchanged for an

interest in the Permanent Regulation S Global Certificate. See “—Payments; Certifications by Holders of the Temporary Regulation S Global Certificate.”

A QIB may hold its interests in the Restricted Global Certificate directly through DTC if such QIB is a participant in DTC, or indirectly through organizations which are participants in DTC (the “Participants”). Transfers between Participants will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds. The laws of some states require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer a beneficial interest in the Restricted Global Certificate to such persons may be limited.

Prior to the expiration of the Restricted Period, a beneficial interest in the Regulation S Global Certificate may be transferred to a person who takes delivery in the form of an interest in the Restricted Global Certificate only upon receipt by the Common Depositary of a written certification from the transferor to the effect that such transfer is being made (1) to a person whom the transferor reasonably believes is purchasing for its own account or accounts as to which it exercises sole investment discretion and that such person and each such account is a QIB in a transaction meeting the requirements of Rule 144A and (2) in accordance with all applicable securities laws of any state of the United States or any other jurisdiction. After the expiration of the Restricted Period, such certification requirements will no longer apply to such transfers.

Beneficial interests in the Restricted Global Certificate may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Certificate, whether during or after the Restricted Period, only upon receipt by the Common Depositary of a written certification from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144A and that, if such transfer occurs prior to the expiration of the Restricted Period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream, Luxembourg. Any beneficial interest in one of the Global Certificates that is transferred to a person who takes delivery in the form of an interest in another Global Certificate will, upon transfer, cease to be an interest in such other Global Certificate and, accordingly, thereafter will be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Certificate for as long as it remains such an interest.

Investors may hold their interests in the Regulation S Global Certificate through Euroclear or Clearstream, Luxembourg, if they are participants in such systems, or indirectly through organizations that are participants in such systems. After the expiration of the Restricted Period (but not earlier), investors also may hold such interests through organizations other than Euroclear or Clearstream, Luxembourg that are Participants in DTC. The Regulation S Global Certificate will be deposited with the Common Depositary. Euroclear and Clearstream, Luxembourg will hold interests in the Regulation S Global Certificate on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositories, which in turn, will hold such interests in the Regulation S Global Certificate in customers’ securities accounts in the depositories’ names on the books of DTC. All interests in a Global Certificate, including those held through Euroclear or Clearstream, Luxembourg, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream, Luxembourg also may be subject to the procedures and requirements of such systems. Upon exercise of withdrawal rights, holders of Certificates will receive Partnership Interests having an equal aggregate Liquidation Preference and thereafter will not be able to re-transfer such Partnership Interests for Certificates. Holders who have exercised their withdrawal rights will subsequently receive tax reporting information regarding such holder’s Partnership Interests from the LLC on a Form K-1 rather than from the Trust on a Form 1099. Any Partnership Interest issued in exchange for a Certificate will not be listed on the Luxembourg Stock Exchange and will not be eligible for clearance through Euroclear or Clearstream, Luxembourg.

QIBs and Non-U.S. Persons who are not Participants may beneficially own interests in a Global Certificate held by DTC only through Participants, including Euroclear and Clearstream, Luxembourg, or certain banks, brokers, dealers, trust companies and other parties that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (“Indirect Participants”).

Except as provided below, owners of beneficial interest in a Global Certificate will not be entitled to have Certificates registered in their names, will not receive or be entitled to receive physical delivery of certificates in definitive form, and will not be considered holders thereof.

Subject to compliance with the transfer restrictions applicable to the Global Certificates described herein and in the Declaration, cross-market transfers between holders of interests in the Restricted Global Certificate and direct or indirect account holders at a Euroclear or Clearstream, Luxembourg participant (each, a “Member Organization”) holding interests in the Regulation S Global Certificate will be effected in accordance with the normal rules and operating procedures of DTC, Euroclear or Clearstream, Luxembourg, as applicable. Such cross-market transactions will require, among other things, delivery of instructions by such Member Organization to Euroclear or Clearstream, Luxembourg, as the case may be, in accordance with the rules and procedures and within deadlines (Brussels time) established by Euroclear or Clearstream, Luxembourg, as the case may be. If the transaction complies with all relevant requirements, Euroclear or Clearstream, Luxembourg, as the case may be, will then deliver instructions to its depository to take action to effect final settlement on its behalf.

Conveyance of notices and other communications by DTC to Participants, by Participants to Indirect Participants and by Participants and Indirect Participants to owners of beneficial interests in the Global Certificate held by DTC will be governed by arrangements among them, subject to any statutory or regulatory requirements that may be in effect from time to time. Redemption notices shall be sent to Cede and Co (“Cede”), as nominee for DTC. If less than all of the Certificates are being redeemed, DTC will reduce the amount of the interest of each Participant in such Certificates in accordance with its procedures.

Although voting with respect to the Certificates is limited, in those cases where a vote is required, neither DTC nor Cede will itself consent or vote with respect to Certificates. Under its usual procedures, DTC would mail an omnibus proxy to the Trust as soon as possible after the record date. The omnibus proxy assigns Cede’s consenting or voting rights to those Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the omnibus proxy). The Trust believes that the arrangements among DTC, Participants and Indirect Participants, and owners of beneficial interests in the Global Certificate held by DTC will enable such beneficial owners to exercise rights equivalent in substance to the rights that can be directly exercised by a holder of a beneficial interest in the Trust.

The information in this section concerning DTC, Euroclear and Clearstream, Luxembourg has been obtained from sources that the Trust believes to be reliable, but the Trust takes no responsibility for the accuracy thereof.

So long as DTC or its nominees or Euroclear, Clearstream, Luxembourg or the nominee of the Common Depository is the registered holder of a Global Certificate, DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, will be considered the sole owner or holder of the Certificates represented by such Global Certificate for all purposes under the Declaration and the Certificates. Payments in respect of Global Certificates will be made to DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, as the registered holder hereof. None of the Bank, the LLC, the Trust, any agent or any affiliate of any of the above or any person by whom any of the above is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Distributions with respect to book-entry interests in the Certificates held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by Euroclear or Clearstream, Luxembourg from the Certificates paying agent, to the cash amounts of Euroclear or Clearstream, Luxembourg customers in accordance with the relevant system’s rules and procedures.

Holders of book-entry interests in the Certificates through DTC will receive, to the extent received by DTC from the paying agent, all Distributions with respect to book-entry interests in the Certificates from the paying agent through DTC. Distributions in the United States will be subject to relevant U.S. tax laws and regulations.

The Trust has been informed by DTC that, with respect to any distribution payments on the Global Certificates, DTC’s practice is to credit Participants’ accounts on the payment date therefor with payments in amounts proportionate to their respective beneficial interests in the Certificates represented by a Global Certificate, as shown on the records of DTC, unless DTC has reason to believe that it will not receive payment on such payment date. Payments by Participants to owners of beneficial interests in Certificates represented by a Global Certificate

held through such Participants will be the responsibility of such Participants, as is not the case with securities held for the accounts of customers registered in “street name.”

Because DTC can only act on behalf of Participants, who in turn act on behalf of Indirect Participants and certain banks, the ability of a person having a beneficial interest in Certificates represented by a Global Certificate to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect to such interest, may be affected by the lack of a physical certification evidencing such interest.

None of the Trust, the Property Trustee, the Common Depository or the custodian (or any registrar, paying agent or conversion agent under the Declaration) will have any responsibility for the performance by DTC (or its Participants or Indirect Participants), Euroclear or Clearstream, Luxembourg of their respective obligations under the rules and procedures governing their operations. DTC has advised the Trust that it will take any action permitted to be taken by a holder of Certificates (including, without limitation, the presentation of Certificates for exchange as described below) only at the direction of one or more Participants to whose account with DTC interests in the Global Certificate are credited and only in respect of the number of Certificates represented by the Global Certificates as to which such Participant or Participants has or have given such direction.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Certificates among Participants of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedure, and such procedures may be discontinued at any time. If DTC is at any time unwilling or unable to continue as depository and a successor depository is not appointed by the Trust within 90 days, the Trust will cause the Certificates to be issued in definitive form in exchange for the Global Certificates. None of the Trust, the Property Trustee, the Common Depository or any of their respective agents will have any responsibility for the performance by DTC, Euroclear and Clearstream, Luxembourg, the Participants or Indirect Participants or their respective obligations under the rules and procedures governing their operations, including maintaining, supervising or reviewing the records relating to, or payments made on account or, beneficial ownership interests in the Global Certificate.

Certificated Certificates. Certificates sold to investors that are neither QIBs nor Non-U.S. Persons will be issued initially in definitive registered form (the “Certificated Securities” or each a “Certificated Security”), and may not be represented by the Global Certificate. Certificated Securities may be issued in exchange for Certificates represented by the Global Certificate if no successor depository is appointed by the Trust as set forth above under “—Global Certificate; Book-entry Form” or in certain other circumstances set forth in the Declaration. Payments in respect of Certificated Securities shall be made by wire transfer, direct deposit or check mailed to the address of the holder entitled thereto as such address appears on the register and, in the case of a Maturity Payment, against presentation to the paying agent of the relevant Certificated Security.

Transfers of Certificated Securities may be made in whole or in part in an authorized denomination upon the surrender of such Certificated Securities, together with a form of transfer endorsed on it when completed and executed, at the specified office of a transfer agent. In the case of a transfer of only part of a Certificated Security, a new Certificated Security in respect of the balance not transferred will be issued to the transferor within three business days of receipt of such form of transfer, by uninsured post at the risk of the holder to the address of the holder, appearing in the Register. Each new Certificated Security to be issued upon a transfer of a Certificated Security will, within three business days of receipt of such form of transfer, be sent by uninsured post at the risk of the holder entitled to the Certificated Security to such address as may be specified in such form of transfer.

Payments; Certifications by Holders of the Temporary Regulation S Global Certificate. A certificate must be provided by or on behalf of a beneficial interest in the temporary Regulation S Global Certificate to Euroclear or Clearstream, Luxembourg, as the case may be, certifying that the beneficial owner of the interest in Certificates represented thereby is not a U.S. Person, and Euroclear or Clearstream, Luxembourg, as the case may be, must provide to the Common Depository a certificate prior to (1) the payment of Distributions or amounts on redemption or any other payment with respect to such holder’s beneficial interest in the temporary Regulation S Global Certificate and (2) any exchange of such beneficial interest for a beneficial interest in the permanent Regulation S Global Certificate.

