



Praktiker Bau- und Heimwertermärkte Holding AG

(a stock corporation incorporated under the laws of the Federal Republic of Germany,
having its corporate domicile in Kirkel, Federal Republic of Germany)

EUR [●] [●] per cent Notes due 2016

Issue Price: [●] per cent

Praktiker Bau- und Heimwertermärkte Holding AG (the "**Issuer**" or "**Praktiker AG**") will issue on 10 February 2011 (the "**Issue Date**") EUR [●] [●] per cent Notes due 2016 (the "**Notes**"). The Notes will be redeemed at par on 10 February 2016. The Notes will bear interest from and including 10 February 2011 to, but excluding, 10 February 2016 at a rate of [●] per cent per annum, payable annually in arrears on 10 February in each year, commencing 10 February 2012.

This prospectus (the "**Prospectus**") constitutes a prospectus within the meaning of Article 5.3 of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November, 2003 as amended from time to time (the "**Prospectus Directive**"). This Prospectus will be published in electronic form together with all documents incorporated by reference on the website of the Luxembourg Stock Exchange (www.bourse.lu). This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* of the Grand Duchy of Luxembourg (the "**CSSF**") in its capacity as competent authority under the Luxembourg law relating to prospectuses for securities (*Loi du 10 juillet 2005 relative aux prospectus pour valeurs mobilières* – the "**Prospectus Law**"), which implements the Prospectus Directive into Luxembourg law. The Issuer has requested the CSSF to provide the competent authorities in the Federal Republic of Germany ("**Germany**"), the Republic of Austria ("**Austria**") and The Netherlands and may request to provide competent authorities in additional host Member States within the European Economic Area with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Law (the "**Notification**").

Application has been made for the Notes to be admitted to the official list of the Luxembourg Stock Exchange and to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, which is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on Markets in Financial Instruments.

The Notes are issued in bearer form with a denomination of EUR 1,000 each.

The Notes have been assigned the following securities codes: ISIN DE000A1H3JZ8,
Common Code 058554227, WKN A1H3JZ.

The issue price, the aggregate principal amount of Notes to be issued, the interest rate, the issue proceeds, and the yield of the issue will be included in the Pricing Notice (as defined in "SUBSCRIPTION, SALE AND OFFER OF THE NOTES" below) which will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) on or prior to the Issue Date of the Notes.

Joint Lead Managers

Commerzbank

Deutsche Bank

UniCredit Bank

RESPONSIBILITY STATEMENT

The Issuer with its corporate domicile in Kirkel, Germany, accepts responsibility for the information contained in and incorporated by reference into this Prospectus and hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect its import.

The Issuer further confirms that (i) this Prospectus contains all information with respect to the Issuer as well as to the Issuer and its subsidiaries and affiliates taken as a whole ("**Praktiker**" or the "**Praktiker Group**") and to the Notes which is material in the context of the issue and offering of the Notes, including all information which, according to the particular nature of the Issuer and the Notes is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and the Praktiker Group and of the rights attached to the Notes; (ii) the statements contained in this Prospectus relating to the Issuer, the Praktiker Group and the Notes are in every material particular true and accurate and not misleading; (iii) there are no other facts in relation to the Issuer, the Praktiker Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in the Prospectus misleading in any material respect; and (iv) reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

NOTICE

No person is authorised to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer or the Managers (as defined in "SUBSCRIPTION, SALE AND OFFER OF THE NOTES"). Neither the delivery of this Prospectus nor any offering or sale of any Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or any of its affiliates since the date of this Prospectus, or that the information herein is correct at any time since its date.

This Prospectus contains certain forward-looking statements, in particular statements using the words "believes", "anticipates" "intends", "expects" or other similar terms. This applies in particular to statements under the caption "GENERAL INFORMATION ABOUT THE ISSUER – Business" and statements elsewhere in this Prospectus relating to, among other things, the future financial performance, plans and expectations regarding developments in the business of the Issuer. These forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that may cause the actual results, including the financial position and profitability of the Issuer, to be materially different from or worse than those expressed or implied by these forward-looking statements. The Issuer does not assume any obligation to update such forward-looking statements and to adapt them to future events or developments.

This Prospectus should be read and understood in conjunction with any supplement hereto and with any other documents incorporated herein by reference.

To the fullest extent permitted by law, neither the Managers nor any other person mentioned in this Prospectus, except for the Issuer, is responsible for the information contained in this Prospectus or any other document incorporated herein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents. The Managers have not independently verified any such information and accept no responsibility for the accuracy thereof.

Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer. This Prospectus does not constitute an offer of Notes or an invitation by or on behalf of the Issuer or the Managers to purchase any Notes. Neither this Prospectus nor any other information supplied in connection with the Notes should be considered as a recommendation by the Issuer or the Managers to a recipient hereof and thereof that such recipient should purchase any Notes.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The offer, sale and delivery of the Notes and the distribution of this Prospectus in certain jurisdictions are restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain limited exceptions, the Notes may not be offered, sold or delivered within the United States of America ("**United States**") or to U.S. persons.

IN CONNECTION WITH THE ISSUE OF THE NOTES, COMMERZBANK AKTIENGESELLSCHAFT (OR PERSONS ACTING ON ITS BEHALF) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT COMMERZBANK AKTIENGESELLSCHAFT (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN AT ANY TIME AFTER THE ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE DATE OF THE RECEIPT OF THE PROCEEDS OF THE ISSUE BY THE ISSUER AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. SUCH STABILISING SHALL BE IN COMPLIANCE WITH ALL LAWS, DIRECTIVES, REGULATIONS AND RULES OF ANY RELEVANT JURISDICTION.

In this Prospectus all references to "€", "EUR" or "Euro" are to the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the Euro, as amended.

CONTENTS

	Page
SUMMARY	2
ZUSAMMENFASSUNG	10
RISK FACTORS	19
USE OF PROCEEDS	26
GENERAL INFORMATION ON THE ISSUER	27
TERMS AND CONDITIONS.....	42
DESCRIPTION OF RULES REGARDING RESOLUTIONS OF NOTEHOLDERS	62
TAXATION	64
SUBSCRIPTION, SALE AND OFFER OF THE NOTES	68
GENERAL INFORMATION / INCORPORATION BY REFERENCE.....	72
NAMES AND ADDRESSES.....	74

SUMMARY

The following constitutes the summary (the "**Summary**") of the essential characteristics of and risks associated with the Issuer and the Notes. This Summary should be read as an introduction to this Prospectus. It does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus. Any decision by an investor to invest in the Notes should be based on consideration of this Prospectus as a whole. Where a claim relating to the information contained in this Prospectus is brought before a court in a member state of the European Economic Area, the plaintiff investor might, under the national legislation of such court, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to the Issuer who has tabled this Summary including any translation thereof, and applied for its notification, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus.

Summary in respect of the Notes

Words and expressions defined in the Terms and Conditions of the Notes reproduced elsewhere in this Prospectus shall have the same meanings in this Summary.

<i>Issuer:</i>	Praktiker Bau- und Heimwerkermärkte Holding AG
<i>Joint Lead Managers:</i>	Commerzbank Aktiengesellschaft Deutsche Bank AG, London Branch UniCredit Bank AG
<i>Principal Paying Agent:</i>	Commerzbank Aktiengesellschaft
<i>Listing Agent:</i>	Commerzbank Aktiengesellschaft
<i>Determination of Aggregate Principal Amount, Issue Price and further information:</i>	The Issue Price and the aggregate principal amount of the Notes to be issued, the interest rate, the issue proceeds and the yield of the issue will be included in the Pricing Notice (as defined in "SUBSCRIPTION, SALE AND OFFER OF THE NOTES" below) which will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) on or prior to the Issue Date of the Notes
<i>Aggregate Principal Amount:</i>	EUR [●]
<i>Issue Price:</i>	[●] per cent of the Aggregate Principal Amount
<i>Issue Date:</i>	10 February 2011
<i>Denomination:</i>	The Notes will be issued in a denomination of EUR 1,000 each.
<i>Form of Notes:</i>	The Notes will initially be represented by a temporary global bearer Note (the " Temporary Global Note ") without interest coupons which will be kept in custody by Clearstream Banking AG, Frankfurt am Main (the " Clearing System "). Notes represented by the Temporary Global Note will be exchangeable for Notes represented by a permanent global bearer Note (the " Permanent Global Note ", and each of the Temporary Global Note and the Permanent Global Note, a " Global Note ") without interest coupons not earlier than 40 days after the Issue Date in accordance with the provisions set out in the Terms and Conditions. In particular such exchange and any payment of interest on Notes represented by the Temporary Global Note shall only be made upon delivery of certifications as to non-U.S. beneficial ownership, the contents and nature of which shall correspond to the requirements of the laws of the United States of America and be in accordance with the rules and operating procedures of the Clearing System. Payments on the Temporary Global Note will only be made against presentation of such certifications. No definitive Notes or interest coupons will be issued.
<i>Interest:</i>	The Notes will bear interest from and including 10 February 2011 to, but excluding, 10 February 2016 at a rate of [●] per cent per annum, payable annually in arrears on

10 February in each year, commencing on 10 February 2012.

<i>Taxation:</i>	Principal and interest shall be payable without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Federal Republic of Germany or by or on behalf of any political subdivision or authority thereof or therein having power to tax (the " Withholding Taxes "), unless such withholding or deduction is required by law. In such event, the Issuer will, subject to the exceptions set out in the Terms and Conditions, pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction.
<i>Early Redemption for Taxation Reasons:</i>	Early redemption of the Notes by the Issuer for reasons of taxation will be permitted, if as a result of any change in, or amendment to, the laws or regulations (including any amendment to, or change in, an official interpretation or application of such laws or regulations) of Germany or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, the Issuer will become obligated to pay additional amounts on the Notes, all as more fully set out in the Terms and Conditions.
<i>Early Redemption in case of minimum outstanding amount:</i>	If 80 per cent or more of the aggregate principal amount of the Notes then outstanding have been redeemed following a Change of Control Event (as defined in the Terms and Conditions) or repurchased and cancelled, the Issuer may redeem, at its option, the remaining Notes as a whole at the Redemption Price (as defined in the Terms and Conditions) plus interest accrued to but excluding the date of such redemption.
<i>Change of Control Event:</i>	The Terms and Conditions contain a change of control provision entitling the Noteholders to require the Issuer to redeem the Notes following a Change of Control Event.
<i>Status of the Notes:</i>	The obligations under the Notes constitute unsecured and unsubordinated obligations of the Issuer ranking <i>pari passu</i> among themselves and <i>pari passu</i> with all other unsecured and unsubordinated obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law.
<i>Negative Pledge:</i>	In § 2 of the Terms and Conditions the Issuer agrees not to provide any Security Interest for any Capital Market Indebtedness.
<i>Events of Default:</i>	The Terms and Conditions provide for events of default entitling Noteholders to demand immediate redemption of the Notes, all as more fully set out in the Terms and Conditions.
<i>Cross Default:</i>	The Terms and Conditions contain a cross default clause in relation to, <i>inter alia</i> , non-payment of Financial Indebtedness.
<i>German Act on Debt Securities (Gesetz über Schuldverschreibungen aus Gesamtemissionen)</i>	The Terms and Conditions provide that Noteholders may agree by majority resolution to amendments of the Terms and Conditions and appoint a joint representative (<i>gemeinsamer Vertreter</i>) to exercise the Noteholders' rights on behalf of each Noteholder. Except as provided in section 18 para. 4 sentence 2 of the German Act on Debt Securities (<i>Gesetz über Schuldverschreibungen aus Gesamtemissionen</i>) all votes will be taken exclusively by vote taken without a meeting.
<i>Governing Law:</i>	The Notes will be governed by German law.
<i>Jurisdiction:</i>	Non-exclusive place of jurisdiction for any legal proceedings arising under the Notes is Frankfurt am Main, Germany.

Listing and Admission to trading: Application has been made for the Notes to be admitted to trading of the Notes on the regulated market of the Luxembourg Stock Exchange and to the official list of the Luxembourg Stock Exchange.

Offer of the Notes The Notes will be offered during an offer period which will commence not earlier than 3 February 2011 and will be open until the Issue Date subject to a shortening or extension of the offer period. The Aggregate Principal Amount, the number of Notes, the Issue Price, the Interest Rate, the net proceeds before deduction of total expenses and the yield will be included in a notice which will be filed with the Luxembourg Stock Exchange and published on its website after the date of pricing and prior to the Issue Date (the "**Pricing Notice**").

There are no conditions to which the offer is subject. Investors may submit their offers to buy Notes, using the information system Bloomberg or any other commonly used information systems or, following the publication of the Pricing Notice, through banking institutions in Luxembourg, Germany, Austria or The Netherlands. Any investor who has submitted an order in relation to the Notes whose order is accepted will receive a confirmation by electronic mail, fax or through commonly used information systems relating to the respective allotment of Notes.

Delivery and payment of the Notes will be made within seven business days after the date of pricing of the Notes and the confirmation of the allotment to investors. The Notes will be delivered via book-entry through the Clearing System and its accountholding banks against payment of the Issue Price.

Selling Restrictions: The offer and the sale of the Notes and the distribution of offering materials are subject to specific restrictions. The relevant restrictions applicable in the European Economic Area, the United States of America, the United Kingdom of Great Britain and Northern Ireland and the Republic of Italy are set out under "SUBSCRIPTION, SALE AND OFFER OF THE NOTES".

Clearing and Settlement: The Notes will be accepted for clearing through Clearstream Banking AG, Frankfurt am Main.

Availability of documents: This Prospectus, any supplement thereto and the documents incorporated by reference will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Security Codes:

ISIN	DE000A1H3JZ8,
Common Code	058554227
WKN	A1H3JZ

Summary in respect of the Issuer

Information about Praktiker AG

Praktiker AG is a stock corporation (*Aktiengesellschaft*) under German law. It is registered with the Commercial Register (*Handelsregister*) of the Local Court (*Amtsgericht*) in Saarbrücken under HRB 15267 under the name "Praktiker Bau- und Heimwerkermärkte Holding AG". The Issuer is the parent company of the Praktiker Group with its registered office at Am Tannenwald 2, 66459 Kirkel, Germany.

Selected Financial Information

The following table sets out the key financial information about the Issuer extracted from the audited consolidated financial statements of Praktiker AG for the fiscal years ended on 31 December 2008 and on 31 December 2009 and the unaudited consolidated interim financial statements of Praktiker AG for the nine months ended on 30 September 2010:

	9 months ended 30 September 2010	9 months ended 30 September 2009	Financial year ended 31 December 2009	Financial year ended 31 December 2008 ¹
EUR in million				
Net Sales	2,698	2,864	3,663	3,907
thereof:				
Praktiker Germany	1,343	1,451	1,835	1,869
Max Bahr	528	546	691	702
Miscellaneous	67	71	91	95
International	760	796	1,046	1,241
Gross profit on sales	898	907	1,192	1,314
EBITA, before extraordinary effects ²	54	53	63	129
EBITA, stated	32	53	63	129
Cash flow from operating activities	103	77	83	112
Balance Sheet total	2,154	2,214	2,083	2,146
Employees, periodical average on a full-time basis	21,717	22,651	22,490	23,632
Number of stores at period end	436	439	439	436

¹ Data according to publication under Sec. 37q para. 2 sent. 1 WpHG (German Securities Trading Act), published in the German Electronic Federal Gazette on 1 September 2009, see also page 73 et seq of the Praktiker Annual Report 2009

² Extraordinary effects resulted from expenses related to the transformation programme "Praktiker 2013" amounting to EUR 12.8 million and additions to provisions for legal risks in relation to anti-trust laws in Poland amounting to EUR 9.5 million in the nine months period ending 30 September 2010.

Business Overview

Praktiker AG is a full-service supplier in the do-it-yourself ("DIY") market offering its customers, from price-conscious occasional do-it-yourselfers to quality-focused professional craftsmen, a comprehensive range of products that is structured in line with demand. The product range includes both high-quality items from well-known brand manufacturers and private labels, characterised by a competitive cost/benefit ratio. The variety of products is complemented by a range of services, spanning from wood cutting to trailer rental. The Group has achieved a considerable level of brand awareness in all countries in which it operates and has over 130 million customer contacts (as measured in cash register receipts) a year.

The Praktiker Group reports on the basis of four business segments: Praktiker Germany ("Praktiker Germany"), Max Bahr, International and Miscellaneous. The latter comprises the German sales line extra BAU+HOBBY, the online activities in Germany and a cross-divisional service company of the Praktiker Group. This segment is regarded as insignificant in terms of sales, earnings and assets for the Praktiker Group.