Restrictions on Transfer; Legends. The Certificates will be subject to certain transfer restrictions as described below under “Notice to Investors” and certificates evidencing the Certificates will bear a legend to such effect. Any transferee who has not received Certificates in accordance with the provisions described below under “Notice to Investors” shall be deemed not to be the holder of such Certificates for any purpose, including but not limited to the receipt of payments on such Certificates, and such transferee shall be deemed to have no interest whatsoever in such Certificates.

Information Concerning the Property Trustee

The Property Trustee, prior to the occurrence of a default with respect to the Certificates and after the curing of any defaults that may have occurred, undertakes to perform only such duties as are specifically set forth in the Declaration and, after default, shall exercise the same degree of care as a prudent individual would exercise in the conduct of his or her own affairs. Subject to such provisions, the Property Trustee is under no obligation to exercise any of the powers vested in it by the Declaration at the request of any holder of Certificates, unless offered reasonable indemnity by such holder against the costs, expenses and liabilities which might be incurred thereby.

Payment of Fees and Expenses of the Trust

All fees or expenses of the Trust, including the fees and expenses of the Trustees in connection with the performance of their duties under the Declaration, will be paid on behalf of the LLC by the Bank, acting through the Branch; provided that, if the Trustees incur fees, charges or expenses, for which they are not otherwise liable under the Declaration, at the request of a holder of Certificates or other person, such holder or other person will be liable for such fees, charges and expenses. The Bank, acting through the Branch, will also pay all fees and expenses related to the Offering and the organization and operations of the Trust (including any taxes, duties, assessments or governmental charges of whatever nature, imposed upon the Trust by the United States, Germany, or the jurisdiction of the obligor of any Eligible Intercompany Investments or any other taxing authority of any of the foregoing).

To assist the Trustees in carrying out their obligations, the Bank, on behalf of the LLC and acting through the Branch, has agreed to provide certain administrative services, and to indemnify the Trustees for certain liabilities.

Registrar, Transfer Agent and Paying Agent

The Property Trustee will act as registrar, transfer agent and paying agent and may designate an additional or substitute paying agent at any time. Registration of transfers of Certificates will be effected without charge by or on behalf of the Trust, but upon payment (with the giving of such indemnity as the Trust may require) in respect of any tax or other government charges that may be imposed in relation to it. The Trust will not be required to register or cause to be registered the transfer of Certificates after such Certificates have been called for redemption.

In addition, as long as the Certificates are listed on the Luxembourg Stock Exchange, an agent for making payments on, and transfers of, Certificates will be maintained in Luxembourg.

Governing Law

The Declaration and the Certificates will be governed by, and construed in accordance with, the laws of the State of Delaware.

Miscellaneous

The Property Trustee is authorized and directed to operate the Trust in such a way so that the Trust will not be required to register as an “investment company” under the 1940 Act or characterized as other than a grantor trust for U.S. federal income tax purposes. In this connection, the Property Trustee is authorized to take an action, not inconsistent with applicable law or the Declaration, that the Property Trustee determines in its sole discretion to be necessary or desirable to achieve such end, as long as such action does not adversely affect the interests of the holders of the Certificates or vary the terms thereof.

Holders of the Certificates have no pre-emptive or similar rights.

Notices

All notices shall be deemed to have been given upon (1) the mailing by first class mail, postage prepaid, of such notices to holders of the Certificates at their registered addresses as recorded in the register of holders of Certificates and (2) so long as the Certificates are listed on the Luxembourg Stock Exchange and it is required by the rules of the Luxembourg Stock Exchange, publication of such notice to the holders of the Certificates in English in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if such publication is not practicable, in one other leading English language newspaper with general circulation in Europe, such newspaper being published on each business day in morning editions, whether or not it shall be published in Saturday, Sunday or holiday editions provided that, so long as securities are held in registered global form and if the rules of the Luxembourg Stock Exchange would so permit, notifications may be made through DTC, Euroclear and Clearstream, Luxembourg in place of publication in a newspaper as described above. Without limiting the generality of the foregoing, notice of (a) the commencement and termination of a Shift Period, (b) a change in the Current Nominal Value of the Partnership Interests due to an Accumulated Deficit and (c) the call or redemption of any Certificates will be given as described in this paragraph.

DESCRIPTION OF THE SUBORDINATED NOTE AND THE WAIVER AND IMPROVEMENT AGREEMENT

Except as noted, the following description applies to each Subordinated Note and each Waiver and Improvement Agreement:

The following summary sets forth the material terms and provisions of each Subordinated Note, including the criteria for investment in Eligible Intercompany Investments, and each Waiver and Improvement Agreement. The descriptions of the Subordinated Note and the Waiver and Improvement Agreement are not complete and are subject to, and are qualified in their entirety by reference to, the terms and provisions of the Subordinated Note and the Waiver and Improvement Agreement, the forms of which are available from the Property Trustee or the Initial Purchaser upon request.

General

Concurrently with the execution of the Silent Partnership Agreement with the Trust and the sale of the LLC Common Securities to the Bank, acting through the Branch, the LLC will invest the proceeds thereof in the Subordinated Note issued by the Bank, acting through the Branch. The Subordinated Note will have an aggregate original principal amount and a Scheduled Maturity Date as set forth in the table below. If the Subordinated Note Maturity Date occurs during a Shift Period, it will be extended to the earlier of (1) the date liquidation proceedings are commenced in respect of the LLC in connection with the commencement of liquidation proceedings in respect of the Bank and (2) the date immediately following the last day of such Shift Period (such earlier date, together with the scheduled Subordinated Note Maturity Date, the “Subordinated Note Maturity Date”). Upon maturity of the Subordinated Note, the Bank, acting through the Branch, will repay the principal in full, except during a Shift Period pursuant to the terms of the Waiver and Improvement Agreement. See “—Waiver and Improvement Agreement.”

Interest

The Subordinated Note will bear interest annually (in the case of Tranche III) or semi-annually (in the case of Tranche IV) at a fixed rate of interest per annum (as shown in the table below) of the principal amount from the original date of issuance and will be payable in arrears on the dates set forth in the table below (each, an “Interest Payment Date”), which dates correspond to the Distribution Payment Dates in respect of the Partnership Interests and the Certificates, except that interest on the Subordinated Note will be waived by the LLC and the Bank, acting through the Branch, will therefore not be obligated to pay interest during a Shift Period pursuant to the terms of, and except as otherwise set forth in, the Waiver and Improvement Agreement. Interest payable on each Interest Payment Date will be calculated from and including the immediately preceding Interest Payment Date (or, in the case of the Initial Payment Date, from and including the Closing Date) to but excluding the relevant Interest Payment Date (each such period, an “Interest Payment Period”). Under certain circumstances in connection with the payment by the Bank or its subsidiaries of dividends, distributions or other payments on either Ordinary Securities or Parity Securities, or upon the end of a Shift Period, the obligation of the Bank, acting through the Branch, to pay interest and principal under the Subordinated Note will be reinstated. See “—Waiver and Improvement Agreement.”

Interest on the Subordinated Note in respect of each Interest Payment Period will be calculated on the basis as set forth in the table below in such Interest Payment Period. If any Interest Payment Date, or any other date on which a payment is to be made in respect of the Subordinated Note, falls on a day that is not a Business Day, then the payment due on such date will be made on the immediately preceding Business Day, provided that such payment will be made without adjustment, reduced interest or any other payment reductions.

	Tranche of Subordinated Note	
	III	IV
Aggregate Original Principal Amount	€58,700,000	¥ 15,015,000,000
Scheduled Maturity Date	June 30, 2013	March 31, 2033
Fixed rate of interest per annum.....	7.0%	3.5%
Basis of interest calculation (days per month/days per year).....	actual/actual	30/360
Interest Payment Date	June 30	March 31 and September 30
First Call Date	June 30, 2011	March 31, 2031

Additional Amounts

All payments by the Bank, acting through the Branch, in respect of the Subordinated Note will be made without withholding or deduction for or on account of any Relevant Tax imposed or levied by or on behalf of any Relevant Jurisdiction or any political subdivision or authority therein or thereof having power to tax, unless the withholding or deduction of such Relevant Tax is required by law. In such event, or in the event that withholding is required with respect to distributions on the Partnership Interests or the Certificates, the Bank, acting through the Branch, will pay such Additional Amounts as may be necessary in order for every net payment of (x) the principal of and interest on the Subordinated Note, (y) Distributions on the Partnership Interests and (z) Distributions on the Certificates, after withholding or deduction for or on account of any Relevant Tax in connection with the payment of such distributions, interest or principal, to equal the amount the holders thereof would have received in respect of the Subordinated Note, the Partnership Interests or the Certificates, as the case may be, in the absence of such withholding or deduction; provided, however, that the Bank, acting through the Branch, will not be obligated to pay such Additional Amounts: (1) to the extent such Relevant Tax is imposed or levied by virtue of a holder of Partnership Interests (if not the Trust) or Certificates (or the respective beneficial owner thereof), as the case may be, having some connection with the Relevant Jurisdiction, or any political subdivision or authority therein or thereof having power to tax, that is imposing such tax, other than being a holder (or beneficial owner) of such Partnership Interests or Certificates; or (2) to the extent that such Relevant Tax is imposed or levied by virtue of any such holder (or beneficial owner) not having made a declaration of non-residence in, or other lack of connection with, the Relevant Jurisdiction or any political subdivision or authority therein or thereof having power to tax, that is imposing such tax; provided that the Bank, acting through the Branch, or its agent has provided the holder (or beneficial owner) of such Partnership Interests or Certificates, or their respective nominees, with at least 60 days' prior written notice of an opportunity to make such a declaration or claim.

The Bank, acting through the Branch, will also pay such additional amounts as may be necessary to pay any taxes that may be imposed on the Partnership Interests, the LLC, or the Trust by any Relevant Jurisdiction or any political subdivision or authority therein or thereof having power to tax that is imposing such tax.