The Praktiker Group maintains two main brands in Germany: Praktiker and Max Bahr. In addition, it operates the extra BAU+HOBBY brand which contributes to sales and earnings only to a limited extent. With the exception of three stores in Luxembourg which operate under the "bâtiself" banner, only the Praktiker brand is used in the international markets.

The Praktiker Group operates 436 DIY stores (as of 30 September 2010) in ten countries. In Germany, Praktiker has 330 locations with a combined weighted selling space of about 2 million square meters. Sales-wise it is the second largest operator in the German marketplace. In Europe, the Praktiker Group, in terms of sales, ranks fourth in its segment. In Greece, Romania and Bulgaria, Praktiker was – again in terms of sales – the market leader in 2009, in Hungary and the Ukraine, Praktiker is among the three largest providers in terms of sales (all figures are Praktiker estimates).

Market position 2009	Albania	Bulgaria	Germany	Greece	Hungary	Poland	Romania	Turkey	Ukraine
Market volume ¹ in € bn	0.37	1.1	23.0	5.4	2.4	10.5	3.9	12.1	3.0
Praktiker net sales in € m	2.0 ²	70.2	2,617.1	273.5	121.7	188.1	247.7	88.3	15.8
Market share in %	-	6.2	11.3	5.1	5.1	1.8	6.7	0.7	0.5
Market position	-	1	2	1	2	4	1	4	3
Main competitors (market share ¹ in %)	-	Mr. Bricolage (5.4) Baumax (2.5)	Obi (12.7) Bauhaus (8.8) Toom (8.2)	Leroy Merlin (1.3)	Obi (6.4) Baumax (3.8) Bricostore (2.8)	Castorama (10.6) Leroy Merlin (5.5) Obi (3.1)	Dedeman (6.5) Bricostore (4.6) Baumax (2.9)	Koctas (2.7) Bauhaus (1.1) Tekzen (0.8)	Epicentre (19.4) Nova Linija (9.5) Obi (0.5)

¹ Praktiker estimates

² since October 2009

During fiscal year 2009, the Praktiker Group had on average 22,490 employees (full time equivalents), including more than 10,000 employees (full time equivalents) outside Germany.

Business strategy

The Praktiker Group has set up a comprehensive transformation programme called "Praktiker 2013" which is expected to be the main driver of sales and earnings improvement in the next couple of years. The Group believes it will be able to achieve these goals by focussing on the following topics:

- to create new growth potential in the medium term across all business segments
- to return to previous earnings levels with Praktiker Germany by re-positioning the brand
- to maintain the profitability of Max Bahr by increasing the attractiveness of the product offer

- to integrate the international business stronger into group structures and to reduce all major expense items
- to cut costs by reducing the largest cost items
- to re-organize the Group headquarters and to reduce central costs by streamlining the organisation

Management believes that with the measures which have already been decided upon and further measures it will be possible to return to higher EBITA margins for all segments. Restructuring and cost cutting is expected to yield short-term improvement of earnings. Major changes in important processes are expected to provide sustainable cost improvement in the medium-term. The repositioning of the Praktiker brand in Germany as well as the planned, albeit moderate expansion in the Eastern European markets are expected to contribute to increasing sales.

Administrative, Management and Supervisory Bodies

The Management Board of Praktiker AG is responsible for the management of Praktiker's business; the Supervisory Board supervises the Management Board and appoints its members.

The Management Board of Praktiker AG consists of the following members:

- Wolfgang Werner (Chief Executive Officer, responsible for: Business Development/Strategy, "Praktiker 2013", Communication/Public Relations, Auditing, Legal Affairs and Contractual Matters, Compliance Praktiker Services GmbH)
- Michael Arnold (Labour Director, responsible for: International Business, Internationalisation, Location Management Germany/International, Personnel)
- Markus Schürholz (responsible for: Controlling, Accounting/Tax, Finance, Investor Relations, M&A)
- Pascal Warnking (responsible for: Praktiker Germany, Max Bahr, extra BAU+HOBBY, Corporate Procurement, Marketing)

The members of Praktiker AG's Supervisory Board are:

- Dr. Kersten v. Schenck (chairman)
- Dr. Norbert Benschel
- Ulrich Grillo
- Dr. Kay Hafner
- Ebbe Pelle Jacobsen
- Johann C. Lindenberg
- Zygmunt Mierdorf
- Prof. Dr. Harald Wiedmann

Members representing the employees are:

- Marliese Grewenig (vice chairwoman)
- Ulrich Kruse
- Alexander Michel
- Cora Peters
- Rigobert Rumpf
- Hans-Josef Schmitz
- Jörg Wiedemuth

- Rüdiger Wolff

Share Capital

As of 30 September 2010, the share capital of Praktiker AG amounted to EUR 58,000,000 and was divided into 58,000,000 no-par-value bearer shares with a *pro-rata* amount in the share capital of EUR 1 each and is fully paid up.

Summary in respect of Risk Factors

An investment in the Notes involves certain risks associated with the economic situation of the Issuer and the characteristics of the Notes which could lead to substantial or total loss that Noteholders would have to bear in the case of selling their Notes or with regard to receiving interest payments and repayment of principal.

The following is a list of risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes.

Risks Relating to the Issuer

- DIY industry could shrink – due to shifts in demand or decline in private consumption in general
- Competition in the DIY market could increase – due to expansion of existing competitors
- New competitors may enter the sector, e.g. online companies
- Holding Company Risk – the Issuer is a holding company and depends on the transfer of funds from its subsidiaries
- Political and economic risks – political unrest, strikes or terrorist attacks may impact retail business in general and DIY-business in particular and economic up-and downturns may be more pronounced than expected
- Risks from expansion – new stores may not yield the expected returns
- Industry and market risks – demand trends may not be anticipated correctly
- General business risks – existing locations may degrade due to changes in infrastructure; the product offer may fail to meet customer demand
- Change in basic strategic concept – the changes devised in the "Praktiker 2013" programme may not have the expected effect on sales and earnings
- Costs of closing down loss-generating stores – Praktiker may not have made sufficient provisions for closures
- Change of lease terms – Praktiker may not profit from favourable changes in lease terms as it is locked in to long-term contracts
- Seasonal fluctuations in sales and earnings – bad weather in spring may negatively affect sales and earnings of the gardening assortment
- Procurement risks – products may not be obtained from Asian sources without difficulty or at the same prices any more in the future
- IT risks – shortcomings in IT may impair procurement, warehousing or availability of products at the point of sale
- Product liability claims and product recalls – Praktiker may be subject to liability and warranty claims
- Employees in key positions – management may be attracted to other competitors and replacements with specialized know-how may not easily be found in the market
- Financial and currency risks – currency risks may not be adequately hedged; refinancing need may not be sufficiently catered for
- Legal or arbitration proceedings risks – may not adequately be provided for

- Organisational risks – flaws in the organisational structure or in processes may render the operational management of Praktiker inefficient
- Energy price risks – rising energy prices may lead to higher expenses

Risks Relating to the Notes

The following is a summary of risk factors that are related to the characteristics of the Notes:

- Notes may not be a suitable investment for all investors – as they may not have sufficient knowledge of their structure
- Liquidity risk – Noteholders may not be able to sell the Notes at any time
- Risk of early redemption – the Issuer may redeem the Notes before maturity under certain circumstances
- Market price risk – the market price of the Notes may fluctuate depending on changes in different variables, such as overall economic development, inflation, demand for the Notes etc.
- Creditworthiness of Praktiker – the market price of the Notes may decrease, should the creditworthiness of Praktiker decrease
- Currency risk – investors outside the Euro area may face a conversion risk
- Fixed rate Notes - the market price of the Notes may fluctuate depending on changes in market interest levels
- Resolutions of Noteholders – Noteholders may be outvoted by a majority of Noteholders
- Noteholders' Representative – Noteholders may be deprived of their individual right to vote
- No restriction on the amount of debt which the Issuer may incur in the future – the Issuer may issue unlimited additional debt ranking *pari passu* to the Notes

The realisation of some of the risks described above may affect the Issuer's ability to fulfil its payment obligations under the Notes, others may lead to a decline in the market price of the Notes.

GERMAN TRANSLATION OF THE SUMMARY

ZUSAMMENFASSUNG

Der folgende Abschnitt stellt die Zusammenfassung (die "**Zusammenfassung**") der wesentlichen Merkmale und Risiken der Emittentin und der Schuldverschreibungen dar. Die Zusammenfassung ist als Einleitung zu diesem Prospekt zu verstehen. Sie ist keine vollständige Darstellung und ist im Zusammenhang mit dem Prospekt zu lesen. Der Anleger sollte jede Entscheidung zur Anlage in die Schuldverschreibungen auf die Prüfung des gesamten Prospekts stützen. Für den Fall, dass vor einem Gericht eines Mitglieds des Europäischen Wirtschaftsraumes Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der klagende Anleger in Anwendung einzelstaatlicher Rechtsvorschriften die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben. Die Emittentin, die diese Zusammenfassung einschließlich jeder Übersetzung davon vorgelegt und deren Notifizierung beantragt hat, kann haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit anderen Teilen des Prospekts gelesen wird.

Zusammenfassung in Bezug auf die Schuldverschreibungen

Worte und Begriffe, die in den an anderer Stelle in dem Prospekt wiedergegebenen Anleihebedingungen definiert sind, haben in der Zusammenfassung dieselbe Bedeutung.

Emittentin:	Praktiker Bau- und Heimwerkermärkte Holding AG
Konsortialführer:	Commerzbank Aktiengesellschaft Deutsche Bank AG, London Branch UniCredit Bank AG
Hauptzahlstelle:	Commerzbank Aktiengesellschaft
Zulassungsstelle:	Commerzbank Aktiengesellschaft
Bestimmung des Gesamtnennbetrages des Ausgabepreises und weiterer Informationen:	Der Ausgabepreis und Gesamtnennbetrag der zu begebenden Schuldverschreibungen, der Zinssatz, der Emissionserlös und die Rendite werden in der Pricing Notice (definiert unter in "SUBSCRIPTION, SALE AND OFFER OF THE NOTES") enthalten sein, die auf der Internetseite der Luxemburger Wertpapierbörse (www.bourse.lu) spätestens am Tag der Begebung der Schuldverschreibungen veröffentlicht wird.
Gesamtnennbetrag:	EUR [●]
Ausgabepreis:	[●] % des Gesamtnennbetrags
Tag der Begebung:	10. Februar 2011
Stückelung:	Die Schuldverschreibungen werden im Nennbetrag von je EUR 1.000 begeben.
Form der Schuldverschreibungen:	Die Schuldverschreibungen werden anfänglich durch eine vorläufige Inhaber-Globalurkunde (die " vorläufige Globalurkunde ") ohne Zinsscheine verbrieft, welche bei Clearstream Banking AG, Frankfurt am Main (das " Clearing System ") hinterlegt wird. Schuldverschreibungen, die durch die vorläufige Globalurkunde verbrieft sind, werden gegen Schuldverschreibungen, die durch eine Inhaber-Dauerglobalurkunde (die " Dauerglobalurkunde "; die vorläufige Globalurkunden und die Dauerglobalurkunde, zusammen die " Globalurkunde ") ohne Zinsscheine verbrieft sind, nicht früher als 40 Tage nach dem Tag der Begebung gemäß den in den Anleihebedingungen dargelegten Bestimmungen ausgetauscht. Insbesondere ein solcher Austausch und jegliche Zinszahlung auf durch die vorläufige Globalurkunde verbrieft Schuldverschreibungen erfolgen

erst nach Vorlage von Bescheinigungen, wonach der wirtschaftliche Eigentümer der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U.S.-Person ist, die nach Inhalt und Form den Anforderungen des Rechts der Vereinigten Staaten und den Regelungen und Betriebsverfahren des Clearing Systems entsprechen. Zahlungen auf die vorläufige Globalurkunde erfolgen erst nach Vorlage solcher Bescheinigungen. Es werden keine Einzelurkunden und keine Zinsscheine begeben.

Verzinsung:

Die Schuldverschreibungen werden vom 10. Februar 2011 (einschließlich) bis zum 10. Februar 2016 (ausschließlich) mit einem jährlichen Zinssatz von [●] % verzinst. Die Zinsen sind nachträglich am 10. Februar eines jeden Jahres zahlbar. Die erste Zinszahlung erfolgt am 10. Februar 2012.

Steuern:

Kapital und Zinsen sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde auferlegt oder erhoben werden (die "**Quellensteuer**"), es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben. In einem solchen Fall, wird die Emittentin, vorbehaltlich der in den Anleihebedingungen festgelegten Ausnahmen, diejenigen zusätzlichen Beträge zahlen, die erforderlich sind, damit die den Gläubigern von Schuldverschreibungen zufließenden Nettobeträge nach diesem Einbehalt oder Abzug jeweils den Beträgen an Kapital und Zinsen entsprechen, die ohne einen solchen Einbehalt oder Abzug bezüglich der Schuldverschreibungen empfangen worden wären.

Vorzeitige Rückzahlung aus steuerlichen Gründen:

Die vorzeitige Rückzahlung der Schuldverschreibungen aus steuerlichen Gründen ist für die Emittentin zulässig, falls als Folge einer Änderung oder Ergänzung der Steuer- oder Abgabengesetze oder Vorschriften (einschließlich jeder Änderung oder Ergänzung der Anwendung oder der offiziellen Auslegung dieser Gesetze oder Vorschriften) der Bundesrepublik Deutschland oder deren politischen Untergliederungen oder Steuerbehörden, die Emittentin zur Zahlung zusätzlicher Beträge auf die Schuldverschreibungen verpflichtet ist, wie im Einzelnen in den Anleihebedingungen dargelegt.

Vorzeitige Rückzahlung bei einem ausstehenden Mindestgesamtnennbetrag:

Wenn 80% oder mehr des Gesamtnennbetrags der dann ausstehenden Schuldverschreibungen aufgrund des Eintritts eines Kontrollwechselereignisses (wie in den Anleihebedingungen definiert) zurückgezahlt oder zurückerworben und entwertet wurde, ist die Emittentin berechtigt, gegenüber den Anleihegläubigern nach ihrer Wahl alle ausstehenden Schuldverschreibungen zum Rückzahlungsbetrag (wie in den Anleihebedingungen definiert) zuzüglich bis zum Rückzahlungstag (ausschließlich) aufgelaufenen Zinsen zurück zu zahlen.

Kontrollwechsel-Ereignis:

Die Anleihebedingungen sehen Regelungen für den Fall des Kontrollwechsels vor, durch welche die Anleihegläubiger berechtigt werden, die Emittentin bei Eintritt eines Kontrollwechselereignisses zur Rückzahlung der Schuldverschreibungen zu veranlassen.

Status der Schuldverschreibungen:

Die Schuldverschreibungen begründen nicht besicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.