Early Call; Redemptions and Eligible Intercompany Investments

Prior to the Subordinated Note Maturity Date, the Bank, acting through the Branch, will have the right to redeem the Subordinated Note in whole or in part on the date set forth in the table above, which date is the First Call Date in respect of the Partnership Interests and the Certificates, and thereafter on any Interest Payment Date, for a redemption price equal to 100% of the principal amount of the Subordinated Note, plus accrued and unpaid interest to the date of redemption (and from and after such date on any overdue amount) with no less than 30 and no more than 60 days' prior written notice. In addition, upon the occurrence of an LLC Early Redemption Event, the Bank, acting through the Branch, will have the right to redeem the Subordinated Note in whole (but not in part) with no less than 30 and no more than 60 days' prior written notice for a redemption price equal to the greater of (a) 100% of the principal amount of the Subordinated Note plus accrued and unpaid interest to the date of redemption and (b) the Make-Whole Amount for the Subordinated Note (as defined below).

The "Make Whole Amount" for the Subordinated Note will be equal to the sum, as determined by the Calculation Agent, of (x) the present value of the principal amount of the Subordinated Note at the relevant redemption date and (y) the aggregate present value of scheduled interest payments from the relevant redemption date to the First Call Date, in each case discounted to the relevant redemption date from the First Call Date on an annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) basis (calculated on the basis of the

number of days per year and days per month as set forth in the table under “Summary—The Offering—Distributions Other than During a Shift Period”) at the Comparable Rate plus (1) in the event that the date of redemption occurs on or prior to June 30, 2002, 125 basis points or (2) in the event that the date of redemption occurs after such date, 50 basis points.

The Subordinated Note will also be redeemable by the Bank, acting through the Branch, in whole or in part at any time prior to the Subordinated Note Maturity Date, on not less than 30 nor more than 60 days’ written notice (which notice shall include the principal amount to be redeemed) at a redemption price of 100% of the principal amount of the Subordinated Note to be redeemed, plus accrued and unpaid interest thereon, if any, to the redemption date, provided that the LLC shall have previously or concurrently with the redemption of the Subordinated Note acquired or agreed to acquire Eligible Intercompany Investments. “Eligible Intercompany Investments” are those instruments of the Bank itself, the Bank, acting through either the Branch or another branch of the Bank, or an affiliate of the Bank that is not a U.S. Person (as defined below) that satisfy each of the following conditions prior to their substitution for the Subordinated Note as assets of the LLC: (1) each Rating Agency then rating the Certificates or the Partnership Interests then outstanding, if then rated, will have informed the Bank in writing that such substitution will not result in a downgrading of the rating then assigned by such Rating Agency to the Certificates or the Partnership Interests; (2) the Eligible Intercompany Investments will be scheduled to mature on the same date as the Subordinated Note, subject to extension on the same terms as the Subordinated Note, if such maturity date occurs during a Shift Period; (3) the Eligible Intercompany Investments will provide for periodic payments to the LLC in amounts sufficient to enable the LLC and the Trust to make Distributions in respect of the Partnership Interests and the Certificates in the same circumstances and to the same extent as currently provided by the Partnership Interests and the Certificates; (4) there would be no adverse tax consequences to the Bank as a consequence of such substitution that would give rise to a Tax Event; (5) there would be no adverse withholding tax consequences to holders of Eligible Intercompany Investments, Partnership Interests, or Certificates, including the imposition of more burdensome tax identification requirements with respect to residents; (6) if, immediately prior to such substitution, the Partnership Interests qualify as consolidated Tier One Capital of the Group, then upon consultation with the FBSA, the Bank will have determined that the Partnership Interests would continue to qualify as consolidated Tier One Capital of the Group; (7) neither the Trust nor the LLC would be required to register as an investment company under the 1940 Act; (8) the LLC would continue to be treated as a partnership and the Trust would continue to be classified as a grantor trust, in each case for U.S. federal income tax purposes; (9) the investment in the Eligible Intercompany Investments will not cause a Tax Event based on either (A) the then applicable law or (B) any change or prospective change in applicable law to become effective at a later date and which change is known at the time of the investment in the Eligible Intercompany Investments; (10) the prior approval of the FBSA is obtained, if required; (11) the new obligor will have irrevocably submitted to the jurisdiction of any state or U.S. federal courts in the County of New York, State of New York; (12) either the new obligor will have also become a party to the Waiver and Improvement Agreement or an agreement with terms substantially similar to the Waiver and Improvement Agreement will have become applicable to the Eligible Intercompany Investments; and (13) the LLC will have delivered to the Independent Directors an officers’ certificate and an opinion of counsel stating that such investment complies with the terms of the Charter and that all conditions precedent in the Charter to such substitution have been complied with.

For these purposes, a “U.S. Person” is (1) an individual citizen or resident of the United States, (2) a corporation or partnership organized in or under the laws of the United States or any state thereof or the District of Columbia, (3) an estate the income of which is subject to U.S. federal income tax regardless of source or (4) a trust over which a court within the United States is able to exercise primary supervision over its administration and one or more U.S. holders have the authority to control all substantial decisions of the trust.

Subordination

The Subordinated Note will constitute an unsecured obligation of the Bank, acting through the Branch, and will be subordinate and junior in right of payment to all Other Obligations. No payment of principal (including prepayments), or interest on the Subordinated Note may be made, unless otherwise determined by the Bank (*provided* that the Bank may not make such determination in the event of insolvency proceedings involving the assets of the Bank or the liquidation of the Bank), at any time when (1) any Other Obligations are not paid when due, (2) any applicable grace period with respect to such default has ended and such default has not been cured or waived or ceased to exist, or (3) the maturity of any Other Obligations has been accelerated because of a default, or

(4) the Superintendent takes possession of the business and property of the Branch and any Other Obligations of the Bank acting through the Branch remain unsatisfied.

The right to set off claims for payment under the Subordinated Note against claims of the Bank will be excluded. No contractual credit support or security is or will be provided for the obligations of the Bank under the Subordinated Note; any such contractual credit support or security that may have been provided in the past or will be provided in the future by the Bank or any third party shall not secure the claims under the Subordinated Note.

The subordination set forth above cannot be restricted and, except as set forth in the Subordinated Note and this Offering Memorandum, the term of the Subordinated Note and the terms of notice of redemption or repayment cannot be shortened. Amounts received upon a repurchase of the Subordinated Note prior to the Subordinated Note Maturity Date or upon any redemption or repayments pursuant to the Subordinated Note (but, if any such redemption was made upon the occurrence of an LLC Early Redemption Event, provided that the LLC Early Redemption Event is a Tax Event which would require the Bank acting through the Branch to pay Additional Amounts pursuant to the Subordinated Note), must be, notwithstanding any agreements to the contrary, refunded to the Bank, unless the capital (*Kapital* in the meaning of Section 10 (5a) of the German Banking Act) created by the Subordinated Note has been replaced by other liable capital (*haftendes Eigenkapital*) of at least equal ranking under the German Banking Act or the FBSA has authorized the repurchase, redemption or repayment. Amounts recovered upon any redemption or repayment pursuant to the Subordinated Note, in the case of an LLC Early Redemption Event (to the extent not covered by the preceding sentence), must be, notwithstanding any agreement to the contrary, refunded to the Bank, unless the FBSA has authorized the redemption or repayment.

The Subordinated Note does not limit the aggregate amount of Other Obligations that may be issued or entered into by the Bank.

Proceeds received by the Bank from the issuance of the Subordinated Notes will qualify as “tier two” capital (*Ergänzungskapital*) of the Bank within the meaning set forth under Section 10 (5a) of the German Banking Act.

Modification and Amendment of the Subordinated Note

The Subordinated Note may be modified or amended only by the written agreement of the Bank, acting through the Branch, and the LLC; *provided, however*, that no such modification or amendment will (1) modify or otherwise affect the subordination of such Subordinated Note set forth above or (2) be effective for so long as any Partnership Interests are outstanding unless the holders of two-thirds of the Partnership Interests by Liquidation Preference voting as a class consent to the terms of such modification or amendment unless (a) the proposed modification or amendment would not materially and adversely affect any of the rights, preferences, powers or privileges of the LLC under the Subordinated Note, (b) the LLC has received a letter from each Rating Agency then rating the Partnership Interests or the Certificates, as the case may be, to the effect that such modification or amendment will not result in a downgrading of its respective rating then assigned to the Partnership Interests or the Certificates, as the case may be, and (c) a majority of the Independent Directors have consented to such modification or amendment.

Limitation on Mergers and Sales of Assets; Liquidation of the Branch

So long as any amount under the Subordinated Note remains unpaid, the Bank may not consolidate with, or merge into, any person or convey or transfer its properties and assets as an entirety to any person unless the successor entity expressly assumes the obligations of the Bank, acting through the Branch, under the Subordinated Note if such assumption does not otherwise occur by operation of law.

Upon a liquidation of the Branch, the Bank, in accordance with German law, will remain fully responsible for all obligations of the Bank, acting through the Branch, under the Subordinated Note.

Actions by the Superintendent

In order to implement the subordination set forth above, each holder of a Subordinated Note by its acceptance of such Subordinated Note will be deemed to have agreed that, should the Superintendent take possession or be in possession of the business and property of the Branch at a time of insolvency or liquidation with respect to the Bank, then the Superintendent will apply any amounts that would be due to such holder in the absence of the subordination provisions set forth above (1) first, to the payment in full of all Other Obligations of the Bank acting through the Branch and to the payment in full of any other claim accorded priority under any U.S. federal or New York State law which is then due and payable, the priorities to be ascribed among such claims to be determined in accordance with such laws, and (2) thereafter will pay any amount remaining to any receiver, trustee in bankruptcy, liquidating trustee or agent appointed with respect to the Bank or its assets, or other persons making such payment or distribution for application in accordance with the terms of the Subordinated Note.