<i>Negativverpflichtung:</i>	In § 2(2) der Anleihebedingungen stimmt die Emittentin zu, keine Sicherungsrechte zur Besicherung von Kapitalmarktverbindlichkeiten zu gewähren.
<i>Kündigungsgründe:</i>	Die Anleihebedingungen sehen Kündigungsgründe vor, die die Anleihegläubiger berechtigen, die unverzügliche Rückzahlung der Schuldverschreibungen zu verlangen, wie im Einzelnen in den Anleihebedingungen dargelegt.
<i>Cross Default:</i>	Die Anleihebedingungen enthalten eine Cross-Default-Klausel (Drittverzugs-klausel) unter anderem in Bezug auf Nichtzahlung von Finanzverbindlichkeiten.
<i>Gesetz über Schuldverschreibungen aus Gesamtemissionen:</i>	Die Anleihebedingungen sehen vor, dass Anleihegläubiger durch Mehrheitsbeschluss Änderungen der Anleihebedingungen zustimmen und zur Wahrnehmung ihrer Rechte einen gemeinsamen Vertreter für alle Anleihegläubiger bestellen können. Mit Ausnahme des in § 18 Absatz 4 Satz 2 des Gesetzes über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz) geregelten Falles werden alle Abstimmungen ausschließlich im Wege der Abstimmung ohne Versammlung durchgeführt.
<i>Anwendbares Recht:</i>	Die Schuldverschreibungen und die Garantie unterliegen deutschem Recht.
<i>Gerichtsstand:</i>	Nicht ausschließlicher Gerichtsstand für alle gerichtlichen Verfahren im Zusammenhang mit den Schuldverschreibungen ist Frankfurt am Main.
<i>Börsennotierung und -zulassung:</i>	Für die Schuldverschreibungen wurde die Zulassung zum Handel am regulierten Markt der Luxemburger Wertpapierbörse und die Notierung an der <i>official list</i> der Luxemburger Wertpapierbörse beantragt.
<i>Angebot der Schuldverschreibungen</i>	Die Schuldverschreibungen werden innerhalb einer Zeichnungsfrist angeboten, die nicht vor dem 3. Februar 2011 beginnen und bis zum Ausgabetag dauern wird, vorausgesetzt es findet keine Verkürzung oder Verlängerung der Zeichnungsfrist statt. Der Gesamtnennbetrag, die Anzahl der Schuldverschreibungen, der Ausgabepreis, der Zinssatz, der Nettobetrag der Erlöse vor Berücksichtigung der Gesamtkosten sowie die Rendite werden in der Mitteilung berücksichtigt, welche bei der Luxemburger Wertpapierbörse eingereicht und auf deren Webseite (www.bourse.lu) nach dem Tag der Preisfestsetzung und vor dem Ausgabetag ("Pricing Notice"), veröffentlicht wird. Das Angebot unterliegt keinen Bedingungen. Anleger können ein Angebot zum Kauf der Schuldverschreibungen durch Nutzung des Informationssystems Bloomberg oder eines anderen üblicherweise verwendeten Informationssystems oder nach Veröffentlichung der Pricing Notice über Bankinstitutionen in Luxemburg, Deutschland, Österreich oder den Niederlanden übermitteln. Jeder Anleger, der ein Angebot bezüglich der Schuldverschreibungen abgegeben hat und dessen Angebot angenommen wurde, erhält bezüglich der Zuteilung der Schuldverschreibungen eine Bestätigung per E-Mail, Fax oder über ein anderes üblicherweise verwendetes Informationssystem. Lieferung und Zahlung der Schuldverschreibungen erfolgen innerhalb von sieben Werktagen nach dem Tag der Preisfestsetzung der Schuldverschreibungen und der Bestätigung der Zuteilung an den Anleger. Die Schuldverschreibungen werden durch Buchungseintrag über das Clearing System und deren kontoführenden Banken gegen Zahlung des Ausgabepreises übertragen.

<i>Verkaufsbeschränkungen:</i>	Das Angebot und der Verkauf von Schuldverschreibungen sowie die Verteilung von Angebotsmaterialien unterliegen regulatorischen Beschränkungen. Die in der Europäischen Union, den Vereinigten Staaten von Amerika dem Vereinigten Königreich von Großbritannien und Nordirland und der Republik Italien geltenden Beschränkungen sind unter "SUBSCRIPTION, SALE AND OFFER OF THE NOTES" dargestellt.	
<i>Abwicklung und Settlement:</i>	Die Abwicklung der Schuldverschreibungen erfolgt durch Clearstream Banking AG, Frankfurt am Main.	
<i>Verfügbarkeit von Dokumenten:</i>	Dieser Prospekt, eventuelle Nachträge und die hierin einbezogenen Dokumente werden auf der Internetseite der Luxemburger Wertpapierbörse (www.bourse.lu) veröffentlicht.	
<i>Wertpapierkennnummern:</i>	ISIN	DE000A1H3JZ8,
	Common Code	058554227
	Wertpapierkennnummer (WKN)	A1H3JZ

Zusammenfassung in Bezug auf die Emittentin

Informationen über die Praktiker AG

Die Praktiker AG ist eine Aktiengesellschaft nach deutschem Recht. Sie ist unter HRB 15267 im Handelsregister des Amtsgerichts Saarbrücken unter dem Namen "Praktiker Bau- und Heimwerkermärkte Holding AG" eingetragen. Die Emittentin ist die Muttergesellschaft des Praktiker Konzerns und hat ihren eingetragenen Hauptsitz Am Tannenwald 2, 66459 Kirkel.

Ausgewählte Finanzinformationen

Die folgende Aufstellung stellt die wichtigsten Finanzinformationen der Emittentin dar, die aus den geprüften Konzernabschlüssen der Praktiker AG für die Geschäftsjahre, welche am 31. Dezember 2008 und am 31. Dezember 2009 endeten, und dem ungeprüften Konzernzwischenabschluss der Praktiker AG für die neun Monate, die am 30. September 2010 endeten, entnommen wurden.

	9 Monate bis zum 30. September 2010	9 Monate bis zum 30. September 2009	Geschäftsjahr zum 31. Dezember 2009	Geschäftsjahr zum 31. Dezember 2008 ¹
EUR in Millionen				
Umsatzerlöse (netto)	2.698	2.864	3.663	3.907
davon:				
Praktiker Deutschland	1.343	1.451	1.835	1.869
Max Bahr	528	546	691	702
Sonstiges	67	71	91	95
International	760	796	1.046	1.241
Bruttoergebnis vom Umsatz (Rohertrag)	898	907	1.192	1.314
EBITA vor Sondereffekten ²	54	53	63	129
EBITA, ausgewiesen	32	53	63	129
Cashflow aus laufender Geschäftstätigkeit	103	77	83	112
 Bilanzsumme	 2.154	 2.214	 2.083	 2.146
Mitarbeiter (umgerechnet auf Vollzeitäquivalente) im Periodendurchschnitt	21.717	22.651	22.490	23.632
Anzahl der Filialen zum Periodenende	436	439	439	436

Überblick über die Geschäftstätigkeit

Der Praktiker Konzern ist ein Komplettanbieter in der Heimwerkerbranche ("Do it yourself" oder "DIY") und bietet seinen Kunden, vom preisorientierten Gelegenheits-Heimwerker bis zum qualitätsorientierten Profi-Handwerker, ein umfassendes und bedarfsgerecht abgestuftes Warensortiment. Dabei umfasst das Angebot hochwertige Artikel bekannter Markenhersteller ebenso wie Eigenmarken, die sich durch ein besonders günstiges Preis-Leistungs-Verhältnis auszeichnen. Ergänzt wird die Produktvielfalt durch eine Reihe von Serviceleistungen, die vom Holzzuschnitt bis zum Anhängerverleih reichen. Der Konzern hat in allen Ländern, in denen er tätig ist, einen sehr hohen Bekanntheitsgrad erreicht und verzeichnet mehr als 130 Millionen Kundenkontakte (gemessen an der Anzahl von Kassenbons) im Jahr.

Der Praktiker Konzern gliedert sich in vier Segmente: Praktiker Deutschland ("Praktiker Deutschland"), Max Bahr, Praktiker International und Sonstiges. Das letztgenannte Segment umfasst extra BAU+HOBBY, die online Aktivitäten in Deutschland und eine segmentübergreifende Servicegesellschaft des Praktiker Konzerns. Dieses Segment wird im Hinblick auf Umsatz, Gewinn und Vermögen als unwesentlich angesehen.

In Deutschland betreibt der Praktiker Konzern zwei Hauptmarken, Praktiker und Max Bahr. Die dritte Marke, extra BAU+HOBBY, trägt zu Umsatz und Ergebnis nur unwesentlich bei. Im Ausland wird ausschließlich die Marke Praktiker verwendet, mit Ausnahme der drei Märkte in Luxemburg, die unter "bâtiself" firmieren.

Der Praktiker Konzern betreibt 436 Märkte (Stand 30. September 2010) in zehn Ländern. In Deutschland gehören 330 Märkte zum Konzern, die insgesamt eine gewichtete Verkaufsfläche von rund 2 Millionen Quadratmetern aufweisen. Gemessen am Umsatz ist der Praktiker Konzern der zweitgrößte Anbieter der DIY Branche in Deutschland, in Europa rangiert das Unternehmen an vierter Stelle. In Griechenland, Rumänien und Bulgarien war Praktiker, wiederum gemessen am Umsatz, 2009 Marktführer, in Ungarn und der Ukraine gehörte Praktiker zu den drei umsatzstärksten Anbietern.

¹ Werte entsprechend der am 1. September 2009 im elektronischen Bundesanzeiger erfolgten Veröffentlichung nach § 37q Abs. 2 S. 1 WpHG, siehe auch Seite 73 ff im Praktiker Geschäftsbericht 2009.

² Einmaleffekte ergaben sich aus den Aufwendungen im Zusammenhang mit dem Transformationsprogramm „Praktiker 2013“ in Höhe von EUR 12,8 Millionen, und Rückstellungszuführung aufgrund von kartellrechtlichen Risiken in Polen in Höhe von EUR 9,5 Millionen für die neun Monate, die am 30. September 2010 endeten.

Marktposition 2009	Albanien	Bulgarien	Deutschland	Griechenland	Ungarn	Polen	Rumänien	Türkei	Ukraine
Marktvolumen ¹ in Mrd €	0,37	1,1	23,0	5,4	2,4	10,5	3,9	12,1	3,0
Praktiker Nettoumsatz in Mio €	2,0 ²	70,2	2.617,1	273,5	121,7	188,1	247,7	88,3	15,8
Marktanteil in %	-	6,2	11,3	5,1	5,1	1,8	6,7	0,7	0,5
Marktposition	-	1	2	1	2	4	1	4	3
Wesentliche Wettbewerber (Marktanteil ¹ in %)	-	Mr. Bricolage (5,4) Baumax (2,5)	Obi (12,7) Bauhaus (8,8) Toom (8,2)	Leroy Merlin (1,3)	Obi (6,4) Baumax (3,8) Bricostore (2,8)	Castorama (10,6) Leroy Merlin (5,5) Obi (3,1)	Dedeman (6,5) Bricostore (4,6) Baumax (2,9)	Koçtaş (2,7) Bauhaus (1,1) Tekzen (0,8)	Epicentre (19,4) Nova Linija (9,5) Obi (0,5)

¹ Praktiker Schätzung

² seit Oktober 2009

2009 hat der Praktiker Konzern im Jahresdurchschnitt, auf Vollzeitäquivalente umgerechnet, 22.490 Mitarbeiter beschäftigt, davon mehr als 10.000 im Ausland.

Überblick über die Geschäftsstrategie

Der Praktiker Konzern hat unter dem Namen "Praktiker 2013" ein umfassendes Transformationsprogramm aufgesetzt, das, so die Erwartung des Managements, der wesentliche Treiber von Umsatz und Ergebnis in den nächsten Jahren sein soll. Der Konzern konzentriert sich auf folgende Ziele:

- Mittelfristig neue Wachstumsperspektiven für alle Segment des Konzerns eröffnen
- Praktiker Deutschland zu früherem Ertragsniveau zurückführen – durch Repositionierung der Marke
- Ertragskraft von Max Bahr erhalten – durch attraktivere Gestaltung der Sortimente
- Stärkere Integration des internationalen Geschäfts in die Konzernstrukturen
- Reduktion der Kosten durch Senkung aller großen Kostenblöcke
- Neuordnung der Konzernzentrale und Senkung der Zentralkosten durch Verschlinkung der Hierarchien

Das Management erwartet, dass die bereits getroffenen Entscheidungen sowie weitere Maßnahmen in allen Segmenten wieder zu höheren EBITA-Margen führen werden. Restrukturierungsmaßnahmen und Kostenabbau sollen schon kurzfristig zu einer Stärkung des Ertrags beitragen. Einschneidende Veränderungen in den Prozessen sollen auf mittlere Sicht für eine weitere, nachhaltige Kostenentlastung sorgen. Die Repositionierung der Marke Praktiker in Deutschland ebenso wie die geplante, aber moderate Expansion in Osteuropa sollen wieder zu steigenden Umsätzen führen.

Verwaltungs-, Geschäftsführungs- und Aufsichtsorgane

Der Vorstand der Praktiker AG ist für die Führung der Geschäfte von Praktiker verantwortlich; der Aufsichtsrat überwacht den Vorstand und bestimmt seine Mitglieder.

Der Vorstand der Praktiker AG besteht aus den folgenden Mitgliedern:

- Wolfgang Werner (Vorstandsvorsitzender, zuständig für Unternehmensentwicklung/Strategie, "Praktiker 2013", Kommunikation/Öffentlichkeitsarbeit, Revision, Recht und Vertragswesen, Compliance Praktiker Services GmbH),

- Michael Arnold (Arbeitsdirektor, zuständig für Internationales Geschäft, Internationalisierung, Standortmanagement national/international, Personal)
- Markus Schürholz (zuständig für Controlling, Rechnungswesen/Steuern, Finanzen, Investor Relations, M&A)
- Pascal Warnking (zuständig für Praktiker Deutschland, Max Bahr, extra BAU+HOBBY, Corporate Procurement, Marketing).

Die Mitglieder des Aufsichtsrats der Praktiker AG sind:

- Dr. Kersten v. Schenck (Vorsitzender)
- Dr. Norbert Bensel
- Ulrich Grillo
- Dr. Kay Hafner
- Ebbe Pelle Jacobsen
- Johann C. Lindenberg
- Zygmunt Mierdorf
- Prof. Dr. Harald Wiedmann

Arbeitnehmervertreter im Aufsichtsrat sind:

- Marliese Grewenig (stellvertretende Vorsitzende)
- Ulrich Kruse
- Alexander Michel
- Cora Peters
- Rigobert Rumpf
- Hans-Josef Schmitz
- Jörg Wiedemuth
- Rüdiger Wolff

Grundkapital

Zum 30. September 2010 belief sich das Grundkapital der Praktiker AG auf EUR 58.000.000, eingeteilt in 58.000.000 nennwertlose, auf den Inhaber lautende Stückaktien mit einem anteiligen Betrag am Grundkapital von jeweils EUR 1. Das Eigenkapital ist vollständig eingezahlt.

Zusammenfassung der Risikofaktoren

Eine Anlage in die Schuldverschreibungen ist mit bestimmten Risiken im Zusammenhang mit der wirtschaftlichen Verfassung der Emittentin und den Merkmalen der Schuldverschreibungen verbunden. Diese Risiken könnten zu erheblichen Verlusten bis zum Totalverlust führen, die von den Anleihegläubigern zu tragen wären, wenn sie bei Verkauf der Schuldverschreibungen oder im Zusammenhang mit der Zahlung von Zinsen oder der Rückzahlung entstünden.

Die folgenden Informationen stellen eine Auflistung von Risikofaktoren dar, welche die Fähigkeit der Emittentin, seine Verpflichtungen aus den Schuldverschreibungen zu erfüllen beeinflussen kann.

Risiken in Bezug auf die Emittentin

- Der Baumarktsektor könnte schrumpfen – im Falle einer geringeren Nachfrage oder falls der private Konsum im Allgemeinen zurückgeht
- Wettbewerb im Baumarktsektor könnte zunehmen – im Falle stärkerer Expansion von Wettbewerbern
- Neue Mitbewerber könnten in den Baumarktsektor eintreten, z.B. im Online-Geschäft
- Risiko einer Beteiligungs-Holding – die Emittentin als Holdinggesellschaft hängt vom Mitteltransfer aus den Tochtergesellschaften ab
- Politische und wirtschaftliche Risiken – politische Unruhen, Streiks oder terroristische Aktivitäten könnten den Einzelhandel generell oder den Handel mit Baumarktartikeln im Besonderen beeinträchtigen. Konjunkturelle Aufwärts- und Abwärtsbewegungen können stärker ausfallen als erwartet
- Risiken auf Grund von Expansion – neue Märkte könnten weniger Ertrag abwerfen als erwartet
- Branchen- und Marktrisiken – Nachfragetrends könnten sich anders entwickeln als erwartet
- Allgemeine Geschäftsrisiken – die Qualität vorhandener Standorte könnte sich verschlechtern; das Angebot könnte sich möglicherweise nicht mit der Nachfrage decken
- Änderungen in der Grundstrategie – Veränderungen, die jetzt im Rahmen von „Praktiker 2013“ geplant sind, könnten möglicherweise die Erwartungen in Bezug auf Umsatz und Ergebnis nicht erfüllen
- Kosten von Schließungen verlustbringender Standorte – Praktiker hat möglicherweise nicht in ausreichender Weise für die Schließung von Standorten Rückstellungen gebildet
- Änderungen in Mietbedingungen – Praktiker könnte auf Grund von Langzeit-Mietverträgen möglicherweise von Mietsenkungen nicht profitieren, da die Konditionen für die Dauer der Mietverträge festgeschrieben sind
- Saisonabhängigkeit von Umsatz und Ergebnis – schlechtes Wetter im Frühjahr könnte negative Auswirkungen auf Umsatz und Gewinn in Bezug auf das Gartensortiment haben
- Beschaffungsrisiko – Produkte, die aus Asien beschafft werden, könnten in Zukunft vielleicht nicht mehr oder nur zu wesentlich höheren Kosten beschafft werden
- EDV-Risiken – Mängel in den EDV-Systemen könnten zu Verwerfungen in der Beschaffung, der Lagerhaltung oder der Verfügbarkeit von Produkten in den Märkten führen
- Produkthaftungs- und Produktrückrufrisiken – Praktiker könnte im Bereich der Produkthaftung und -garantie in Anspruch genommen werden
- Mitarbeiter in Schlüsselpositionen – das Management könnte von Konkurrenten abgeworben werden und Ersatz mit speziellem Fachwissen könnte auf dem Markt nicht einfach zu finden sein
- Finanz- und Währungsrisiken – Währungsrisiken könnten unzureichend abgesichert sein; die Refinanzierung von Finanzverbindlichkeiten könnte nicht ausreichend geplant sein
- Risiken aus Gerichts- und Schiedsverfahren – Praktiker könnte für derartige Risiken nicht ausreichende Rückstellungen gebildet
- Organisationsrisiken – Mängel in der Organisation oder in Prozessabläufen könnten zu Ineffizienzen im Betrieb des Unternehmens führen
- Energiepreisisrisiken – steigende Energiepreise könnten zu höheren Aufwendungen führen

Risiken in Bezug auf die Schuldverschreibungen

Die folgenden Informationen stellen eine Zusammenfassung der Risikofaktoren dar, die in Zusammenhang mit den Eigenschaften der Schuldverschreibungen stehen. Zu diesen Risiken zählen:

- Die Schuldverschreibungen sind möglicherweise nicht für jeden Anleger geeignet – da Investoren mit derartigen Instrumenten nicht hinreichend vertraut sein könnten
- Liquiditätsrisiko – Anleihegläubiger könnten die von ihnen gehaltenen Schuldverschreibungen möglicherweise nicht zu jeder Zeit verkaufen
- Risiko vorzeitiger Rückzahlung – die Emittentin könnte unter bestimmten Umständen die Schuldverschreibungen vorzeitig zurückzahlen
- Marktpreisrisiko – der Marktpreis der Schuldverschreibungen könnte auf Grund von Veränderungen in verschiedenen Variablen, wie zum Beispiel die allgemeine Wirtschaftsentwicklung, Inflation, Nachfrage der Schuldverschreibungen, schwanken
- Bonität von Praktiker – der Marktpreis der Schuldverschreibungen könnte sinken, wenn sich die Bonität von Praktiker verschlechtert
- Währungsrisiko – Investoren außerhalb der Eurozone unterliegen dem Risiko schwankender Wechselkurse
- Risiken bei festverzinslichen Schuldverschreibungen - der Marktpreis kann auf Grund von Veränderungen im Marktzinsniveau schwanken
- Beschlüsse der Anleihegläubiger – Anleihegläubiger der Schuldverschreibungen könnten von einer Mehrheit anderer Anleihegläubiger überstimmt werden
- Gemeinsamer Vertreter der Anleihegläubiger – Anleihegläubiger von Schuldverschreibungen könnten ihr individuelles Stimmrecht verlieren
- Keine Beschränkung der zukünftigen Verschuldung der Emittentin – die Emittentin kann ohne Begrenzung zusätzliche Verbindlichkeiten, die im gleichen Rang mit den Schuldverschreibungen stehen, emittieren

Der Eintritt mancher der vorgenannten Risiken könnte die Fähigkeit der Emittentin beeinträchtigen, ihren aus den Schuldverschreibungen resultierenden Zahlungsverpflichtungen nachzukommen, andere könnten zu einem Wertverlust der Schuldverschreibungen führen.

RISK FACTORS

Before deciding to purchase the Notes, investors should carefully review and consider the following risk factors and the other information contained in this Prospectus. The following statements are not exhaustive. Should one or more of the risks described below materialise, this may have a material adverse effect on the cash flows, results of operations and financial condition of the Issuer or the Praktiker Group. Moreover, if any of these risks materialises, the market value of the Notes and the likelihood that the Issuer will be in a position to fulfil its payment obligations under the Notes, may decrease, in which case the Noteholders could lose all or part of their investments. Investors should note that the risks discussed below may not prove to be exhaustive and, therefore, may not be the only risks to which the Issuer and the Praktiker Group are exposed. Additional risks and uncertainties, which are currently not known to the Issuer or which the Issuer currently believes are immaterial, could likewise impair the business operations of the Issuer or the Praktiker Group and have a material adverse effect on their business, cash flows, results of operations and their financial condition. The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the cash flows, results of operations and financial condition of the Issuer or the Praktiker Group. In addition, investors should be aware that the risks described might combine and thus intensify one another.

Risks relating to the Issuer

DIY industry could shrink

Praktiker operates in the DIY retail sector. The development of this sector depends in all countries in which Praktiker operates to a great extent on trends in private and small-business consumer behaviour, e.g. on changes in spending patterns of households and household income.

This sector is also dependent on the general propensity to build, renovate and improve homes, since the majority of DIY products are used for home improvement, refurbishing and renovation. Gardening is another important part of the business which particularly is dependent on weather patterns, especially in the second quarter of the year.

The sector is also affected by general demographic trends, such as the increasing ratio of single-occupant households to the total number of households or the trend to move back into city centres. Similar factors affect all markets, although at different degrees depending on the economic, tax and societal conditions in each individual country.

In addition to economic developments and market trends, the DIY sector is also exposed to political risks. The possibility of civil unrest as well as discretionary political decisions of all sorts could adversely affect the entire sector, including Praktiker and its financial condition and results of operations.

Competition in the DIY market could increase

In Germany, selling space in the DIY industry has been growing in the recent past, albeit at a slow rate. As industry sales did not grow in line, sales productivity has declined. If competitors keep on putting more capacity on this market, this may have a negative impact on sales and earnings of Praktiker in Germany.

In the markets outside Germany in which the Praktiker Group is active, it is exposed to more limited competition. It cannot be ruled out that Praktiker could become exposed to significantly stronger competition in the future in precisely these markets. This could have negative effects on the sales volumes and prices attainable in these markets and, consequently, on future expected earnings.

New competitors may enter the sector, e.g. online companies

Large foreign DIY companies or financial investors could enter the German market by acquiring competitors of the Praktiker Group. This could result in Praktiker being confronted with competitors that could use economies of scale to their advantage. This could lead to a drop in Praktiker's sales productivity and in its profit margins. These developments could lead to a significant deterioration in Praktiker's market conditions and competitiveness in Germany and have a negative effect on Praktiker's financial condition and results of operations.

It is also possible, that new competitors arise from new distribution channels such as the internet. These could either be the existing competitors in the DIY market or other companies that have specialised in e-commerce and are expanding their product offer to comprise DIY-products. The new entry of such competitors could also lead to a significant deterioration in Praktiker's market conditions and competitiveness in Germany and relevant foreign markets.

Holding company risk

Praktiker AG is a holding company with no other significant assets than its interests in its subsidiaries and participations. Its ability to serve its payment obligations mainly depends on the receipt of sufficient funds from its subsidiaries and participations which in turn depends on the business, financial condition and results of operations of these subsidiaries and participations. The transfer of funds from subsidiaries and participations may be or become subject to legal and contractual restrictions, in particular under financing arrangements entered into by subsidiaries and participations. The inability of subsidiaries and participations to pay dividends or otherwise transfer funds to the Issuer could have a material adverse effect on the Praktiker Group's cash flows, financial condition and results from operations.

Political and economic risks

The general economic development affects the development of Praktiker's business in different ways. Praktiker takes account of the different political conditions in the countries in which Praktiker already operates or intends to operate by ensuring that investments are in line with return requirements that are adjusted for the respective country risks. Losses in earnings triggered by strikes, new taxes, tax increases or similar political changes normally cannot be insured, or at least not at economically justifiable expense.

The recession that hit Eastern Europe in 2009 and 2010 as a result of the global economic downturn was unforeseen in its extent and severity. Should the recession in Eastern Europe continue, become more severe or extend to other areas, this might have a significant negative impact on the Issuer's financial position.

Failure to adjust to changing conditions in a timely and/or adequate manner may lead to significant negative impacts on Praktiker's financial position and results of operations.

Risks from expansion

Expansion into Eastern European growth markets is a central element in Praktiker's plans for future business development and growth. This requires employment of capital and a focus on the economic and cultural conditions in the target market. There is no guarantee that these investments will yield the anticipated returns. Furthermore, there is a risk that the international expansion will fail in some or all of the targeted markets, thereby resulting in a partial or complete loss of the capital employed.

When opening new stores an in-depth analysis of the catchment area, the purchasing power, potential demand and competition is undertaken. The Issuer is also assessing the prospects of its Eastern European operations on a macro level taking into account consensus forecasts for foreign exchange changes and gross domestic product growth. Any adverse development of these factors may negatively impact sales, profitability and the general prospects of these operations. The described analyses may prove to be inadequate or the data available may prove to be insufficient, in particular in years of changing market conditions.

As Praktiker AG does not plan any major expansion in Germany, it may run the risk of losing market share if the competition continues to expand.

Industry and market risks

Industry and market risks can arise from changing market conditions, inadequate planning and by decisions of competitors. The product assortments may not be adapted or renewed adequately in order to reflect these changes in the general settings. Further, supplementing the offer of its stores with services, such as product delivery, workman services or the installation of certain hardware (bathrooms, doors, windows) at the customers' home may not reflect the relevant market trends appropriately.

In a recessive phase, pressure on margins may build up as customers may become even more price-conscious.

Failure to adjust to changing conditions in a timely and/or adequate manner may lead to significant negative impacts on Praktiker's financial position and results of operations.

General business risks

Over time, some store locations face changes in infrastructure, the socio-economic environment or the immediate competitive situation. This can lead to a store generating less profit or even posting losses. In that case, provisions must be – and are regularly – made for onerous contracts. These provisions may increase in case the general settings deteriorate.

As a retail company, Praktiker aims to have a wide range of products available to the customers. Therefore, Praktiker procures from many different suppliers. If major suppliers whose products cannot be replaced at short notice (e.g. in the gardening assortment during the relevant season) fail, Praktiker may not be sufficiently prepared to work on solutions with the suppliers to ensure further delivery.

Although all stores within the Praktiker Group are insured against disruption of business operations, insurance may not prove adequate or premiums for such insurance may increase.

Failure to adjust to the risks mentioned above in a timely and/or adequate manner may lead to significant negative impacts on Praktiker's financial position and results of operations.

Change in basic strategic concept

Praktiker is currently working on the re-positioning of the Praktiker brand in Germany. This is a major focus of the programme "Praktiker 2013". There is no guarantee that the measures to change the business model will produce the expected upturn in sales and earnings. While Praktiker is prepared to invest into changes in the stores, changes in the assortments and into staff training, these investments/expenses may not yield the calculated returns.

As the attempted re-positioning of the Praktiker brand in Germany also means that well established marketing tools will be reduced or abandoned (e.g. the "20-percent-off"-campaigns), there is a risk that attempts to attract customers via a changed marketing strategy will fail.

Costs of closing down loss-generating stores

Praktiker does not consider it unusual that, year after year, a small number of stores has been and will be closed as a result of the continual adaptation to economic and regional requirements and the further optimisation of the store portfolio (with the closing down of individual stores possibly being offset by the opening of new stores at other locations that Praktiker believes are more favourable). This typically leads to one-off close-down and winding-up costs, particularly with regard to redundancy payments and the disposal of inventories. Should the necessity arise to close an above average number of stores, Praktiker's cost situation and, consequently, its results of operations would be negatively affected.

Change of lease terms

Praktiker leases most of the stores it operates. As the existing lease agreements are typically tied to consumer price indices, increasing inflation rates could lead to increases in Praktiker's existing lease payments, as well as higher than expected lease expenses when new lease agreements are concluded.

In addition, Praktiker may be unable to take advantage of a general decrease of leasing rates, as in general it enters into long-term leasing contracts and therefore the conditions are locked-in. This could prevent Praktiker from realizing cost savings, thereby negatively affecting Praktiker's competitiveness. In addition, long-term contracts could prevent Praktiker from moving to better or more favourable locations, or could make moving more expensive due to a compensation payment which might be required in such cases. This could prevent Praktiker from realising cost savings and negatively affect its competitiveness.

Seasonal fluctuations in sales and earnings

The largest contribution of all assortments to sales in the Praktiker Group comes from the gardening product range, including hardware as well as flowers and plants. Therefore, Praktiker's business has a seasonal exposure, most notably in Germany. Gardening is a dominant factor in sales and earnings in the second quarter of each calendar year. In Eastern Europe the share of gardening in total sales is much lower and seasonal exposure therefore more limited. As such, there is a general dependence on weather patterns for the Praktiker Group during the main gardening season, which in Germany typically ranges from April to August. Persistent periods of bad weather during that part of the year can thus negatively affect Praktiker's annual sales and earnings.

Procurement risks

In 2009, Praktiker AG obtained 9 per cent of its product offer through direct imports and intends to increase this share in the future. The sourcing of products from foreign suppliers is subject to the typical general risks relating to international trade. This includes, for instance, delays in shipping, exchange rate fluctuations, increases in taxes and duties, changes in export quotas instituted by countries of origin, potential import restrictions, safety and other regulatory requirements, and general market, economic and political changes in the supplier's country. Difficulties obtaining goods from foreign

suppliers can have a negative effect on Praktiker's gross profit margin and its cost structure and consequently, on its results of operations.

In addition, Praktiker purchases a variety of A-brand goods (brands like Bosch, Gardena or Alpina) from major international manufacturers. Supply bottlenecks or other difficulties obtaining these A-brand goods could reduce Praktiker's product assortment and lead to decreases in sales, in particular when the articles concerned are popular with customers and are not easily replaced with other articles.

There is also the risk of increasing procurement prices originating, among others, from increases in raw material prices or substantial wage increases in the producing countries, most notably China. The exchange rate of the US-Dollar to the Euro is material in this respect too, as most of the imports are nominated in US-Dollar. Should prices in US-Dollar terms go up and the Euro weaken against the US-Dollar, a substantial increase in procurement prices would most likely be the result. This could in turn have a negative impact on gross profits and the results of operations.

IT risks

Praktiker operates a comprehensive and complex product logistics and IT system for supplying the network of domestic and foreign stores with articles purchased from suppliers, and for organizing and managing inventory. Malfunctions or errors in these systems, including possible external attacks by, e.g. "hackers" or computer viruses, can impair procurement, warehousing and other aspects of inventory management and information technology, and can have a negative effect on the earnings of certain stores or regions or even on Praktiker's business activities in general.

Product liability claims and product recalls

Products distributed by Praktiker may be faulty or defective. Such faults or defects can cause damage to the property or health of customers or third parties and could lead to serious indirect or consequential damages. In addition, faulty and defective products can diminish the market acceptance of products sold by Praktiker and detract generally from Praktiker's reputation. Although Praktiker or the injured party in question might also be able to make a claim against the supplier in the case of product defects or warranty events, the Praktiker Group as a rule, bears a portion of and in some cases the primary risk of product liability and warranty claims. In the event that a product series proves to be defective, it may be necessary for Praktiker to carry out a product recall and to pay the costs of the recall plus the costs of procuring defect-free replacement products. In addition, if products turn out to be defective, claims based on consumer protection regulations can also be brought against Praktiker. Product liability and warranty claims and product recalls can damage Praktiker's overall reputation and lead to temporary or long-term buying restraint. This could diminish Praktiker's financial position and results of operations.

Employees in key positions

The future success of the Praktiker Group is dependent largely on the performance of its employees in key positions. It may be difficult to find new employees with the necessary specialized knowledge and skills for key positions. For demographic reasons, competition for qualified employees could even increase in the future. On the other hand it may well be that the specialized knowledge held by employees in key positions makes them attractive to competitors or other employers. If Praktiker was not able to attract or keep managers with the required skills, this could have a negative effect on Praktiker's business activities, financial condition and results of operations, and diminish its ability to maintain its current market positions, increase market shares and enter new markets.

Financial and currency risks

Surplus liquidity typically occurs over the course of the year. It is invested in the short-term money market with reputable European banks. Cash deposits or derivative financial instruments with positive market values at banks are subject to maximum limits based on the ratings published by international agencies. However, should the limits or diversification as well as any other form of financial risk hedging prove to be inadequate or insufficient, this may lead to significant negative impact on Praktiker's financial position.

Potential risks arising out of refinancing requirements for maturing financial liabilities have to be accounted for. Should the envisaged financial planning prove inadequate a refinancing risk might arise and have a significant negative impact on Praktiker's financial position.

Over the year, the amount of cash and cash equivalents fluctuates in line with seasonal variations in business requirements. Cash and cash equivalents typically drop to their lowest level for the year in January/February. Sales volumes are seasonally low at this time, while the volume of incoming goods in preparation for the gardening season beginning in the second quarter reaches its highest level. The inflow of cash is thus relatively low at the beginning of the

year, the outflow relatively high. Liquidity requirements that can arise in the first quarter may be covered insufficiently and could lead to negative effects on the financial position of the Issuer.