Each holder of a Subordinated Note will also be deemed to have agreed by its acceptance of such Subordinated Note that, should the Superintendent take possession of the business and property of the Branch at any time when there is no insolvency or liquidation with respect to the Bank, the Superintendent will be authorized to and will apply the assets of the Branch (1) first, to payment in full of all deposit liabilities and other liabilities of the Branch (other than the Subordinated Notes and other liabilities of the Branch which are subordinated within the meaning of Section 10 of the German Banking Act) and to the payment in full of any other claim accorded priority under any U.S. federal or New York State law which is then due and payable, the priorities to be ascribed among such claims to be determined in accordance with such laws, (2) second, to the payment, equally and ratably, of any amounts then due and owing under the Subordinated Notes and all obligations of the Branch ranking *pari passu* in right of payment with the Subordinated Notes and (3) thereafter, to pay any amount remaining to the Bank.

If the Superintendent takes possession of the business and property of the Branch under the circumstances described in the preceding sentence prior to the Subordinated Note Maturity Date, however, the holder of a Subordinated Note by its acceptance of such Subordinated Note will be deemed to have irrevocably waived any right to payment of any funds otherwise available for payment under and in accordance with the terms of such Subordinated Note until the Subordinated Note Maturity Date. Moreover, if either insolvency or liquidation with respect to the Bank is commenced after the Superintendent takes possession of the business and property of the Branch and prior to the Subordinated Note Maturity Date, then any funds available for payment of the Subordinated Note on the Subordinated Note Maturity Date in accordance with the preceding sentence will instead be paid to any receiver, trustee in bankruptcy, liquidating trustee or agent appointed with respect to the Bank or its assets, or other person making such payment or distribution with respect to the Bank or its assets for application as provided above. Each holder of a Subordinated Note will also be deemed to have agreed by its acceptance of such Subordinated Note irrevocably to have waived its rights as an accepted claims creditor under Section 606.4 of the Banking Law of the State of New York, as amended, and to any preferences to which it may become entitled under Section 4(j) of the International Banking Act of 1978 and under any other similar law enacted after the Closing Date, to the extent necessary to effectuate such subordination.

Waiver and Improvement Agreement

Pursuant to the terms of the Subordinated Note and the Waiver and Improvement Agreement, upon the occurrence of a Shift Event, and during the Shift Period commenced thereby, the LLC will waive (1) its right to interest under the Subordinated Note for each Interest Payment Date which occurs during such Shift Period and (2) its right to principal and any other payments under the Subordinated Note, and the Bank, acting through the Branch, will not be obligated to make such payments or any other payments under the Subordinated Note for the duration of the Shift Period commenced thereby, and the Bank, acting through the Branch, will not be obligated, whether upon the cessation of such Shift Period or otherwise, to make any payments in respect of any such interest, principal or other payment obligations under the Subordinated Note and the Bank's obligations to pay interest and principal will be reinstated only to the extent set forth in the Waiver and Improvement Agreement. Such waiver in respect of interest payments will apply to full annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) interest payments. Therefore, all interest accrued prior to the start of any Shift Period which would, absent the occurrence of such Shift Period, be due and payable on an Interest Payment Date occurring during such Shift Period, will be waived by the LLC.

If a Shift Period has ceased to exist, the waiver by the LLC in respect of the Subordinated Note shall terminate, and all rights of the LLC in respect of the Subordinated Note and all obligations of the Bank, acting through the Branch, in respect of the Subordinated Note will be reinstated (1) in respect of interest payments, as of the first day following the last Interest Payment Date which occurred during such Shift Period and (2) in respect of other obligations, from and as of the first day following such Shift Period. Any interest or other payments not payable in respect of the Subordinated Note during such Shift Period are not cumulative, and therefore shall not be paid upon the end of the Shift Period.

At all times during a Shift Period, if the Bank makes or declares dividends, other distributions or any other payments in respect of its Ordinary Securities or makes any payments, or provides funds to a subsidiary, in respect of any Parity Securities, then the waiver by the LLC in respect of the Subordinated Note will not apply to the payment of interest on the Subordinated Note, and such interest must therefore be paid in full, for the Corresponding Periods.

In the event during a Shift Period of any commencement of liquidation proceedings in respect of the LLC in connection with the commencement of liquidation proceedings in respect of the Bank, the waiver by the LLC in respect of the Subordinated Note will not apply to the payment of principal on the Subordinated Note and therefore, upon reinstatement of the maturity of the Subordinated Note pursuant to the terms thereof, the full aggregate principal amount of the Subordinated Note will become due and payable.

Pursuant to the Waiver and Improvement Agreement, the LLC will be obligated to enforce its rights thereunder by instituting legal action for that purpose or otherwise if directed by at least a majority of the Independent Directors. In the event that the Independent Directors fail to cause the LLC to enforce its rights, or fail to enforce the rights of the LLC, under the Waiver and Improvement Agreement after a beneficial holder of Partnership Interests or Certificates has provided a written notice, then such beneficial holder of Partnership Interests or Certificates, as the case may be, may, to the fullest extent permitted by law, directly institute a legal proceeding against the Bank to enforce the LLC's rights under the Waiver and Improvement Agreement without first instituting any legal proceeding against the Independent Directors, the LLC or any other person or entity.

Except in limited circumstances, for so long as any Partnership Interests are outstanding, the Waiver and Improvement Agreement may be modified or amended only upon the consent by the holders of two-thirds of the Partnership Interests by Liquidation Preference voting as a class to the terms of such modification or amendment unless (1) the proposed modification or amendment would not materially and adversely affect any of the rights, preferences, powers or privileges of the holders of the Partnership Interests, (2) the LLC has received a letter from each Rating Agency then rating the Partnership Interests or the Certificates, as the case may be, to the effect that such modification or amendment will not result in a downgrading of its respective rating then assigned to the Partnership Interests or the Certificates, as the case may be and (3) a majority of the Independent Directors have consented to such modification or amendment.

Governing Law

Each of the Subordinated Note and the Waiver and Improvement Agreement will be governed by and construed in accordance with the laws of the State of New York.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

Except as noted, the following summary of certain U.S. federal income tax consequences applies equally and identically to each tranche of Certificates and the entities and transactions applicable to each such tranche:

The following is a summary of certain U.S. federal income tax consequences of the purchase, ownership and disposition of the Certificates. This summary addresses only the U.S. federal income tax consequences to a person who purchases Certificates in this Offering and who will hold the Certificates as a capital asset. This summary does not address all aspects of U.S. federal tax law that may be applicable in light of a holder's particular circumstances. In particular, the following discussion does not address (1) investors subject to special U.S. federal income tax rules, such as financial institutions, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, and tax exempt organizations, (2) persons that will hold the Certificates as part of a straddle, hedge, synthetic security, or other integrated investment transaction for U.S. federal income tax purposes, or (3) persons that have a functional currency other than the U.S. dollar. In addition, this summary does not discuss any state, local or foreign tax considerations. Further, the following discussion does not address the U.S. federal tax treatment of a holder of Certificates during or after a Shift Event or in the event the Silent Partnership Agreements are called or terminated. This summary is based upon the Internal Revenue Code of 1986, as amended, Treasury regulations promulgated thereunder and other administrative and judicial authorities in effect as of the date hereof, all of which are subject to change, possibly with retroactive effect.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE U.S. FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE CERTIFICATES, AS WELL AS THE CONSEQUENCES ARISING UNDER THE LAWS OF ANY OTHER TAXING JURISDICTION.

As used herein, a "U.S. Holder" is a beneficial owner of a Certificate who is (1) an individual citizen or resident of the United States, (2) a corporation or other entity organized in or under the laws of the United States or any state thereof or the District of Columbia, (3) an estate the income of which is subject to U.S. federal income tax regardless of source or (4) a trust if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust. A "Non-U.S. Holder" is a beneficial owner of a Certificate who is not a U.S. Holder.

General

There is no ruling or other legal authority that directly addresses the tax treatment of the Certificates or the specific transactions described herein. Accordingly, there can be no assurance that the Internal Revenue Service will not assert an alternative tax treatment of an investment in the Certificates than that set forth herein.

Classification of the LLC and the Trust for U.S. Federal Income Tax Purposes

For U.S. federal income tax purposes, the LLC will be treated as a partnership, and the Trust will be treated as a grantor trust. Under the Silent Partnership Agreement, the LLC and the Trust agree to treat the Trust as a holder of an interest in the LLC for all purposes (and not as a holder of an interest in the Bank, the Branch, or in any other person). The following discussion is based on the assumption that (1) the LLC and the Trust will be so treated for U.S. federal income tax purposes and (2) each obligation required or contemplated by the Silent Partnership Agreement, the Charter of the LLC and any related agreement will be performed in accordance with their respective terms.

Treatment of the Subordinated Note for U.S. Federal Income Tax Purposes

The Bank and the LLC intend to treat the Subordinated Note as an equity interest in the Bank for U.S. federal income tax purposes. Pursuant to section 385(c) of the Internal Revenue Code, this characterization generally will be binding on the LLC and therefore also on the Trust and the U.S. Holders of Certificates, but will not be binding on the Internal Revenue Service. The following discussion is based on the assumption that this characterization will apply for U.S. federal income tax purposes.

U.S. Holders

Income from the Certificates

For U.S. federal income tax purposes, each U.S. Holder of Certificates will be considered the owner of an undivided interest in the Partnership Interests underlying such Certificates. Accordingly, each U.S. Holder of Certificates will be required to take into account its distributive share of each item of income, gain, deduction and loss of the LLC, regardless of whether distributions are actually made on the Partnership Interests. Generally, income on the Certificates will be reported to U.S. Holders on the IRS Form 1099.

It is expected that the LLC's income will consist primarily of payments of "interest" on the Subordinated Note. For U.S. federal income tax purposes, these payments will be treated as distributions in respect of an equity interest in the Bank. Accordingly, each U.S. Holder's allocable share of "interest" payments received by the LLC on the Subordinated Note will constitute dividend income (taxable as ordinary income) to the extent paid out of the Bank's current or accumulated earnings and profits calculated for U.S. federal income tax purposes. If any "interest" payment exceeds the Bank's allocable earnings and profits, such excess will be treated as return of capital to the extent of the LLC's tax basis in the Subordinated Note (which will not be taxable to the U.S. Holders of Certificates) and thereafter as capital gain (which will be allocated and taxable as such to the U.S. Holders of Certificates).