Praktiker has several liquidity and/or financing facilities in place, which include certain financial covenants that mainly relate to various earnings to debt ratios. Should it become apparent that the covenants cannot be complied with, it is very likely that the interest conditions have to be renegotiated. Further, the breach of covenants in one facility may trigger cross-default provisions in other facilities. The increase in the interest expenditure or the triggering of cross-default provisions would have a significant negative impact on the Issuer's financial position.

The Praktiker Group hedges most currency risks associated with payments. This applies above all to procurement from the US-Dollar region. If the imports are invoiced in US Dollars which is mainly the case for imports from Asia, they are hedged against the Euro at the time of order by the contracted service provider. In Eastern Europe, rental obligations are almost exclusively in Euro. However, currencies are only hedged to a limited extent as the cost of hedging them in full would be disproportionately high. The profit transfer from the international subsidiaries that use a currency other than the Euro are also subject to an exchange rate risk as is the valuation of equity stakes in international subsidiaries. This translation risk is also only reduced to a limited extent by corresponding hedging activities. Should hedging of such currency fluctuations or exchange rate risks prove inadequate or insufficient this may have a significant negative impact on Praktiker's financial position.

Legal or arbitration proceedings risks

On 25 May 2010, the Polish anti-trust authorities issued a fine notice to Praktiker Polska Sp. z o.o., a consolidated company of the Praktiker Group which is domiciled in Warsaw. The fine notice accuses Praktiker of illegal price fixing from 2000 to 2006. Praktiker had already received a fine notice as a result of similar proceedings in 2006. The Polish anti-trust authorities were also carrying out an investigation in another set of proceedings in the course of which another fine notice was received in January 2011. Praktiker has taken legal action against all three fine notices. On the balance sheet as at 30 September 2010, Praktiker recognised total provisions of EUR 14.5 million for these three matters. In addition, provisions for legal disputes resulting from the ordinary course of business amounted to a total of EUR 2.1 million as of 30 September 2010.

Provisions for existing legal risks may prove insufficient or new legal risks may arise thereby having a significant negative impact on the Issuers financial position.

Organisational risks

This category includes risks which are associated with errors and shortcomings in the widest sense, as they may occur in every large organisation with its varied functions. Praktiker strives to reduce these risks by training and qualifying its employees adequately, by standardising procedures, by including test loops or subjecting them to random checks. However, these measures may prove insufficient and inadequate.

Energy price risk

Praktiker is exposed to possible increases in energy prices. Energy price increases mainly affect the operating costs of the store network. These price increases may only be offset to a limited degree through energy savings measures such as lighting or heating control systems. Praktiker tries to enter into at least medium-term utility supply contracts in order to reduce the risk of price increases.

Failure to adjust to the risks mentioned above or to foresee new risks in a timely and/or adequate manner may lead to significant negative impacts on Praktiker's financial position.

Risks relating to the Notes

An investment in the Notes involves certain risks associated with the characteristics, specification and type of the Notes which could lead to substantial losses that Noteholders would have to bear in the case of selling their Notes or with regard to receiving interest payments and repayment of principal. Risks regarding the Notes comprise, *inter alia*, the following risks:

Notes may not be a suitable investment for all investors

Each potential investor in Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including cases in which the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and the content of this Prospectus; and
- (v) be able to evaluate, either alone or with the help of a financial adviser, possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Liquidity risk

Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange. However, there is a risk that no liquid secondary market for the Notes will develop or, if it does develop, that it will not continue. The fact that the Notes may be listed does not necessarily lead to greater liquidity as compared to unlisted notes. In an illiquid market, an investor is subject to the risk that he will not be able to sell his Notes at any time or at fair market prices. The possibility to sell the Notes might additionally be restricted by country specific reasons.

Risk of early redemption

The Notes may be redeemed at the option of the Issuer (in whole, but not in part) at the Redemption Price (as defined in the Terms and Conditions) plus accrued interest to the date fixed for redemption, (i) for reasons of taxation, as more fully described in the Terms and Conditions or (ii) if 80 per cent or more of the aggregate principal amount of the Notes then outstanding has been redeemed following a Change of Control Event or has been repurchased and cancelled, as more fully described in the Terms and Conditions. In the event that the Issuer exercises the option to redeem the Notes, the Noteholders might suffer a lower than expected yield and might not be able to reinvest the funds on the same terms.

Market price risk

The development of market prices of the Notes depends on various factors, such as changes of market interest rate levels, the policies of central banks, overall economic developments, inflation rates or the lack of or excess demand for the Note. The Noteholders are therefore exposed to the risk of an unfavourable development of market prices of their Notes which materialise if the Noteholders sell the Notes prior to the final maturity. If a Noteholder decides to hold the Notes until final maturity, the Notes will be redeemed at the principal amount of the Notes.

Creditworthiness of Praktiker

If, e.g., because of the materialisation of any of the risks regarding the Issuer, the likelihood that the Issuer will be in a position to fully perform all obligations under the Notes when they fall due decreases, the market value of the Notes will suffer. In addition, even if the likelihood that the Issuer will be in a position to fully perform all obligations under the Notes when they fall due actually has not decreased, market participants could nevertheless have a different perception. In addition, the market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business as the Group could adversely change.

If any of these risks occurs, third parties would only be willing to purchase Notes for a lower price than before the materialisation of said risk. Under these circumstances, the market value of the Notes will decrease.

Currency risk

The Notes are denominated in Euro. If such currency represents a foreign currency to a Noteholder, such Noteholder is particularly exposed to the risk of changes in currency exchange rates which may affect the yield of such Notes in the currency of the Noteholder. Changes in currency exchange rates result from various factors such as macro-economic factors, speculative transactions and interventions by central banks and governments.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable currency exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

Fixed rate notes

The Notes bear interest at a fixed rate. A Noteholder of fixed rate Notes is particularly exposed to the risk that the price of such Notes falls as a result of changes in the market interest rate. While the nominal interest rate of a fixed rate Note as specified in the Terms and Conditions is fixed during the life of the Notes, the current interest rate on the capital market typically changes on a daily basis. As the market interest rate changes, the price of fixed rate Notes also changes, but in the opposite direction. If the market interest rate increases, the price of fixed rate Notes typically falls, until the yield of such Notes is approximately equal to the market interest rate of comparable issues. If the market interest rate falls, the price of fixed rate Notes typically increases, until the yield of such Notes is approximately equal to the market interest rate of comparable issues. If a Noteholder holds its Notes until maturity, changes in the market interest rate are without relevance to such Noteholder as the Notes will be redeemed at the principal amount of the Notes.

Resolutions of Noteholders

Since the Notes provide for meetings of Noteholders or the taking of votes without a meeting, a Noteholder is subject to the risk of being outvoted by a majority resolution of the Noteholders. As such majority resolution is binding on all Noteholders, certain rights of such Noteholder against the Issuer under the Terms and Conditions may be amended or reduced or even cancelled.

Noteholders' Representative

Since the Notes provide for the appointment of a Noteholders' representative (*gemeinsamer Vertreter*), it is possible that a Noteholder may be deprived of its individual right to pursue and enforce its rights under the Terms and Conditions against the Issuer, such right passing to the Noteholders' representative who is then exclusively responsible to claim and enforce the rights of all the Noteholders.

No restriction on the amount of debt which the Issuer may incur in the future

There is no restriction on the amount of debt which the Issuer may issue which ranks equal to the Notes. Such issuance of further debt may reduce the amount recoverable by the Noteholders upon winding-up or insolvency of the Issuer or may increase the likelihood that the Issuer may or shall defer payments of interest under the Notes.

USE OF PROCEEDS

In connection with the offering of the Notes, the Issuer will receive net proceeds of approximately EUR [●]. The Issuer intends to use the net proceeds for the repayment of existing debt, in particular the outstanding convertible bond due 2011, and purposes of its general business. The total expenses of the issue of the Notes are expected to amount to approximately EUR 8.000.

GENERAL INFORMATION ON THE ISSUER

General

Praktiker Bau- und Heimwerkermärkte Holding AG is a stock corporation (*Aktiengesellschaft*) under German law. It is registered with the Commercial Register (*Handelsregister*) of the Local Court (*Amtsgericht*) in Saarbrücken under HRB 15267 under the name "Praktiker Bau- und Heimwerkermärkte Holding AG". The Issuer is the parent company of the Praktiker Group with its registered office at Am Tannenwald 2, 66459 Kirkel, Germany, Telephone: +49 (0)6849 95-00.

Formation

The Issuer was formed on 19 August 2005 under the name "Praktiker Bau- und Heimwerkermärkte Holding AG".

On 26 September 2005, all of the shares of Praktiker Bau- und Heimwerkermärkte AG (now: Praktiker Deutschland GmbH), which was founded in 1978, were transferred to Praktiker Bau- und Heimwerkermärkte Holding AG.

Fiscal Year

The fiscal year of the Issuer is identical with the calendar year.

Object of the Issuer

Under Section 2 of the Articles of Association, the Issuer's purpose is to acquire and manage equity interests in wholesale, retail and other service companies, as well as to engage in wholesale and retail trade in home improvement products and generally in goods of every type in the food and non-food areas, including the import and export thereof, and, in particular, to operate home improvement centres domestically and abroad, as well as to carry out commercial transactions and provide services, which are, in the broadest sense, suited to serve its corporate purpose.

The Issuer may hold shares in the same or similar types of companies domestically or abroad, and may acquire them, manage their businesses, lease them and set up branches domestically and abroad.

The Issuer is authorized to found, purchase or acquire the shares of the same or similar types of companies as well as enter into agreements with other companies. The Issuer may bring businesses under a unified management or limit itself to administering its equity interests.

Auditors

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Olof-Palme-Str. 35, D-60439 Frankfurt am Main, Germany, a member of the German Chamber of Public Accountants, Berlin, Germany (Wirtschaftsprüferkammer), has audited the consolidated financial statements of Praktiker AG for the financial years from 1 January to 31 December 2008, and from 1 January to 31 December 2009 and issued an unqualified auditor's report in each case.

Business

Overview

Praktiker AG is a full-service supplier in the do-it-yourself ("DIY") market offering its customers, from price-conscious occasional do-it-yourselfers to quality-focused professional craftsmen, a comprehensive range of products that is intended to be structured in line with demand. The product range includes both high-quality items from well-known brand manufacturers and private labels, characterised by competitive cost/benefit ratio. The variety of products is complemented by a range of services, spanning from wood cutting to trailer rental. The Group has achieved a considerable level of brand awareness in all countries in which it operates and has over 130 million customer contacts (as measured in cash register receipts) a year.

The Praktiker Group reports on four business segments: Praktiker Germany, Max Bahr, International and Miscellaneous. The latter comprises the German sales line extra BAU+HOBBY, the online activities in Germany and a cross-divisional service company of the Praktiker Group. This segment is relatively insignificant in terms of sales, earnings and assets for the Praktiker Group.

The Praktiker Group operates 436 DIY stores (as of 30 September 2010) in ten countries. In Germany, Praktiker has 330 stores (thereof 235 Praktiker, 78 Max Bahr and 17 extra BAU+HOBBY stores) with a combined weighted selling space of about 2 million square meters. Sales-wise it is the second largest operator in the German marketplace. In Greece,

Romania and Bulgaria, Praktiker was – again in terms of sales – the market leader in 2009, in Hungary and the Ukraine, Praktiker is among the three largest providers in terms of sales.

The Praktiker Group maintains two main brands in Germany: Praktiker and Max Bahr. In addition, it operates the extra BAU+HOBBY brand which contributes to sales and earnings only to a limited extent. With the exception of three "bätiself" stores in Luxembourg, only the Praktiker brand is used in the international markets.

The Praktiker brand in Germany intends to be and, according to the regular market research "Kundenmonitor" (Kundenmonitor Deutschland 2010, ServiceBarometer AG, September 2010) is also perceived as one of the price leaders in the DIY business. With 235 stores, it has established a nationwide coverage. Praktiker's business concept in Germany is based specifically on a brand with an assertive pricing and a marketing strategy focused on price.

Max Bahr is the premium brand in the Group's German activities. It focuses on customers who attach particular importance to service, advice, a wide choice and ambience, in addition to competitive prices and high quality. In customer surveys, the Hamburg-based company, which has a long tradition ("DIY store since 1879") consistently achieves high marks, in the "Kundenmonitor" survey of 2010 (Kundenmonitor Deutschland 2010, ServiceBarometer AG, September 2010), being even top rated in general customer satisfaction.

Outside its home market Germany, Praktiker conducts an expansion policy in Eastern European markets and has positioned itself in these countries primarily as a service-oriented provider of products from the DIY sector. In addition, product groups responding to regional demand are added to the assortments in international markets, some of which are also outside the traditional DIY assortment like occasional furniture, "white goods" (e.g. washing machines and dryers) and "brown goods" (e.g. TVs and stereo equipment) which are offered to different degrees in the different countries.

Praktiker considers it to be a strategic advantage to operate two strong brands in Germany as it can thus address two different segments of the market. Competitive strength is also derived from the long-term oriented expansion into international markets and the country-by-country adjustment of the product offer to the respective market conditions. An experienced management team and a centralised corporate structure complement in the view of Praktiker its competitive strengths.

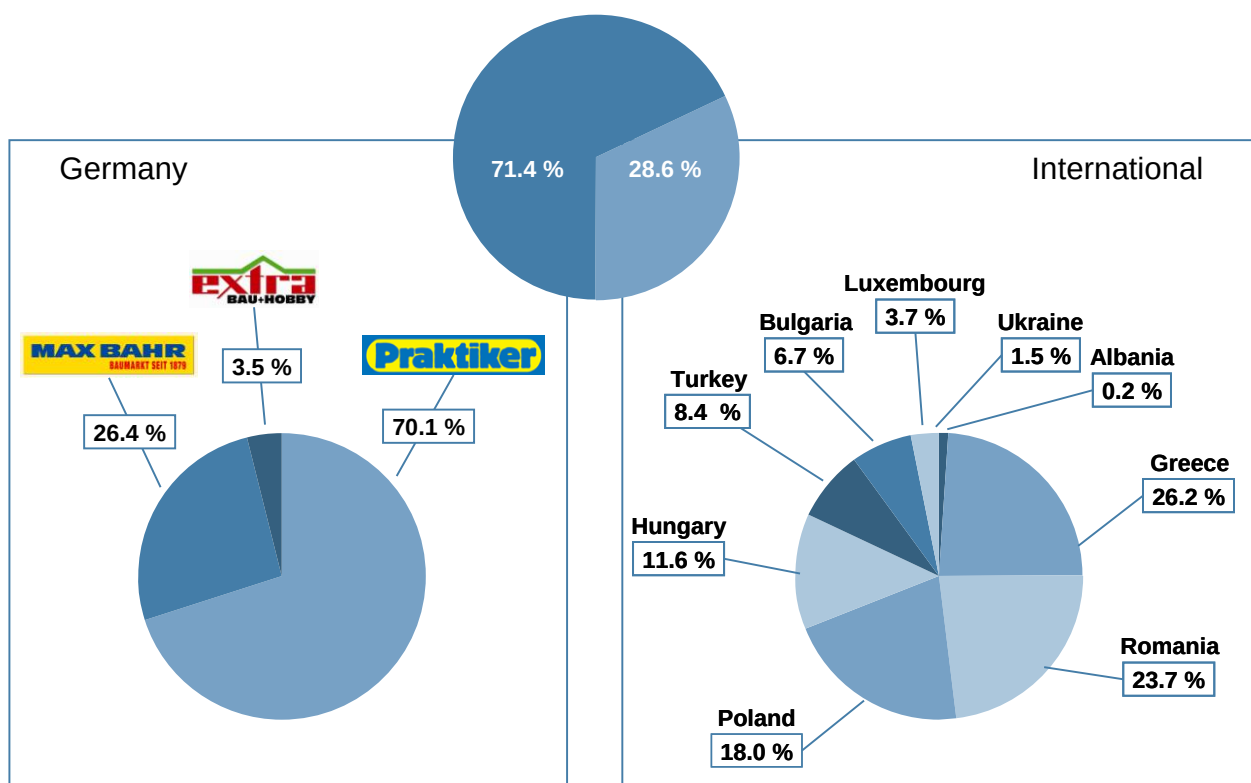


During fiscal year 2009, the Praktiker Group had on average 22,490 employees (full time equivalents), including more than 10,000 employees (full time equivalents) outside Germany.

Markets

Praktiker Group's most important market is Germany amounting to 71.4 per cent of the total Praktiker Group sales in 2009. In Germany, Praktiker AG operates two main brands Praktiker and Max Bahr. A small share of sales is contributed by the extra BAU+HOBBY brand. The international business is mainly centred in countries of Eastern Europe, but also in Greece, Luxembourg and Turkey. In 2009, the largest contribution to sales of the Praktiker Group outside Germany came from Greece, Romania and Poland.

Net sales 2009, split by countries



Source: Praktiker data

Strategy

Praktiker Group

The Praktiker Group has set up a comprehensive transformation programme called "Praktiker 2013" which is expected to be the main driver of sales and earnings improvement in the next couple of years. With the aim of stabilising market share and enhancing earnings in the long term, work on the programme began in January 2010. The first step focused on the Praktiker brand in Germany, as this is where in the opinion of Praktiker the greatest potential lies to improve earnings given the weak performance in 2009. However, Max Bahr and the international business have also been included in the programme's work. The aim of the programme is that by 2013, all segments of the Group are again to achieve an EBITA margin in line with what they had already achieved in the past.

The Group believes it will be able to achieve these goals by focussing on the following topics:

- to create new growth potential in the medium term across all business segments
- to return to previous earnings levels with Praktiker Germany by re-positioning the brand
- to maintain the profitability of Max Bahr by increasing the attractiveness of the product offer
- to integrate the international business stronger into group structures and to reduce all major expense items
- to re-organize the Group headquarters and to reduce central costs by streamlining the organisation

Restructuring and cost cutting is expected to yield short-term improvement of earnings, major changes in important processes, most notably in logistics, are expected to provide sustainable cost improvement in the medium-term and the repositioning of the Praktiker brand in Germany is expected to contribute to increasing sales as well as the planned, albeit moderate expansion in the Eastern European markets.

In total, work in the programme office, external consulting, the severance payments required for the restructuring and the implementation of further measures resulted in expenses of EUR 12.8 million in the first nine months of 2010.

Praktiker Germany

In Germany, Praktiker sees itself as a full-range supplier for construction, DIY and gardening. Around 75,000 items are listed in its merchandise management system. These are available in various configurations in the Praktiker Group's stores in their gardening, sanitary goods, wood, building materials, electrical goods, tools/machinery, paint/wallpaper, hardware and miscellaneous departments. The products are supplemented by a range of services such as wood cutting, paint mixing, ordering, transport, credit purchase arrangement, etc., but the focus is on providing a clearly organised and above all well priced range of products in the above departments.

This value proposition has been made visible to the customer with the introduction of the Easy-to-Shop concept in 2006. It was developed in order to reduce complexity further, to make shopping easier for customers, to improve sales and to reduce working capital needs. The concept had two main features, firstly to change the layout of the store and to refurbish it in the process and secondly to work on the assortments with the target of reducing the number of stock keeping units (SKUs). At the date of this Prospectus, around 90 stores, almost 40 percent of the store portfolio of Praktiker Germany, had been converted to this concept in full (both measures). All locations opened in 2009 and 2010 to replace former stores were also modelled on the Easy-to-Shop format. In some additional 40 stores – where changing the layout was not necessary or too expensive – only the changes in the assortment have been introduced.

Within the framework of the transformation programme "Praktiker 2013", this concept was taken a step further in order to align the offer with the intended change in the value proposition. At the same time, the basis was laid to improve all internal processes concerning merchandise management and logistics with the intention to gain sustainable cost improvement as well.

As a result of the considerations on the repositioning of Praktiker Germany, eleven locations were converted into concept stores in July 2010. These stores form a key aspect of the brand's new value proposition in Germany. The ideas implemented at the concept stores are aimed in particular at increasing customer loyalty of existing customers and to address new customer groups as well by providing an enhanced shopping experience. With this in mind Praktiker has further simplified the customer orientation system, has made information stands more visible and has expanded and communicated the service and warranty offers more effectively. Customer surveys show that the new features have so far enjoyed a positive response. The most successful elements of the concept stores will be rolled out at all of Praktiker's stores in 2011.

One of the key elements of the new value proposition will be the introduction of "Praktiker" as a private label and its positioning as a mid-price, but quality offer. The first steps in this direction had already been taken in 2010 when "Praktiker" as a private label was introduced in the gardening assortment. In spring 2011, the new private label will also appear in the paints department, in laminate/flooring and in ironmongery. All other assortments will be worked over in line with these changes in 2011/2012.

The new value proposition also requires changes in communication. Communication with the customer will not focus any more exclusively on price. General discounts as were granted in the past in "20 percent off" promotions will be strongly reduced. Nevertheless, Praktiker aims to stay competitive in terms of pricing. In addition, Praktiker Germany plans to open an online shop in February 2011.

Max Bahr

Max Bahr has been acquired by Praktiker in 2007. Max Bahr is focusing its offering more strongly on those customers interested in a wide selection, good advice, a high level of service and higher quality. It is also offering a growing range of services that are developing away from traditional "do-it-yourself" and more towards "do-it-for-me". As Max Bahr is traditionally strong in the northern part of Germany and not yet adequately represented in some other regions of Germany, there are still opportunities in selected regions. New stores were added to the portfolio in Regensburg in 2009 and in Kamen in 2010. For 2011 there are currently no plans for the opening of additional Max Bahr stores.

Praktiker International

In its international markets Praktiker is concentrating on generating customer loyalty through quality, service and advice. It has a core assortment of around 40,000 typical DIY articles, in some cases supplemented by white goods, small furniture and consumer electronics. Brands used are both local and German. As in Germany, Praktiker focuses in its international stores on providing service and advice to its customers but is not focussing on price competition like in its home market. This kind of service orientation is supported by a Western European shopping atmosphere via open and generous architecture of stores with a standard size of 6,500 square meters, including modular options to expand. Besides the standard size Praktiker has developed a smaller sized format of 4,500 square meters adapted to smaller catchment areas. This type of store is mainly operated in Greece and Romania.

The financial crisis, in particular, has had a negative impact on the international business of the Praktiker Group. Romania, Greece, Hungary all increased their valued added tax rates considerably, which had a negative impact on the private consumption in these countries. As a result, only Poland, Turkey and the Ukraine have made (in Euro-terms) a positive growth contribution in the first nine months of the 2010 fiscal year.

Praktiker expanded its store portfolio in 2009 and 2010, albeit at a strongly reduced rate compared to the previous years. The Praktiker Group is planning to accelerate its expansion again in the future. The number of stores is expected to rise steadily but with a reasonable and financially sustainable framing. The aim is to establish a comprehensive network of DIY stores in all countries and to cover all main conurbations. In 2010, the Praktiker Group management focused on securing earnings in all international markets. Measures aimed at improving earnings strength included workforce adjustments, reductions to advertising budgets and the close scrutiny of all other expenses. The gradual increase of the share of private label products in the international markets is considered as a further way to improve earnings.

Competition

The German DIY market

In a market environment in which competition is already tough and the space available is ample, Praktiker is improving the quality of its store portfolio rather than increasing the number of its stores. For an overview of the main competitors in the DIY sector, please see the table below:

Competitors	Number of stores	Gross sales (EUR bn)	Market share ¹⁾ (%)	Selling space (m ² mn)	Owner structure ²⁾
	330	3.5	12.7	2.52	Tengelmann (food retailer)
	335	3.1	11.3	2.14	listed company
	126	2.5	8.8	1.19	family owned
	363	2.3	8.2	2.27	Rewe (food retailer)
	664	2.3	8.2	1.94	Cooperation concept
	90	1.9	6.8	0.97	listed company
	85	1.2	4.3	0.66	family owned
	80	0.6	2.1	0.62	family owned
	92	0.3	1.1	0.25	listed company

1) Based on a market volume of EUR 27.8 bn

2) Company data

Note: All figures as of 31 December 2009 / Source: Dähne-Verlag, Statistik, March 2010

The international markets of Praktiker Group

Compared to Germany, the number of competitor stores is relatively low in all of the countries in which Praktiker operates.

Market position 2009	Albania	Bulgaria	Germany	Greece	Hungary	Poland	Romania	Turkey	Ukraine
Market volume ¹ in € bn	0.37	1.1	23.0	5.4	2.4	10.5	3.9	12.1	3.0
Praktiker net sales in € m	2.0 ²	70.2	2,617.1	273.5	121.7	188.1	247.7	88.3	15.8
Market share in %	-	6.2	11.3	5.1	5.1	1.8	6.7	0.7	0.5
Market position	-	1	2	1	2	4	1	4	3
Main competitors (market share ¹ in %)	-	Mr. Bricolage (5.4) Baumax (2.5)	Obi (12.7) Bauhaus (8.8) Toom (8.2)	Leroy Merlin (1.3)	Obi (6.4) Baumax (3.8) Bricostore (2.8)	Castorama (10.6) Leroy Merlin (5.5) Obi (3.1)	Dedeman (6.5) Bricostore (4.6) Baumax (2.9)	Koçtas (2.7) Bauhaus (1.1) Tekzen (0.8)	Epicentre (19.4) Nova Linija (9.5) Obi (0.5)

¹ Praktiker estimates

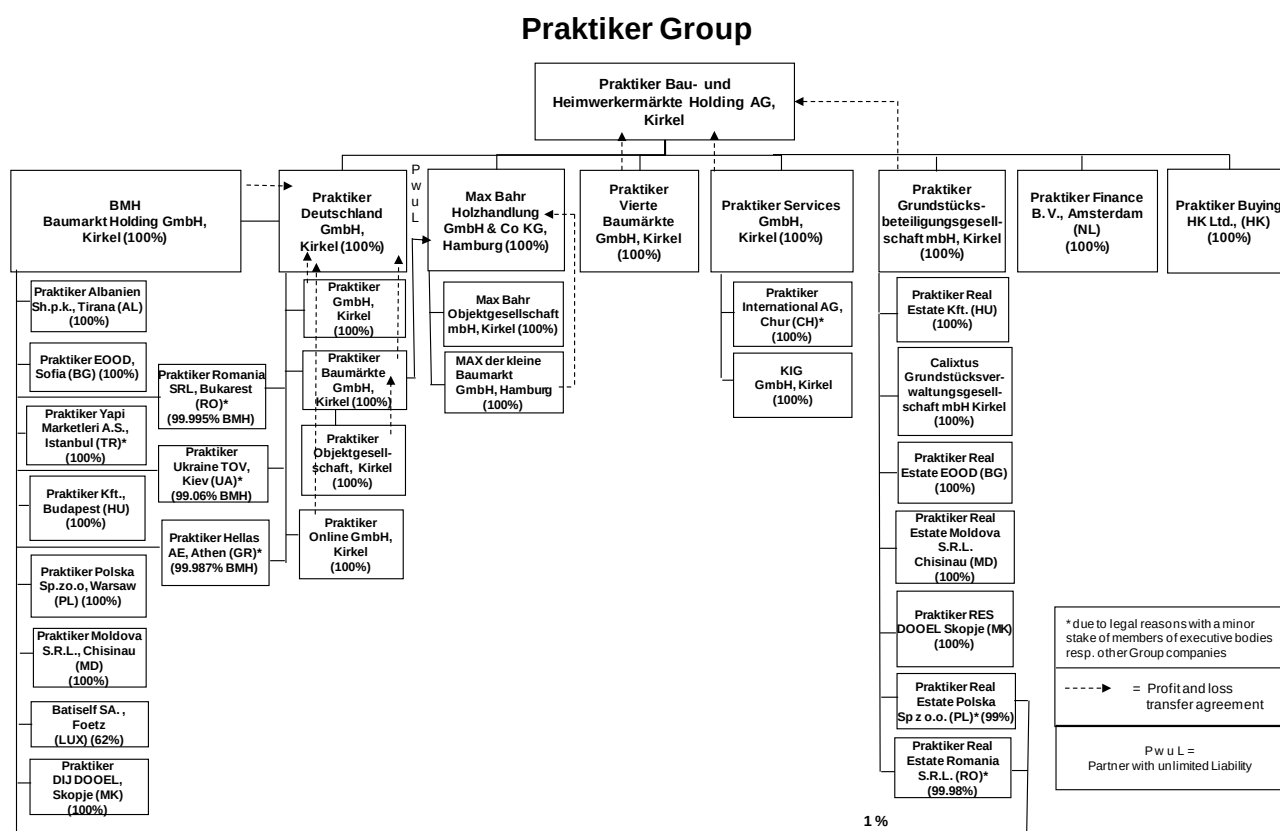
² since October 2009

Praktiker is among the leading companies in its sector in all of its international markets. Since 2008, the level of competition has moderately increased in most of the countries with further western-style DIY operators entering the markets or enlarging their existing networks. As most competitors operate a store format of at least 10,000 square meters, newly set up stores are normally to be found in larger catchment areas. Praktiker's stores are smaller on average, allowing Praktiker to tap smaller catchment areas as well and to install a national-wide network (e.g. 26 stores in Romania). DIY chain stores tend to grow their market share on the back of smaller, local businesses rather than gaining market share from other western style formats.

Organisational Structure

The Issuer is the parent company of the Praktiker Group. It holds all of the shares in each of its seven subsidiaries, Praktiker Services GmbH, Praktiker Finance B.V., Praktiker Group Buying HK Ltd., with its registered office in Hong Kong, Praktiker Grundstücksbeteiligungsgesellschaft mbH, Praktiker Deutschland GmbH, Praktiker Vierte Baumärkte GmbH and is limited partner of Max Bahr Holzhandlung GmbH & Co. KG. Praktiker Services GmbH, in turn, holds shares in two subsidiaries, namely, 99.99% of the shares in Praktiker International AG with its registered office in Switzerland and a share capital of CHF 37 million, whereas the remaining shares are owned by the Administrative Council of the company and 100% of the shares in KIG GmbH, with its registered office in Kinkel. Praktiker Deutschland GmbH holds all of the shares of five German subsidiaries and business interests in foreign subsidiaries. Praktiker Grundstücksbeteiligungsgesellschaft mbH holds almost 100% of the shares of the Group's real estate companies.

The following chart shows the principal subsidiaries that are either directly or indirectly owned by the Issuer.



Recent Developments and Outlook

"Praktiker 2013" is a transformation programme aiming at improving the positioning of the Praktiker Group for the future in a value-oriented manner. The composition, structure and aims of the "Praktiker 2013" programme and the initial measures were presented in the report of the first quarter interim report of 2010. Progress of the programme has been documented in the consecutive quarterly reports.

Many decisions have been taken already, some have already been executed, others are in the process of being executed.

Milestones already executed:

- Launch of the "Praktiker" brand as a private label in the gardening assortment
- Reduction of the number of members of the Management Board (from 5 to 4)
- Structural and personnel changes in central functions (reduction of management positions)
- Implementation of the new concept stores under the Praktiker brand in Germany
- Elaboration of the new value proposition of Praktiker Germany
- Customer-oriented development of Max Bahr's product ranges (such as "World of doors and windows", i.e. offering doors and windows as a complete package including installation at the customer's premises)
- Review of merchandise management system

Milestones in progress:

- Roll-out of concept store ideas to the whole portfolio of Praktiker Germany
- Enlargement of the product offer under the private label "Praktiker" in Germany and also in the international business
- Introduction of an online shop under the Praktiker brand in Germany
- Setting up an own procurement organisation in Asia
- Centralising all procurement through the corporate procurement department
- Introduction of automated re-ordering at Praktiker Germany
- Introduction of centralised warehousing for the Praktiker Group
- Standardisation of organisational structures in the international business

In the third quarter 2010, structural changes at the Praktiker Group headquarters were implemented in the course of the transformation process. The Management Board was reduced from five to four members. Further, a new Chief Financial Officer was appointed. These changes involved non-recurring expenses totalling EUR 2.4 million.

At the same time, the transformation of the Praktiker Group reached the second management level with similar intensity. Extensive structural – and hence personnel – changes have been decided upon and have been implemented, reducing management positions in central functions. The streamlining of the management structures reflects the Praktiker Group's intention to reduce costs, speed up the decision making process and to bundle or outsource tasks wherever possible.

As already described above, preparatory work to elaborate the concept of the re-positioning of the Praktiker brand in Germany has been completed.

An important element of the programme was to check the merchandise management system for its efficiency. Praktiker has decided to keep the existing merchandise system as it stands but it intends to implement modular renewals and expansions where it is necessary and economically reasonable to do so. In designing the modules, it aims to ensure that they can still be used when the merchandise management system is transferred to a new IT infrastructure in four or five years. Compared with the immediate introduction of an entirely new system, this decision serves to protect liquidity and value by spreading the necessary investments over a longer period while maintaining the high-level functionality of the system in a more cost-effective manner. An investment in the mid single-digit million range is intended to be made available in 2011 for the first phase of expansion.