It is expected that a U.S. Holder's distributive share of the LLC's income will be foreign source income for purposes of determining the limitation on the allowable foreign tax credit. The foreign tax credit limitation is calculated separately with respect to specific classes of income. For this purpose, a U.S. Holder's distributive share of the LLC's income will generally constitute "passive income" or, in the case of certain U.S. Holders, "financial services income."

No portion of the income derived from the LLC by a U.S. Holder in respect of the Certificates will be eligible for the dividends received deduction generally available to U.S. corporations.

Sale or Other Disposition of Certificates

A U.S. Holder will recognize gain or loss on a sale or other taxable disposition of Certificates (including the receipt of cash in a complete redemption of Certificates) in an amount equal to the difference between the U.S. Holder's adjusted tax basis in the Certificates on the date of such disposition and the amount realized from such disposition. In general, a U.S. Holder's adjusted tax basis in Certificates will equal the amount paid for the Certificates, increased by the amount of income allocated to such U.S. Holder, and decreased by the amount of any cash or other property distributed to such U.S. Holder by the LLC. In general, any gain or loss so recognized will be capital gain or loss. In the case of individual U.S. Holders, capital gains are subject to U.S. federal income tax at preferential rates if specified minimum holding periods are met. Capital losses may be subject to certain restrictions on deductibility under the Internal Revenue Code.

It is expected that the LLC will distribute, on an annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) basis, all of its accrued income that is allocable to the holders of Certificates. As a result, a U.S. Holder that sells or otherwise disposes of the Certificates will be required to include in income its allocable share of any accrued but undistributed income of the LLC through the date of disposition. Such income generally would be treated as ordinary dividend income (as described above in "Income from the Certificates") and would be added to the U.S. Holder's adjusted tax basis in the disposed Certificates. If the price received for the Certificates does not reflect this accrued but undistributed income, the U.S. Holder will recognize a capital loss to the extent such holder's tax basis (increased by such income) is greater than the selling price.

Receipt of Partnership Interests in Exchange for Certificates

Upon the occurrence of a Trust Dissolution Event (such as a Tax Event or Investment Company Event), the Trust will be liquidated and the Certificates will be redeemed in exchange for Partnership Interests. If the Trust were to be liquidated because it is determined pursuant to a Tax Event that the Trust is subject to U.S. federal

income tax as a corporation with respect to income accrued or received on the Partnership Interests, a U.S. Holder would recognize gain or loss upon the receipt of Partnership Interests as a distribution in liquidation of the Trust. Such gain or loss would generally be equal to the difference between the U.S. Holder's aggregate tax basis in the Certificates redeemed and the aggregate fair market value of the Partnership Interests received.

If a U.S. Holder receives Partnership Interests in exchange for Certificates because of a Trust Dissolution Event other than the Tax Event described above or because such U.S. Holder exercises Withdrawal Rights, the U.S. Holder will not generally recognize gain or loss upon receipt of Partnership Interests. In such case, the U.S. Holder's aggregate tax basis in the Partnership Interests would be equal to aggregate tax basis in the Certificates exchanged, and the U.S. Holder's holding period for the Partnership Interests so received would include the holding period for the Certificates.

A U.S. Holder that directly holds Partnership Interests will receive a Form K-1 from the LLC each year in lieu of Form 1099 with respect to its U.S. federal income tax reporting obligations.

Non-U.S. Holders

The LLC intends to operate in such a manner that all of its income that is allocable to holders of Certificates will not be treated as effectively connected with the conduct of a trade or business within the United States for U.S. federal income tax purposes. Moreover, it is expected that income from the Subordinated Note will not be subject to U.S. federal withholding tax. In general, a Non-U.S. Holder of Certificates will not be subject to U.S. federal income tax or withholding tax on any portion of its distributive share of the LLC's income or gain, or on gain realized by the Non-U.S. Holder on the sale or exchange of the Certificates, unless (1) such income or gain is effectively connected with the conduct by the non-U.S. Holder of a trade or business in the United States, or (2) in the case of gain realized by an individual Non-U.S. Holder, the Non-U.S. Holder is present in the United States for 183 days or more in the taxable year in which the gain is realized and certain other conditions are met.

Information Reporting and Backup Withholding

In general, a Non-U.S. Holder who holds Certificates through a non-U.S. bank or other non-U.S. financial institution that is a participant in Euroclear or Clearstream, Luxembourg will not be required to provide certification of non-U.S. status for withholding purposes. In other contexts, however, it may be necessary for a Non-U.S. Holder to provide certification of non-U.S. status to avoid withholding.

The amount of income paid or accrued on the Certificates will be reported to the Internal Revenue Service. A U.S. Holder will be subject to backup withholding at a rate of 31% with respect to payments made on the Certificates and payment of proceeds from a disposition of Certificates unless (1) the U.S. Holder furnishes its taxpayer identification number in the manner prescribed in applicable Treasury regulations, certifies that such number is correct, certifies as to no loss of exemption from backup withholding and meets certain other conditions or (2) the U.S. Holder is otherwise exempt from backup withholding.

Finalized Treasury regulations that have recently become effective have generally expanded the circumstances under which information reporting and backup withholding may apply. Amounts withheld from a holder of Certificates under the backup withholding rules will be allowed as a refund or a credit against such holder's U.S. federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

CERTAIN ERISA CONSIDERATIONS

Except as noted, the following summary of certain ERISA considerations applies equally and identically to each tranche of Certificates and the entities and transactions applicable to each such tranche:

Before authorizing an investment in the Certificates, fiduciaries of Plans subject to the U.S. Employee Retirement Income Security Act (“ERISA”) should consider, among other matters, (a) ERISA’s fiduciary standards, (b) whether such investment in the Certificates by the Plan satisfies the prudence and diversification requirements of ERISA, taking into account the overall investment policy of the Plan, the composition of the Plan’s portfolio and the limitations on the marketability of the Certificates, (c) whether such fiduciaries have authority to make such investment in the Certificates under the applicable Plan investment policies and governing instruments and (d) rules under ERISA and the code that prohibit Plan fiduciaries from causing a Plan to engage in a “prohibited transaction.”

Section 406 of ERISA and Section 4975 of the Code prohibit Plans, any entity whose underlying assets include “plan assets” by reason of any Plan’s investment in the entity (a “Plan Asset Entity”), as well as individual retirement accounts and Keogh and other plans subject to Section 4975 of the Code (also “Plans”), from, among other things, engaging in certain transactions involving “plan assets” of a Plan with persons who are “parties in interest” under ERISA or “disqualified persons” under Section 4975 of the Code (“Parties in Interest”) with respect to such Plan. A violation of these “prohibited transaction” rules may result in imposition of an excise tax or other liabilities and adverse consequences under ERISA and/or Section 4975 of the Code for such persons, unless exemptive relief is available under an applicable statutory or administrative exemption. Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and foreign plans (as described in Section 4(b)(5) of ERISA) are not subject to the requirements of ERISA or Section 4975 of the Code. However, governmental plans (as defined in Section 3(32) of ERISA) may be subject to state or local laws that are substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code.

Under a regulation (the “Plan Assets Regulation”) issued by the U.S. Department of Labor (the “DOL”), the assets of the Trust (and, consequently, the assets of the LLC) would be deemed to be “plan assets” of a Plan for purposes of ERISA and Section 4975 of the Code if “plan assets” of the Plan and/or a Plan Asset Entity were used to acquire an equity interest in the Trust and no exception were applicable under the Plan Assets Regulation. An “equity interest” is defined under the Plan Assets Regulation as any interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has not substantial equity features and specifically includes a beneficial interest in trust.

Pursuant to an exception contained in the Plan Assets Regulation, the assets of the Trust would not be deemed to be “plan assets” of investing Plans if, immediately after the most recent acquisition of any equity interest in the Trust, less than 25% of the value of each class of equity interests in the Trust were held by Plans, other employee benefit plans not subject to ERISA or Section 4975 of the Code (such as governmental, church and foreign plans), and Plan Asset Entities (collectively, “Benefit Plan Investors”). No monitoring or other measures will be taken with respect to limiting the value of the Certificates held by Benefit Plan Investors to less than 25% of the total value of such Certificates at the completion of the initial offering or thereafter. Thus, the conditions of the exception may not be satisfied.

Under the terms of the Plan Asset Regulation, if the Trust and the LLC were deemed to hold plan assets by reason of a Plan’s investment in the Certificates, such Plan assets would include an undivided interest in the assets held by the Trust (such as the Partnership Interests) and the assets held by the LLC (such as the Subordinated Note). In such event, the persons providing services with respect to the assets of the Trust or the LLC may become Parties in Interest with respect to such an investing Plan and may become subject to the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction provisions of ERISA and the Code with respect to transactions involving such assets. In this regard, if the person or persons with discretionary responsibility with respect to such assets were affiliated with the Branch or the Bank, any such discretionary actions taken with respect to such assets could be deemed to constitute a prohibited transaction under ERISA or the Code (for example, the use of such fiduciary authority or responsibility in circumstances under which such persons have interests that may conflict with the interests of the Plans for which they act and affect the exercise of their best judgment as fiduciaries). In order to minimize the likelihood of such prohibited transactions, each investing Plan, by purchasing one or more Certificates

will be deemed to have (1) directed the Trustees of the Trust to invest in the Partnership Interests, (2) appointed the Independent Directors of the LLC and (3) directed the directors of the LLC to invest in the Subordinated Note.

In addition, certain transactions involving the Trust, the LLC and/or the Certificates could be deemed to constitute direct or indirect prohibited transactions under ERISA and Section 4975 of the Code with respect to a Plan if the Certificates were acquired with “plan assets” of such Plan and/or assets of the Trust were deemed to be “plan assets” of Plans investing in the Trust. For example, if the Bank is a Party in Interest with respect to an investing Plan (or becomes a Party in Interest in connection with this transaction), indirect extensions of credit between the Bank and the Trust (as represented by the Subordinated Note and the Trust’s ownership of 100% of the Partnership Interests) would likely be prohibited by Section 406(a)(1)(B) of ERISA and Section 4975(c)(1)(B) of the Code, unless exemptive relief were available under an applicable administrative exemption (see below).