As the "Praktiker 2013" programme progresses, the opportunities resulting from the extensive transformation of the Praktiker Group become increasingly clear. This is highlighted by the fact that the measures already implemented – like the reduction of management positions – have reduced the cost base with the aim of significantly and sustainably reducing cost in 2011. The management of Praktiker is convinced that the multitude of measures under work in progress will contribute further to a considerable increase in earnings over the next couple of years and that the targets set for the programme can be reached.

These efforts may be further supported if the economies of Romania, Bulgaria, Hungary and the Ukraine will gain momentum again after the prolonged recession they have experienced. Praktiker expects that the potential demand for DIY industry products will increase again in the coming years and is prepared to further invest in new stores and thereby consolidate or even expand its existing market position.

In 2010, sales of the Praktiker Group have declined by 5.9 per cent as has been published in the trading statement of 6 January 2011.

On the back of an expected stabilisation of many economies in the international portfolio, and on the back of the measures to re-position the Praktiker brand in Germany, Praktiker does not expect this trend to continue in 2011.

The work on the "Praktiker 2013" programme has caused extraordinary effects which have been documented in the interim report for the nine months ended 30 September 2010. Until the end of the third quarter 2010, such extraordinary effects amounted to EUR 12.8 million. The outlay for the "Praktiker 2013" programme – i.e. the work performed by the programme office and external consulting – accounted for EUR 3.9 million of this figure, while EUR 6.5 million were

attributable to measures already implemented and EUR 2.4 million were recorded for the changes in the Management Board. In this context substantial additional expenses were incurred in the fourth quarter 2010 and are expected in the course of the fiscal years 2011 and 2012. The expenses to be incurred during the fiscal year 2011 are expected to be significantly higher than those incurred in the fiscal year 2010.

All measures under the "Praktiker 2013" programme are geared to increase operating earnings – before extraordinary effects – from 2011 on.

Praktiker continues to pursue a cautious investment strategy. In the past, all capital expenditure has been financed from the operating cash-flow – with the exception of the acquisition of Max Bahr. Praktiker intends to pursue this strategy further.

Praktiker has sought in the past and will continue to do so in the future to actively reduce working capital needs and keeping liquidity at an appropriate level.

Investments

Since the last financial report incorporated by reference in this Prospectus, no major investments have been made. As for the future, the Praktiker Group intends – before consideration of "Praktiker 2013" – to keep capital expenditure in 2011 at the level achieved in 2010. Capital expenditure requirements will arise of the planned roll-out of the concept stores at Praktiker Germany, the planned extension of the store portfolio in Eastern Europe, the regular maintenance requirements, investments into the IT infrastructure and the IT needed for improved processes.

Legal and Arbitration Proceedings

On 25 May 2010, the Polish anti-trust authorities issued a fine notice to Praktiker Polska Sp. z.o.o., a consolidated company of the Praktiker Group which is domiciled in Warsaw. The fine notice accuses Praktiker of illegal price fixing from 2000 to 2006. Praktiker had already received a fine notice as a result of similar proceedings in 2006. The Polish anti-trust authorities were also carrying out an investigation in another set of proceedings in the course of which another fine notice was received in January 2011. Praktiker has taken legal action against all three fine notices. On the balance sheet as at 30 September 2010, Praktiker recognised total provisions of EUR 14.5 million for these three matters. In addition, provisions for legal disputes resulting from ordinary course of business amounted to a total of EUR 2.1 million as of 30 September 2010.

Apart from the above, as of the date of this Prospectus the Issuer is not aware of any legal and arbitration proceedings that may have, or have had in the past 12 months significant effects on the Issuer's financial position or profitability.

Material Contracts

The Issuer did not enter into any contracts in the ordinary course of business which could result in any member of the Praktiker Group being under an obligation or entitlement that is material to Praktiker's ability to meet its obligations to the Noteholders.

Management and Administrative Bodies

In accordance with the German Stock Corporation Act (*Aktiengesetz*) Praktiker AG has both, a Management Board (*Vorstand*) and a Supervisory Board (*Aufsichtsrat*). The Management Board is responsible for the management of Praktiker AG's business; the Supervisory Board supervises the Management Board and appoints its members. The two boards are separate, and no individual may simultaneously be a member of both boards.

Management Board

The current members of Praktiker AG's Management Board and their areas of responsibility are as follows:

Name	Function
Wolfgang Werner	Chief Executive Officer and Management Board member, responsible for Business Development/Strategy, "Praktiker 2013", Communication/Public Relations, Auditing, Legal Affairs and Contractual Matters, Compliance, Praktiker Services GmbH

Michael Arnold	Labour Director and Management Board member, responsible for International Business, Internationalisation, Location Management Germany/International, Personnel
Markus Schürholz	Management Board member responsible for Controlling, Accounting/Tax, Finance, Investor Relations, M&A
Pascal Warnking	Management Board member responsible for Praktiker Germany, Max Bahr, extra BAU+HOBBY, Corporate Procurement, Marketing

The business address of the members of the Management Board is the same as that of Praktiker AG.

Supervisory Board

As at the date of this Prospectus, the names of the members of Praktiker AG's Supervisory Board, their principal occupations and their positions outside of Praktiker AG are as follows:

Name	Principal Occupation	Other Mandates
Dr. Kersten v. Schenck (Chairman)	Attorney at law and notary public	Chairman of the Supervisory Board of Praktiker Deutschland GmbH Member of the Supervisory Board of ThyssenKrupp AG
Marliese Grewenig * (Vice Chairwoman)	Chairwoman of the General Workers Council of Praktiker Deutschland GmbH and of the Group Workers Council of Praktiker Bau- und Heimwerkermärkte Holding AG	Vice Chairwoman of the Supervisory Board of the Praktiker Deutschland GmbH
Dr. Norbert Bensel	Independent management consultant and president of Hochschule für Internationale Wirtschaft und Logistik	Member of the Supervisory Board of Praktiker Deutschland GmbH Member of the Supervisory Board of DEVK Deutsche Eisenbahn Versicherung Sach- und HUK-Versicherungsverein a.G. Betriebliche Sozialeinrichtung der Deutschen Bahn Chairman of the Supervisory Board of Transcare AG Member of the Supervisory Board of ecotel communications AG Member of the Advisory Board of IQ Martrade Holding und Managementgesellschaft mbH Member of the Advisory Board of BLG Logistics Group AG & Co. KG Member of the Advisory Board of BREUER Nachrichtentechnik GmbH Member of the Board of Directors Qnamic

		AG, Switzerland
Ulrich Grillo	Chairman of the Management Board of Grillo-Werke AG	Member of the Supervisory Board of IKB Deutsche Industriebank AG Member of the Supervisory Board of mateco AG Member of the Supervisory Board of Praktiker Deutschland GmbH
Dr. Kay Hafner	Managing Partner of HAFNER & CIE. Corporate Advisory Services GmbH	Member of the Supervisory Board of Praktiker Deutschland GmbH Member of the Advisory Board of Dietz AG Member of the Advisory Board of L. Stroetmann GmbH & Co. KG Member of the Advisory Board of proFagus GmbH
Ebbe Pelle Jacobsen	Chairman of the Management Board ("PDG") of Delsey SA, France	Chairman of the Supervisory Board ("Nästformand for Bestyrelsen") of BoConcept A/S, Denmark Chairman of the Supervisory Board ("Styreformand") of HAG / RH / RBM Group, Norway Chairman of the Supervisory Board ("Ordförande") of NetonNet AB, Sweden Member of the Supervisory Board of Praktiker Deutschland GmbH
Ulrich Kruse *	Chairman of the General Workers Council of Max Bahr Holzhandlung GmbH & Co. KG	Member of the Supervisory Board of Praktiker Deutschland GmbH
Johann C. Lindenberg	Businessman	Member of the Supervisory Board of BDO Deutsche Warentreuhand AG Wirtschaftsprüfungsgesellschaft Member of the Supervisory Board of Esso Deutschland GmbH Member of the Supervisory Board of ExxonMobil Central Europe Holding GmbH Member of the Supervisory Board of Gruner & Jahr AG & Co KG Chairman of the Supervisory Board of Hamburg Messe und Congress GmbH Member of the Supervisory Board of Praktiker Deutschland GmbH Chairman of the Supervisory Board of

		Elbphilharmonie Hamburg Bau GmbH & Co. KG
Alexander Michel *	Department Head of Praktiker Deutschland GmbH	Member of the Supervisory Board of Praktiker Deutschland GmbH
Zygmunt Mierdorf	Management Consultant	Member of the Supervisory Board of Praktiker Deutschland GmbH
		Member of the Supervisory Board of TÜV Süd AG
		Member of the Administrative Board of Wagner International AG
Cora Peters *	Vice Chairwoman of the Full Labour Council of Praktiker Baumärkte GmbH	Member of the Supervisory Board of Praktiker Deutschland GmbH
Rigobert Rumpf *	Department Head of Praktiker Deutschland GmbH	Member of the Supervisory Board of Praktiker Deutschland GmbH
Hans-Josef Schmitz*	Chairman of the General workers Council of the headquarters of Max Bahr Holzhandlung GmbH & Co. KG	Member of the Supervisory Board of Praktiker Deutschland GmbH
Jörg Wiedemuth *	Trade union secretary in the national administrative office of the ver.di union	Member of the Supervisory Board of Kaiser's Tengelmann AG
		Member of the Supervisory Board of Praktiker Deutschland GmbH
Prof. Dr. Harald Wiedmann	Attorney at law, tax adviser, auditor	Member of the Supervisory Board of Merz GmbH & Co. KGaA
		Member of the Supervisory Board of Praktiker Deutschland GmbH
		Member of the Supervisory Board of Prime Office AG
		Member of the Supervisory Board of ProSiebenSat.1 Media AG
		Member of the Supervisory Board of Senator GmbH & Co. KGaA
		Chairman of the Administrative Board of Berenberg Bank Joh. Berenberg, Gossler & Co. KG
Rüdiger Wolff *	Trade union secretary in the national administrative office of the ver.di union	Member of the Supervisory Board of Galeria Kaufhof GmbH
		Member of the Supervisory Board of Praktiker Deutschland GmbH

* Employees' representatives

The business address of the members of the Supervisory Board is the same as that of Praktiker AG.

The Supervisory Board has a total of five committees. The five committees are the Supervisory Board Presidium, the Audit Committee, the Arbitration Committee pursuant to § 27 (3) of the German Codetermination Act (*Mitbestimmungsgesetz*), the Personnel Committee and a Nominations Committee. In certain instances where permitted by law, the Supervisory Board's decision-making authority is assigned to its committees.

Conflict of Interest

As of the date of this Prospectus, the above mentioned members of the Management Board and the Supervisory Board of Praktiker AG do not have potential conflicts of interest between any duties to Praktiker AG and their private interests or other duties.

Board Practices

The Supervisory Board's Audit Committee consists of six members, of which three shall be shareholder representatives and three shall be employee representatives. The current members of the Audit Committee are Prof. Dr. Harald Wiedmann as chairman, Mr. Ulrich Grillo, Mr. Johann C. Lindenberg, Mr. Ulrich Kruse, Mr. Rigobert Rumpf and Mr. Hans-Josef Schmitz. At least one member of the Audit Committee has to be independent and familiar with matters relating to financial accounting or the auditing of accounts. Further, at least one member of the Audit Committee has also to be familiar with matters relating to the fields of risk management and internal control procedures. The Audit Committee deals, in particular, with questions of accountancy, compliance, the necessary independence of the auditor, the commissioning of the audit to the auditor, the determination of the focus points of the audit and the remuneration agreement. In addition, the audit committee deals with the effectiveness of the internal control system, the internal audit system and the risk management system. It prepares a proposal of the supervisory board to the general meeting on the election of the auditor. The audit committee also supervises the accountancy process, discusses and reviews the annual and group financial statements prepared by the Management Board and the group management report as well as the quarterly and half-yearly financial reports.

Corporate Governance Code

Praktiker AG's Executive and Supervisory Boards identify with the aims of the German Corporate Governance Code, promoting responsible and transparent management and control.

Each of the Executive and Supervisory Board of Praktiker AG follows the recommendations of the German Corporate Governance Code ("**DCGK**") in its currently effective version with no reservation.

Share Capital

As of 30 September 2010, the share capital of Praktiker AG amounts to EUR 58,000,000, it is fully paid and is divided into 58,000,000 of no-par-value bearer shares with a *pro-rata* amount in the share capital of EUR 1 each.

Shareholders

The shares of Praktiker AG are considered to be 100 per cent in free float. As at the date of this Prospectus, the Eton Park Capital Management LLC, New York, USA (including M. Mindich, USA; Eton Park Capital Management, L.P., New York, USA; Eton Park Capital Limited, London, United Kingdom and Eton Park International LLP, London, United Kingdom) is currently the biggest single group of shareholders with a voting share of 8.39 per cent

Selected Financial Information

The following table sets out the key financial information about the Issuer extracted from the audited consolidated financial statements of Praktiker AG for the fiscal years ended on 31 December 2008 and 31 December 2009 and the unaudited consolidated interim financial statements of Praktiker AG for the nine months ended on 30 September 2010.

	9months ended 30 September 2010	9months ended 30 September 2009	Financial year ended 31 December 2009	Financial year ended 31 December 2008 ¹
EUR in million				
Net Sales	2,698	2,864	3,663	3,907
thereof:				
Praktiker Germany	1,343	1,451	1,835	1,869
Max Bahr	528	546	691	702
Miscellaneous	67	71	91	95
International	760	796	1,046	1,241
Gross profit on sales	898	907	1,192	1,314
EBITA, before extraordinary effects ²	54	53	63	129
EBITA, stated	32	53	63	129
Cash flow from operating activities	103	77	83	112
Balance Sheet total	2,154	2,214	2,083	2,146
Employees, periodical average on a full-time basis	21,717	22,651	22,490	23,632
Number of stores at period end	436	439	439	436

¹ Data according to publication under Sec. 37q para. 2 sent. 1 WpHG (German Securities Trading Act), published in the German Electronic Federal Gazette on 01/09/2009, see also page 73 et seq of the Praktiker Annual Report 2009

² Extraordinary effects resulted from expenses related to the transformation programme "Praktiker 2013" amounting to EUR 12.8 million, and additions to provisions for legal risks in relation to anti-trust laws in Poland amounting to EUR 9.5 million in the nine months period ending 30 September 2010.

Historical Financial Information

The audited consolidated financial statements of Praktiker AG for the fiscal years ending on 31 December 2008 and 2009 and the auditors' report thereon are incorporated by reference into this Prospectus.

The unaudited consolidated interim financial statements of Praktiker AG for the period ending on 30 September 2010 are incorporated by reference into this Prospectus.

The financial statements of Praktiker AG have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

TERMS AND CONDITIONS

Anleihebedingungen

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

§ 1

(Verbriefung und Nennbetrag)

- (1) Die Praktiker Bau- und Heimwerkermärkte Holding AG (die "**Emittentin**") begibt auf den Inhaber lautende Schuldverschreibungen (die "**Schuldverschreibungen**") im Gesamtnennbetrag von EUR [●], eingeteilt in [●] Schuldverschreibungen im Nennbetrag von je EUR 1.000 (der "**Nennbetrag**").
- (2) Die Schuldverschreibungen werden zunächst durch eine vorläufige Inhaber-Globalurkunde (die "**Vorläufige Globalurkunde**") ohne Zinsscheine verbrieft.

Die Vorläufige Globalurkunde wird frühestens 40 Tage nach dem Tag der Begebung der Schuldverschreibungen gegen Nachweis des Nichtbestehens wirtschaftlichen U.S.-Eigentums im Sinne des U.S.-Rechts (*non-U.S. beneficial ownership*) insgesamt oder teilweise gegen eine dauerhafte Inhaber-Globalurkunde (die "**Dauer-Globalurkunde**") (die Vorläufige Globalurkunde und die Dauer-Globalurkunde jeweils auch eine "**Globalurkunde**" und gemeinsam die "**Globalurkunden**") ohne Zinsscheine ausgetauscht werden. Die Globalurkunden werden bei der Clearstream Banking AG, Frankfurt am Main (das "**Clearingsystem**"), hinterlegt. Zinszahlungen auf durch die Vorläufige Globalurkunde verbrieft Schuldverschreibungen erfolgen erst nach Vorlage solcher oben beschriebenen Bescheinigungen. Ein Recht der Anleihegläubiger (wie nachstehend definiert) auf Ausgabe und Lieferung von Einzelurkunden oder Zinsscheinen besteht nicht.