The DOL has issued five prohibited transaction class exemptions (“PTCEs”) that may provide exemptive relief if required for direct or indirect prohibited transactions that may arise from the purchase or holding of the Certificates or the Partnership Interests if the Certificates or the Partnership Interests are acquired directly or indirectly from or for the benefit of a Party in Interest. Those class exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company pooled separate accounts), and PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers).

Because of the foregoing restrictions, the Certificates may not be purchased or held by any Plan, any Plan Asset Entity or any person investing “plan assets” of any Plan, unless such purchase or holding is covered by the exemptive relief provided by PTCE 96-23, 95-60, 91-38, 90-1 or 84-14 or another applicable exemption. Any purchaser or holder of the Certificates or any interest therein will be deemed to have represented by its purchase and holding thereof that either (a) it is not a Plan or a Plan Asset Entity and it not purchasing such securities on behalf of or with “plan assets” or any Plan or (b) the purchase and holding of the Certificates is covered by the exemptive relief provided by PTCE 96-23, 95-60, 91-38, 90-1 or 84-14 or another applicable exemption. If a purchaser or holder of the Certificates that is a Plan or a Plan Asset Entity elects to rely on an exemption other than PTCE 96-23, 95-60, 91-38, 90-1 or 84-14, the Bank, the Branch or the Trustees may require a satisfactory opinion of counsel or other evidence with respect to the availability of such exemption for such purchase and holding.

Even if the conditions of one or more of the foregoing exemptions are satisfied, no assurance can be given that such exemptions would apply to discretionary actions taken by the Trustees or the Directors of the LLC, if the need for such discretionary actions were to arise. For this reason, in order to minimize any potential conflicts of interest, although the Bank will control the LLC at all times through its right to elect a majority of the Directors of the LLC, one of which must be an independent director, if the LLC has failed to pay annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) distributions on the Partnership Interests for any such annual (in the case of Tranche III) or semi-annual (in the case of Tranche IV) period or if a Shift Event is in effect, the holders of the Certificates and Partnership Interests will be entitled to replace the independent director appointed by the Bank and to elect two additional independent directors. The independent directors will be entitled to enforce the Subordinated Note and the Waiver and Improvement Agreement and to veto various actions of the LLC that may be adverse to the interests of the holders of the Certificates and Partnership Interests. Notwithstanding the foregoing, the proceeds from the maturity or redemption of the Subordinated Note may be invested by the LLC in Eligible Intercompany Investments without any action by the Directors or Independent Directors of the LLC.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in nonexempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the Certificates on behalf of or with “plan assets” of any Plan consult with the counsel regarding the potential consequences if the assets of the Trust were deemed to be “plan assets” and the availability of exemptive relief under PTCE 96-23, 95-60, 91-38, 90-1 or 84-14 or any other applicable exemption.

Governmental plans, as defined in Section 3(32) of ERISA, are not subject to ERISA, and are also not subject to the prohibited transaction provisions under Section 4975 of the Code. However, state laws or regulations governing the investment and management of the assets of such plans may contain fiduciary and prohibited transaction requirements similar to those under ERISA and the Code discussed above. Accordingly, fiduciaries of

governmental plans, in consultation with their advisors, should consider the impact of their respective state pension codes on investments in the Certificates and the considerations discussed above, to the extent applicable.

CUSTODY, CLEARANCE AND SETTLEMENT

Except as noted, the following provisions regarding custody, clearance and settlement applies equally and identically to each tranche of Certificates and the entities and transactions applicable to each such tranche:

The Certificates will be represented by one or more global certificates as follows: (1) with respect to the Certificates sold under Rule 144A, in registered form to be deposited on or about the Closing Date with a custodian for, and registered in the name of a nominee of, DTC and (2) with respect to Certificates sold under Regulation S, in registered form in the name of a nominee of, and shall be deposited on or about the Closing Date with the Common Depositary for, Euroclear and Clearstream, Luxembourg. The Certificates sold pursuant to Regulation S initially will be issued in the form of the temporary Regulation S Global Certificate. Not earlier than the date which is 40 days after the later of the commencement of the offering and the Closing Date, interests in the temporary Regulation S Global Certificate will be exchangeable for interests in the Regulation S Global Certificate. Such exchange of interests will only occur to the extent that the beneficial owner of an interest certifies that it is not a U.S. Person (as defined in Regulation S). No payment will be made in respect of an interest in the temporary Regulation S Global Certificate unless and until the beneficial owner of such interest has provided the required certification and such interest has been exchanged for an interest in the Regulation S Global Certificate. The Certificates sold pursuant to Rule 144A will be issued in the form of the Restricted Global Certificate. The Regulation S Global Certificate and the Restricted Global Certificate are together referred to as the “Global Certificates” and each of them is a “Global Certificate.”

For additional information regarding the form in which the Certificates will be issued and may be held, see “Description of the Certificates—Form, Book-Entry Procedures and Transfer.”

Custody

Investors who hold accounts with DTC, Euroclear or Clearstream, Luxembourg may acquire, hold and transfer Security Entitlements with respect to the Certificates against DTC, Euroclear and Clearstream, Luxembourg and its respective property by book-entry to accounts with DTC, Euroclear or Clearstream, Luxembourg. “Security Entitlement” means the rights and property interests of an account holder against its securities intermediary under applicable law in or with respect to a security, including any ownership, contractual or other rights. Investors who do not have accounts with DTC, Euroclear or Clearstream, Luxembourg may acquire, hold and transfer Security Entitlements with respect to the Certificates against the securities intermediary and its property with which such investors hold accounts by book-entry to accounts with such securities intermediary, which in turn may hold a Security Entitlement with respect to the Certificates through DTC, Euroclear or Clearstream, Luxembourg, each of which will annually provide the Trust with the names of the Participants (account holders at DTC, Euroclear and Clearstream, Luxembourg) on whose behalf the Certificates are held and the amounts paid to such Participants.

DTC

DTC has advised the Trust as follows: DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its Participants deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Participants in DTC include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly. The rule applicable to DTC and its Participants are on file with the SEC.

Euroclear

Euroclear has advised the Trust as follows: Euroclear acts as an international CSD (“ICSD”), holding securities and entitlements with respect thereto in custody for Euroclear participants through accounts with an international network of depositary banks and local CSDs, and facilitating the clearance and settlement of securities transactions settled in any of more than 30 currencies, including euros, among Euroclear participants, and between Euroclear participants and holders of accounts with Clearstream, Luxembourg and certain other securities intermediaries, through electronic book-entry changes in accounts of such participants or its accounts with other securities intermediaries. Euroclear participants include banks, brokers, central banks and other professional investors and securities intermediaries.

Clearstream, Luxembourg

Clearstream, Luxembourg has advised the Trust as follows: Clearstream, Luxembourg acts as an ICSD, holding securities and security entitlements with respect thereto in custody for Clearstream, Luxembourg participants through accounts with an international network of depositary banks and local CSDs, and facilitating the clearance and settlement of securities transactions settled in any of more than 30 currencies, including euros, among Clearstream, Luxembourg participants, and between Clearstream, Luxembourg participants and holders of accounts with Euroclear and certain other securities intermediaries, through electronic book-entry changes in accounts of such participants or its accounts with other securities intermediaries. Clearstream, Luxembourg participants include banks, brokers, central banks and other professional investors and securities intermediaries.

Disclaimer

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the applicable procedures in order to facilitate the acquisition, holding and transfer of security entitlement with respect to the Certificates, they are under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time. Neither the Trust nor the Initial Purchaser will have any responsibility for the non-performance or misperformance (as a result of insolvency, mistake, misconduct or otherwise) of DTC, Euroclear, Clearstream, Luxembourg or any other securities intermediary through which an investor may acquire, hold or transfer a security entitlement with respect to the Certificates or such securities intermediary’s obligations under the rules, procedures or contractual provisions governing their operations.

Initial Distribution and Secondary Market

Investors electing to acquire security entitlements with respect to the Certificates through an account with DTC, Euroclear or Clearstream, Luxembourg or some other securities intermediary must follow the settlement procedures of its securities intermediary with respect to the settlement of new issues of securities. Security entitlement with respect to the Certificates to be acquired through an account with DTC, Euroclear or Clearstream, Luxembourg will be credited to such an account as of the settlement date against payment in Euro (or ECU, as applicable) for value as of the settlement date.

Investors electing to acquire, hold or transfer security entitlements with respect to the Certificates through an account with DTC, Euroclear, Clearstream, Luxembourg or some other securities intermediary other than in connection with the initial distribution of the Certificates must follow the settlement procedures of their securities intermediary with respect to the settlement of secondary market transaction in securities.

The information in this section concerning DTC, Euroclear and Clearstream, Luxembourg has been obtained from sources that the Trust believes to be accurate, but the Trust assumes no responsibility for the accuracy thereof. The Trust has no responsibility for the performance by DTC, Euroclear and Clearstream, Luxembourg of their respective obligations as described herein or under the rules and procedures governing their respective operations.

PLAN OF DISTRIBUTION

Except as noted, the following summary of the plan of distribution applies to each tranche of Certificates and the entities and transactions applicable to each such tranche:

Subject to the terms and conditions set forth in the Purchase Agreement dated March 23, 2001 (the “Purchase Agreement”), among Dresdner Bank AG, London Branch (the “London Branch” or “Initial Purchaser”), the Bank, the LLC and the Trust, the Trust has agreed to sell to the Initial Purchaser, and the Initial Purchaser has agreed to purchase, all of the Certificates offered hereby. The Initial Purchaser will be obligated to purchase all the Certificates if any are purchased. Dresdner Kleinwort Benson North America LLC will act as selling agent for the London Branch with respect to Certificates offered by the London Branch for resale in the United States.

The Purchase Agreement provides that the obligations of the Initial Purchaser to pay for and accept delivery of the Certificates are subject to, among other conditions, the delivery of certain legal opinions by its counsel.

The Certificates have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S) except in certain transactions exempt from the registration requirements of the Securities Act. The Initial Purchaser proposes to offer the Certificates for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales under Rule 144A. The Initial Purchaser will not offer or sell the Certificates except (1) to persons they reasonably believe to be QIBs and (2) pursuant to offers and sales to Non-U.S. Persons that occur outside the United States within the meaning of Regulation S. Certificates sold pursuant to Regulation S may not be offered or resold in the United States or to U.S. persons (as defined by Regulation S), except under an exemption from the registration requirements of the Securities Act or pursuant to a registration statement declared effective under the Securities Act. Each purchaser of the Certificates offered hereby, in making its purchase, will be deemed to have made certain acknowledgments, representations and agreements as set forth under “Notice to Investors.” After the initial offering of the Certificates, the offering price and other selling terms of the Certificates may from time to time be varied by the Initial Purchaser.

It is expected that delivery of the Certificates will be made against payment therefor on or about the date specified in the last paragraph of the cover page of this Offering Memorandum, which will be the fifth business day following the date of pricing of the Certificates (such settlement being herein referred to as “T+5”). Under Rule 15(c)6-1 under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trades expressly agree otherwise. Accordingly, purchasers who wish to trade the Certificates on the date of pricing or the next four succeeding business days will be required, by virtue of the fact that the Certificates initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the Certificates who wish to trade the Certificates on the date of pricing or the next succeeding four business days should consult their own advisor.

In connection with the Offering, the Initial Purchaser may purchase and sell the Certificates in the open market. These transactions may include over-allotment and stabilizing transactions and purchases to cover short positions created by the Initial Purchaser in connection with the Offering. Stabilizing transactions may consist of bids or purchases for the purpose of preventing or retarding a decline in the market price of the Certificates, and short positions created by the Initial Purchaser involve the sale by the Initial Purchaser of a greater number of Certificates than it is required to purchase from the Trust in the Offering. The Initial Purchaser also may impose a penalty bid, whereby selling concessions allowed to broker-dealers in respect of the securities sold in the Offering may be reclaimed by the Initial Purchaser if such Certificates are repurchased by the Initial Purchaser in stabilizing or covering transactions. These activities may stabilize, maintain or otherwise affect the market price of the Certificates, which may be higher than the price that might otherwise prevail in the open market. These activities, if commenced, may be discontinued at any time. These transactions may be effected on the Luxembourg Stock Exchange, in the over-the-counter market or otherwise.

No action has been taken in any jurisdiction (including the United States) by the Trust, the LLC, the Bank or the Initial Purchaser that would permit a public offering of the Certificates. Accordingly, the Certificates may not be offered or sold, directly or indirectly, nor may this Offering Memorandum or any other offering material or

advertisements in connection with the offer and sale of the Certificates be distributed or published in any jurisdiction, except under the circumstances that will result in compliance with the applicable rules and regulations of such jurisdiction. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering and the distribution of this Offering Memorandum. This Offering Memorandum is not an offer to purchase or a solicitation of an offer to sell any of the Certificates offered in any jurisdiction in which such an offer or a solicitation is unlawful.

There is no existing market for the Certificates. Application has been made to list the Certificates on the Luxembourg Stock Exchange. There can be no assurance as to the liquidity of any market that may develop for the Certificates, the ability of the holders of the Certificates to sell their Certificates, or the price at which holders would be able to sell their Certificates. The Trust has been advised by the Initial Purchaser that following completion of the Offering, the Initial Purchaser currently intends to make a market in the Certificates. The Initial Purchaser is not obliged to make a market in the Certificates and any market-making activities with respect to the Certificates may be discontinued at any time without notice.

For a description of restrictions on the transfer of the Certificates, see “Notice to Investors.”

GENERAL LISTING INFORMATION

Listing

Application has been made to list the Certificates on the Luxembourg Stock Exchange. If approved for listing, the Certificates will be considered debt securities for the purposes of the Luxembourg Stock Exchange rules and regulations and will appear in the Official Price List of the Luxembourg Stock Exchange under the heading “*Emprunts Ordinaires*.” The Charters and Certificates of Formation of the LLCs, the Declarations and Certificates of Trust of the Trusts and the legal notice relating to the issue of the Certificates will be deposited prior to the listing with the Registrar of the District Court in Luxembourg (*Greffier en Chef du Tribunal d’Arrondissement de et à Luxembourg*), where such documents are available for inspection and where copies can be obtained upon request. As long as the Certificates are listed on the Luxembourg Stock Exchange, an agent for making payments on, and transfers of, Certificates will be maintained in Luxembourg.

The Certificates sold to qualified institutional buyers are expected to be declared eligible for listing on PORTAL.

Consents

Each Trust has obtained all necessary consents, approvals and authorizations in connection with the issue of its respective Certificates.

The Board of Directors of each LLC, in resolutions dated February 1, 2001 and March 29, 2001, approved the actions of such LLC, necessary for the consummation of the transactions described in this Offering Memorandum.

No Material Change

There has been no material adverse change in the financial position of any Trust since its creation and formation on March 21, 2001 and no material adverse change in the financial position of any LLC since its creation and formation on February 1, 2001.

Except as disclosed in this Offering Memorandum, there has been no material adverse change in the financial position of the Group since December 31, 1999.

Litigation

Legal proceedings have been initiated against the Bank in a number of jurisdictions, but on the basis of information currently available, and having taken counsel with legal advisers, the Board of Managing Directors of the Bank is of the opinion that the outcome of these proceedings is unlikely to have a material adverse effect on the consolidated operations or financial position of the Group.

Available Documents

Copies of the following documents will be available for inspection at the specified office of the paying and transfer agent in Luxembourg:

- the articles of incorporation of the Bank;
- the Charter and the Certificate of Formation of each LLC;
- the Declaration and Certificate of Trust of each Trust; and
- each Silent Partnership Agreement

In addition, annual and semi-annual interim reports of the Group will be available at the specified office of the paying and transfer agent in Luxembourg for as long as the Certificates are listed on the Luxembourg Stock Exchange. Financial statements will not be published by the Trusts or the LLCs.

Clearing Systems and Settlement

The Certificates are expected to be accepted for clearance through the facilities of Euroclear and Clearstream, Luxembourg. The ISIN numbers and the common codes for the Certificates sold pursuant to Regulation S are set forth in the table below. The CUSIP numbers for the Certificates sold pursuant to Rule 144A are set forth in the table below.

	Tranche of Certificates	
	III	IV
ISIN number for Certificates sold pursuant to Regulation S	XS0126777407	XS0126779791
Common code for Certificates sold pursuant to Regulation S	12677740	12677979
CUSIP number for Certificates sold pursuant to Rule 144A	26157GAA8	26157HAA6
German Security Code	612140	612141

Settlement instructions relating to transfer of the Certificates within DTC, Euroclear and Clearstream, Luxembourg should be expressed in the aggregate liquidation amount to be transferred (e.g. \$10,000,000) rather than number of Certificates (e.g. 10,000 Certificates).

Notices

All notices will be deemed to have been given upon (1) the mailing by first class mail, postage prepaid, of such notices to holders of the Certificates at their registered addresses as recorded in the register of holders of Certificates and (2) so long as the Certificates are listed on the Luxembourg Stock Exchange and it is required by the rules of the Luxembourg Stock Exchange, publication of such notice to the holders of the Certificates in English in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if such publication is not practicable, in one other leading English language newspaper with general circulation in Europe, such newspaper being published on each business day in morning editions, whether or not it shall be published in Saturday, Sunday or holiday editions provided that, so long as securities are held in registered global form and if the rules of the Luxembourg Stock Exchange would so permit, notifications may be made through DTC, Euroclear and Clearstream, Luxembourg in place of publication in a newspaper as described above.

NOTICE TO INVESTORS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of Certificates of any tranche.

General

Some jurisdictions may have restrictions on the distribution of the Offering Memorandum and the offer and sale of the Certificates. Because no action has been taken to permit a public offer and sale of the Certificates or the possession or distribution of the Offering Memorandum in any jurisdiction, the Certificates may not be offered or sold and the Offering Memorandum may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

The Bank, the Trusts, the LLCs and the Initial Purchaser will require persons possessing the Offering Memorandum to inform themselves of and observe these restrictions. None of the Bank, the Trusts, the LLCs or the Initial Purchaser accepts any legal responsibility for any violation by any person, whether or not a prospective purchaser of the Certificates, of these restrictions.

The Offering Memorandum will not be an offer to sell or a solicitation of an offer to buy any security other than the Certificates. It will not constitute an offer to sell or a solicitation of an offer to buy the Certificates to or from any person in any jurisdiction in which it is unlawful to make such an offer or solicitation to such person.

The Initial Purchaser has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers the Certificates or possesses or distributes the Offering Memorandum and will obtain any consent, approval or permission required for the purchase, offer, sale or delivery by it of the Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Bank, the LLCs or the Trusts shall have any responsibility therefor.

None of the Bank, the Trusts, the LLCs or the Initial Purchaser (1) represents that the Certificates or the Partnership Interests may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or (2) assumes any responsibility for facilitating such sale.

The Netherlands

The Initial Purchaser has represented and agreed that it has not, directly or indirectly, offered or sold and will not directly or indirectly, offer or sell in The Netherlands any Certificates or Partnership Interests other than to persons who trade or invest in securities in the conduct of a profession or business (which include banks, stockbrokers, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises).

Germany

The Initial Purchaser has represented and agreed that it will comply with the applicable German Securities Laws, including without limitation, the German Securities Selling Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*). In particular, the Initial Purchaser has represented and agreed that the Certificates will not be offered by public advertisement (*öffentliche Werbung*) in Germany, otherwise than in accordance with all applicable German legal and regulatory requirements.

France

The Initial Purchaser has represented and agreed that it has not, directly or indirectly, offered or sold and will not directly or indirectly, offer or sell in the Republic of France any Certificates except to qualified investors acting for their own account (as those qualified investors are defined in Article 6 of the Ordinance no 67-833 dated

September 28, 1967, as amended, and Decree no 98-880 dated October 1, 1998) or otherwise in circumstances which have not resulted in an offer to the public in the Republic of France within the meaning of the Ordinance. The Initial Purchaser has also represented and agreed that it will comply with all applicable provisions of the French laws and regulations in connection with the offer, sale and delivery of the Certificates in the manner contemplated by this Offering Memorandum and the Purchase Agreement. In addition, the Initial Purchaser has represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France, this Offering Memorandum or any other offering material relating to the Certificates other than to a qualified investor acting for its own account as described in Article 6 of the Ordinance or to a person to whom this Offering Memorandum or any other offering material relating to the Certificates may otherwise lawfully be distributed.

United Kingdom

The Certificates may not be offered or sold in or into the United Kingdom except in circumstances which do not constitute an offer to the public within the meaning of the Public Offers of Securities Regulations 1995. All applicable provisions of the Financial Services Act 1986 must be complied with in respect of anything done in relation to the Certificates in, from or otherwise involving the United Kingdom. The Certificates may only be sold to and the Offering Memorandum and any document issued in connection with the offer of the Certificates may only be issued or distributed to a person of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemption) Order 1996 (as amended) or to such other person to whom the Certificates may otherwise be lawfully sold or to whom the Offering Memorandum may otherwise be lawfully issued or passed on.

Japan

The Certificates have not been and will not be registered under the Securities and Exchange Law of Japan and may not be, directly or indirectly, offered or sold within Japan or to others for re-offering or resale, directly or indirectly, within Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and guidelines of Japan.

United States

The Certificates have not been and will not be, at the time of offering, registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Certificates will be offered and sold only (1) to QIBs and (2) outside the United States to persons other than U.S. persons (“foreign purchasers,” which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners, other than an estate or trust, in offshore transactions meeting the requirements of Rule 903 of Regulation S). The terms “offshore transaction,” “U.S.,” and “U.S. person” have the meanings given to them in Regulation S.

Each purchaser of Certificates will be deemed to have represented and agreed as follows:

- (a) It understands and acknowledges that the Certificates have not been registered under the Securities Act or any other applicable securities law, are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities law, pursuant to an exemption therefrom or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (d) below.
- (b) It is not an “affiliate” (as defined in Rule 144 under the Securities Act) of the Bank or any Trust or any of their subsidiaries or acting on behalf of the Bank or any Trust or any of their subsidiaries and it is

(i) a QIB and is aware that any sale of the Certificates to it will be made in reliance on Rule 144A. Such acquisition will be for its own account or for the account of another QIB over which it exercises sole investment discretion; or

(ii) a person that, at the time the buy order for the Certificates was originated, was outside the United States and was not a U.S. person (and was not purchasing for the account or benefit of a U.S. person) within the meaning of Regulation S.

(c) It acknowledges that none of the Bank, the Trusts, the LLCs, the Initial Purchaser or any person representing the Bank, the Trusts, the LLCs, or the Initial Purchaser has made any representation to it with respect to the Bank, the Trusts, the LLCs, the Initial Purchaser or the offering or sale of the Certificates, other than, in the case of the Bank, the Trusts and the LLCs, the information contained in the Offering Memorandum, which Offering Memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Certificates and the Partnership Interests. Accordingly, it acknowledges that no representation or warranty is made by the Initial Purchaser as to the accuracy or completeness of such materials. It has had access to such financial and other information concerning the Trusts, the LLCs, the Group, the Partnership Interests and the Certificates as it has deemed necessary in connection with its decision to purchase any of the Certificates.

(d) It is purchasing the Certificates for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution of the Certificates or the Partnership Interests in violation of the Securities Act or other applicable securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell the Certificates or the Partnership Interests pursuant to an effective registration statement under the Securities Act or pursuant to Rule 144A, Regulation S or any other exemption from registration available under the Securities Act. It agrees on its own behalf and on behalf of any investor account for which it is purchasing Certificates or Partnership Interests, and each subsequent holder of Certificates or Partnership Interests by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Certificates or Partnership Interests prior to the date that is two years after the later of the original issuance date thereof and the last date on which the Bank, the issuing Trust or any "affiliate" of either of the foregoing was the owner of such Certificates or Partnership Interests (or any predecessor securities) (the "Resale Restriction Termination Date") only (a) to the Bank or the applicable Trust, (b) pursuant to a registration statement which has been declared effective under the Securities Act, (c) as long as the Certificates or Partnership Interests are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (d) pursuant to offers and sales to non-U.S. persons that occur outside the United States within the meaning of Regulation S or (e) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws. It is understood that the Bank, the LLCs and the Trusts reserve the right, prior to any offer, sale or other transfer prior to the Resale Restriction Termination Date pursuant to clause (d), (e) or (f) above, to require the delivery of an opinion of counsel, certifications and other information satisfactory to the Bank, the LLCs and the Trusts.

(e) By purchasing one or more Certificates, it has (1) directed the Trustees of the Trust to invest in the Partnership Interests, (2) appointed the Independent Directors of the LLC and (3) directed the directors of the LLC to invest in the Subordinated Note.

(f) With respect to the purchase and holding of any Certificate, either (a) the purchaser and holder is not (1) an "employee benefit plan" (as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, (2) a "plan" described in Section 4975 of the Code, (3) an entity whose underlying assets include "plan assets" (within the meaning of ERISA) or (4) a governmental plan which is subject to any federal, state or local law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code; or (b) its purchase of a Certificate will not result in a prohibited transaction under Section 406 of

ERISA or Section 4975 or the Code (or, in the case of a governmental plan, any substantially similar federal, state or local law) for which an exemption is not available.

(g) It acknowledges that no Property Trustee will be required to accept for registration of transfer any Certificates issued by the applicable Trust acquired by it, except upon presentation of evidence satisfactory to such Trust and such Property Trustee that the restrictions set forth herein have been complied with.

(h) It agrees that it will give to each person to whom it transfers Certificates or Partnership Interests notice of any restrictions on transfer of such Certificates or Partnership Interests.

(i) If it is a foreign purchaser, it acknowledges that until the expiration of the “40-day distribution compliance period” within the meaning of Rule 903 of Regulation S, transfers of Certificates and Partnership Interests will be restricted as described herein under “Description of the Certificates—Form, Book-Entry Procedures and Transfer.”

(j) It acknowledges that each Certificate, and each Partnership Interest issued in exchange therefore, will contain a legend substantially to the following effect:

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE OR OTHER SECURITIES LAWS. NEITHER THIS CERTIFICATE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS CERTIFICATE IN AN “OFFSHORE TRANSACTION” PURSUANT TO RULE 904 OF REGULATION S, (2) AGREES THAT IT WILL NOT PRIOR TO (X) THE DATE WHICH IS TWO YEARS (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144(k) UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR OF ANY PREDECESSOR OF THIS CERTIFICATE) OR THE LAST DAY ON WHICH DRESDNER BANK AKTIENGESELLSCHAFT (THE “BANK”), THE DRESDNER FUNDING TRUST ISSUING THIS CERTIFICATE (THE “TRUST”) OR ANY OF THEIR RESPECTIVE AFFILIATES WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAWS (THE “RESALE RESTRICTION TERMINATION DATE”), OFFER, SELL OR OTHERWISE TRANSFER THIS CERTIFICATE EXCEPT (A) TO THE BANK OR THE TRUST, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS CERTIFICATE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; PROVIDED THAT THE BANK AND THE TRUST SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (1) PURSUANT TO CLAUSE (D) OR (E) HEREOF TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (2) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATION OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS CERTIFICATE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE

APPLICABLE TRUST. THIS LEGEND SHALL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. AS USED HEREIN, THE TERMS “OFFSHORE TRANSACTION,” “UNITED STATES” AND “U.S. PERSON” HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

(k) It acknowledges that the Bank, the Trusts, the LLCs, the Property Trustees, the Initial Purchaser and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the Certificates are no longer accurate, it shall promptly notify the applicable Trust, the applicable Property Trustee and the Initial Purchaser. If it is acquiring the Certificates as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account, and that each such investor account is eligible to purchase the Certificates.

LEGAL MATTERS

The validity of and certain other legal matters relating to the Certificates, the Silent Partnership Agreements and the Subordinated Notes will be passed upon for the LLCs and the Trusts, with respect to certain issues of German law by the General Counsel of the Bank, with respect to certain issues of German and New York law, by Shearman & Sterling, United States and German counsel for the Bank and, with respect to certain matters of Delaware law, by Richards, Layton & Finger P.A., special Delaware counsel to the LLCs and the Trusts.

ENFORCEMENT OF CIVIL LIABILITIES

Any final and conclusive judgement for a definite sum obtained for the recovery of amounts due and unpaid on the Certificates, the Silent Partnership Agreements and the Subordinated Notes in a New York State or U.S. federal court sitting in the county of New York, New York, will be enforceable, upon issuance of an enforcement judgement, against the Bank in the appropriate courts of Germany without re-examination or relitigation of the matters adjudicated, except that such judgment will not be so enforceable if any of the reasons for excluding enforceability set forth in Section 328(1) of the German Code of Civil Procedure is present, in particular, if (1) under German law, such New York State or U.S. federal court does not have jurisdiction; (2) the Bank has not been served with process in a proper and timely fashion and has not defended itself against the claim in court, (3) the judgment conflicts with a prior judgment of a German court or a prior judgment of a foreign court which is to be recognized in Germany, or the litigation resulting in the judgment to be enforced conflicts with litigation previously commenced in Germany, (4) recognition of the judgment would clearly be contrary to basic principles of German law, in particular contrary to constitutional human rights, or (5) reciprocity is not ensured.

We have not authorized any dealer, salesperson or other person to give any information or represent anything to you other than the information contained in this Offering Memorandum. You must not rely on any unauthorized information or representations.

This Offering Memorandum does not offer to sell or ask for offers to buy any of the securities in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the securities.

The information in this Offering Memorandum is current only as of the date on its cover, and may change after that date. For any time after the cover date of this Offering Memorandum, we do not represent that our affairs are the same as described or that the information in this Offering Memorandum is correct – nor do we imply those things by delivering this Offering Memorandum or selling securities to you.

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Dresdner Bank Aktiengesellschaft

€158,500,000

Aggregate Liquidation Amount

¥ 15,000,000,000

Aggregate Liquidation Amount

**Dated Silent Partnership
Certificates**

Dresdner Funding Trust III and IV

**Non-Cumulative Dated
Silent Partnership Certificates**

**Each representing a Dated Silent
Partnership Interest in the corresponding
Dresdner Capital LLC
III and IV
(each, a wholly-owned subsidiary of
Dresdner Bank Aktiengesellschaft)**

OFFERING MEMORANDUM

Dresdner Kleinwort Wasserstein

March 23, 2001

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