Die Vorläufige Globalurkunde und die Dauer-Globalurkunde tragen jeweils die eigenhändigen von zwei Vertretungsberechtigten der Emittentin sowie die eigenhändige Unterschrift eines Kontrollbeauftragten der Commerzbank Aktiengesellschaft in ihrer Funktion als

Terms and Conditions

These Terms and Conditions are written in the German language and provided with an English language translation. The German text shall be the only legally binding version. The English language translation is provided for convenience only.

§ 1

(Form and Denomination)

- (1) Praktiker Bau- und Heimwerkermärkte Holding AG (the "**Issuer**") issues bearer Notes (the "**Notes**") in the aggregate principal amount of EUR [●] divided into [●] Notes in a denomination of EUR 1,000 (the "**Principal Amount**") each.
- (2) The Notes are initially represented by a temporary global bearer Note (the "**Temporary Global Note**") without interest coupons.

The Temporary Global Note will be exchangeable, free of charge to the holder of Notes, in whole or in part for a permanent global bearer Note (the "**Permanent Global Note**") (the Temporary Global Note and the Permanent Global Note, each a "**Global Note**" and, together, the "**Global Notes**") without interest coupons not earlier than 40 days after the date of issue of the Notes, upon certification as to non-U.S. beneficial ownership. The Global Notes are deposited with Clearstream Banking AG, Frankfurt am Main (the "**Clearing System**"). Payment of interest on Notes represented by the Temporary Global Note will be made only after delivery of such certifications. The right of the Noteholders (as defined below) to require the issue and delivery of definitive notes or interest coupons is excluded.

The Temporary Global Note and the Permanent Global Note shall each bear the manual signatures of two duly authorised officers of the Issuer as well as the manual signature of an authentication officer of Commerzbank Aktiengesellschaft in its capacity as settlement agent.

Settlement Agent.

- (3) Die Vorläufige Globalurkunde und die Dauer-Globalurkunde werden solange von dem Clearingsystem oder im Auftrag des Clearingsystems verwahrt, bis sämtliche Verpflichtungen der Emittentin aus den Schuldverschreibungen erfüllt sind.

Den Inhabern von Schuldverschreibungen ("**Anleihegläubiger**") stehen Miteigentumsanteile an den Globalurkunden zu, die gemäß anwendbarem Recht und den jeweils geltenden Bestimmungen und Regeln des Clearingsystems übertragen werden können.

§ 2 (Status, Negativverpflichtung)

- (1) Die Schuldverschreibungen begründen nicht nachrangige und nicht besicherte Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.
- (2) Die Emittentin verpflichtet sich, solange Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle Beträge an Kapital und Zinsen an das Clearingsystem oder an dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearingsystems zur Verfügung gestellt worden sind,
- (a) keine Grund- und Mobiliarpfandrechte, sonstige Pfandrechte oder sonstige dingliche Sicherungsrechte (jedes ein "**Sicherungsrecht**") in Bezug auf ihr gesamtes Vermögen oder Teile davon zur Sicherung von anderen gegenwärtigen oder zukünftigen Kapitalmarktverbindlichkeiten (einschließlich hierfür abgegebener Garantien und Freistellungserklärungen) zu gewähren oder bestehen zu lassen; und
- (b) ihre Wesentlichen Tochtergesellschaften zu veranlassen (soweit rechtlich möglich und zulässig), ihr Vermögen weder ganz noch teilweise zur Besicherung einer gegenwärtigen oder zukünftigen eigenen oder fremden

- (3) Each of the Temporary Global Note and the Permanent Global Note will be held in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Notes have been satisfied.

The holders of Notes ("**Noteholders**") are entitled to co-ownership participations in the Global Notes, which are transferable in accordance with applicable laws and the rules and regulations of the Clearing System.

§ 2 (Status, Negative Pledge)

- (1) The obligations under the Notes constitute unsubordinated and unsecured obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law.
- (2) The Issuer undertakes, so long as any of the Notes are outstanding, but only up to the time that all amounts of principal and interest have been placed at the disposal of the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System,
- (a) not to create or permit to subsist any mortgage, charge, pledge, lien or other form of *in rem* encumbrance or security interest (each a "**Security Interest**") over the whole or any part of its assets to secure any present or future Capital Market Indebtedness (including any guarantees and indemnities given in respect thereof); and
- (b) to procure (to the extent legally possible and permissible) that none of its Material Subsidiaries grant or permit to subsist any Security Interest over the whole or any part of its assets, as security for any present or future own

Kapitalmarktverbindlichkeit mit Sicherungsrechten zu belasten oder eine derartige Belastung bestehen zu lassen und keine Garantien der Freistellungserklärungen für fremde Kapitalmarktverbindlichkeiten zu gewähren,

ohne zuvor oder gleichzeitig die Anleihegläubiger gleichrangig an einem solchen Sicherungsrecht zu beteiligen oder zu Gunsten der Anleihegläubiger ein Sicherungsrecht zu im wesentlichen gleichen Bedingungen zu bestellen.

Diese Verpflichtung findet keine Anwendung auf eine Sicherheit, die (i) nach dem anzuwendenden Recht zwingend notwendig, (ii) als Voraussetzung einer staatlichen Genehmigung erforderlich ist oder (iii) eine Kapitalmarktverbindlichkeit besichert, die eine Verpflichtung der Emittentin oder einer Tochtergesellschaft infolge einer zukünftigen Akquisition wird, sofern diese Kapitalmarktverbindlichkeit nicht im Hinblick auf diese zukünftige Akquisition begründet wurde.

Eine nach diesem Absatz (2) zu leistende Sicherheit kann auch zu Gunsten eines Treuhänders der Anleihegläubiger bestellt werden.

"Kapitalmarktverbindlichkeit" ist jede Verbindlichkeit zur Zahlung oder Rückzahlung aufgenommener Gelder (einschließlich Verpflichtungen aus Garantien oder anderen Haftungsvereinbarungen für Verbindlichkeiten von Dritten) aus Schuldverschreibungen oder sonstigen Wertpapiere, die an einer Börse, einem Over-the-Counter-Markt oder an einem anderen anerkannten Wertpapiermarkt notiert oder gehandelt werden oder werden können, oder aus Namensschuldverschreibungen oder Schuldscheindarlehen nach deutschem Recht.

Der Begriff **"Kapitalmarktverbindlichkeit"** bezieht sich jedoch nicht auf Asset-backed-Finanzierungen der Emittentin oder einer ihrer Tochtergesellschaften hinsichtlich von Zahlungsansprüchen, die ohne Rückgriffsrechte verkauft worden sind.

"Tochtergesellschaft" bezeichnet ein Tochterunternehmen der Emittentin im Sinne von § 290 Handelsgesetzbuch (HGB).

or third-party Capital Market Indebtedness and grant any guarantee or indemnity for third party Capital Market Indebtedness,

without prior thereto or at the same time letting the Noteholders share *pari passu* in such Security Interest or benefit from a Security Interest in substantially identical terms thereto.

This undertaking shall not apply to a security which (i) is mandatory according to applicable laws, (ii) is required as a prerequisite for governmental approvals or (iii) secures a Capital Market Indebtedness that becomes an obligation of the Issuer or any Subsidiary as a consequence of a future acquisition, provided that such Capital Market Indebtedness was not created in contemplation of such future acquisition.

Any security which is to be provided pursuant to this subsection (2) may also be provided to a person acting as trustee for the Noteholders.

"Capital Market Indebtedness" means any obligation for the payment or repayment of borrowed money (including obligations by reason of any guarantee or other liability agreement for obligations of third parties) under any notes or other securities which are or are capable of being quoted, listed, dealt in or traded on a stock exchange, an over-the-counter-market or other recognised securities market, or under registered notes (*Namensschuldverschreibungen*) or Schuldschein loans governed by German law.

"Capital Market Indebtedness" shall, however, not include any asset-backed financings originated by the Issuer or any of its subsidiaries in relation to receivables sold on a non-recourse basis.

"Subsidiary" means any subsidiary (*Tochterunternehmen*) of the Issuer within the meaning of § 290 of the German Commercial Code (*Handelsgesetzbuch*).

"Wesentliche Tochtergesellschaft"

bezeichnet jede direkte oder indirekte Tochtergesellschaft der Emittentin, (a) deren gesamte Vermögensgegenstände oder (falls die Tochtergesellschaft selbst Tochtergesellschaften hat) deren gesamte konsolidierte Vermögensgegenstände 7 % des Wertes der gesamten konsolidierten Vermögensgegenstände der Emittentin übersteigen, so wie es bei dem letzten geprüften (konsolidierten) Jahresabschluss der Emittentin und dieser Tochtergesellschaft festgestellt wurde; oder (b) deren EBITDA oder (falls die Tochtergesellschaft selbst Tochtergesellschaften hat) deren konsolidiertes EBITDA 7 % des konsolidierten EBITDA der Emittentin übersteigen, so wie sie bei dem letzten geprüften (konsolidierten) Jahresabschluss der Emittentin und dieser Tochtergesellschaft festgestellt wurden.

"EBITDA" bezeichnet das Ergebnis vor Finanzergebnis, Ertragssteuern und Abschreibungen.

"Material Subsidiary" means any directly or indirectly held subsidiary of the Issuer (a) the value of whose total assets or (in case the subsidiary itself has subsidiaries) the total consolidated assets exceed 7 per cent of the total consolidated assets of the Issuer, as determined from the most recent audited (consolidated) financial statements of the Issuer and such subsidiary; or (b) whose EBITDA or (in case the subsidiary itself has subsidiaries) consolidated EBITDA exceeds 7 per cent of the consolidated EBITDA of the Issuer, as determined from the most recent audited (consolidated) financial statements of the Issuer and such subsidiary.

"EBITDA" means earnings before interest, taxes, depreciations and amortisations.

§ 3 (Zinsen)

- (1) Die Schuldverschreibungen werden bezogen auf ihren Gesamtnennbetrag verzinst, und zwar ab dem 10. Februar 2011 (der "**Verzinsungsbeginn**") (einschließlich) bis zum Tag der Rückzahlung (ausschließlich) mit jährlich [●] %. Die Zinsen sind nachträglich am 10. Februar eines jeden Jahres zu zahlen (jeweils ein "**Zinszahlungstag**"), erstmals am 10. Februar 2012.
- (2) Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlöst, erfolgt die Verzinsung der Schuldverschreibungen vom Tag der Fälligkeit (einschließlich) bis zum Tag der tatsächlichen Rückzahlung der Schuldverschreibungen (ausschließlich) in Höhe des gesetzlich festgelegten Satzes für Verzugszinsen³.
- (3) Sind Zinsen für einen Zeitraum zu berechnen, der kürzer als eine Feststellungsperiode ist oder einer Feststellungsperiode entspricht, so werden die Zinsen auf der Grundlage der tatsächlichen Anzahl der Tage in dem

§ 3 (Interest)

- (1) The Notes shall bear interest on their aggregate principal amount at the rate of [●] per cent per annum from and including 10 February 2011 (the "**Interest Commencement Date**") to but excluding the date of redemption. Interest shall be payable in arrears on 10 February in each year (each such date, an "**Interest Payment Date**"), commencing on 10 February 2012.
- (2) If the Issuer fails to redeem the Notes when due, interest shall continue to accrue beyond the due date (including) to but excluding the date of the actual redemption of the Notes at the default rate of interest established by law¹.
- (3) Where interest is to be calculated in respect of a period which is shorter than or equal to an Determination Period, the interest will be calculated on the basis of the actual number of days elapsed in the relevant period, from and

³ Der gegenwärtig geltende gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutsche Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 Absatz 1, 247 Bürgerliches Gesetzbuch.

The default rate of interest established by law is currently five percentage points above the base rate of interest (*Basiszinssatz*) published by Deutsche Bundesbank from time to time, §§ 288 para. 1, 247 German Civil Code (*Bürgerliches Gesetzbuch*).

jeweiligen Zeitraum ab dem ersten Tag des jeweiligen Zeitraums (einschließlich) bis zu dem letzten Tag des jeweiligen Zeitraums (ausschließlich), geteilt durch die Anzahl der Tage in der Feststellungsperiode, in die der jeweilige Zeitraum fällt (einschließlich des ersten Tages, aber ausschließlich des letzten), berechnet.

"Feststellungsperiode" bezeichnet jeden Zeitraum ab dem 10. Februar eines Jahres (einschließlich) bis zum 10. Februar des Folgejahres (ausschließlich).

§ 4 (Rückzahlung bei Endfälligkeit)

Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen zu ihrem Nennbetrag am 10. Februar 2016 (der **"Fälligkeitstag"**) zurückgezahlt.

§ 5 (Vorzeitige Rückzahlung, Rückkauf)

- (1) Die Schuldverschreibungen können insgesamt, jedoch nicht teilweise, nach Wahl der Emittentin mit einer Kündigungsfrist von nicht weniger als 30 und nicht mehr als 60 Tagen durch eine Mitteilung an die Anleihegläubiger gemäß § 13 vorzeitig gekündigt und zu ihrem Nennbetrag zuzüglich aufgelaufener Zinsen zurückgezahlt werden, falls die Emittentin infolge einer Änderung oder Ergänzung der Steuer- oder Abgabengesetze und -vorschriften der Bundesrepublik Deutschland oder deren politischen Untergliederungen oder Steuerbehörden oder infolge einer Änderung oder Ergänzung der Anwendung oder der amtlichen Auslegung dieser Gesetze und Vorschriften (vorausgesetzt, diese Änderung oder Ergänzung wird am oder nach dem Tag, an dem die Schuldverschreibungen begeben werden, wirksam) am nächstfolgenden Zinszahlungstag zur Zahlung von zusätzlichen Beträgen (wie in § 7(1) definiert) verpflichtet sein wird und diese Verpflichtung nicht durch das Ergreifen der Emittentin zur Verfügung stehender zumutbarer Maßnahmen vermieden werden kann. Die Kündigung darf nicht (i) früher als 90 Tage vor dem frühestmöglichen Termin erfolgen, an dem die Emittentin verpflichtet wäre, solche zusätzlichen Beträge zu zahlen, falls eine Zahlung auf die Schuldverschreibungen dann fällig sein würde, oder (ii) erfolgen, wenn zu

including the first date in the relevant period to but excluding the last date of the relevant period, divided by the actual number of days in the Determination Period in which the relevant period falls (including the first such day but excluding the last).

"Determination Period" means each period from and including 10 February in any year to but excluding 10 February in the next following year.

§ 4 (Redemption at Maturity)

Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their Principal Amount on 10 February 2016 (the **"Maturity Date"**).

§ 5 (Early Redemption, Repurchase)

- (1) If as a result of any change in, or amendment to, the laws or regulations applicable in the Federal Republic of Germany or any political subdivision or taxing authority thereof or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which the Notes were issued, the Issuer is required to pay Additional Amounts (as defined in § 7(1) herein) on the next succeeding Interest Payment Date, and this obligation cannot be avoided by the use of reasonable measures available to the Issuer or the Guarantor, the Notes may be redeemed, in whole but not in part, at the option of the Issuer, upon not more than 60 days' nor less than 30 days' prior notice of redemption given to the Noteholders in accordance with § 13, at their Principal Amount together with accrued interest. No such notice of redemption may be given (i) earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts were a payment in respect of the Notes then due, or (ii) if at the time such notice is given, such obligation to pay such Additional Amounts does not remain in effect. Any such notice shall be irrevocable, must specify the date fixed for redemption and must set forth a

dem Zeitpunkt, zu dem die Kündigung erfolgt, die Verpflichtung zur Zahlung von zusätzlichen Beträgen nicht mehr besteht. Die Kündigung ist unwiderruflich, muss den für die Rückzahlung festgelegten Termin nennen und eine Erklärung in zusammengefasster Form enthalten, welche die das Rückzahlungsrecht der Emittentin begründenden Umstände darlegt.

- (2) Vorzeitige Rückzahlung nach Wahl der Anleihegläubiger infolge eines Kontrollwechselereignisses.

- (a) Tritt ein Kontrollwechselereignis ein, (i) verpflichtet sich die Emittentin, unverzüglich (x) den Wahl-Rückzahlungstag (wie nachstehend definiert) zu bestimmen und (y) das Kontrollwechselereignis und den Wahl-Rückzahlungstag den Anleihegläubigern durch Mitteilung gemäß § 13 (die "**Kontrollwechselereignis-Mitteilung**") und der Hauptzahlstelle bekannt zu machen und (ii) hat jeder Anleihegläubiger das Recht (sofern nicht die Emittentin, bevor die nachstehend beschriebene Ausübungserklärung gemacht wird, die Rückzahlung der Schuldverschreibungen nach § 5(3) angezeigt hat), mit einer Frist von mindestens 10 Tagen mit Wirkung zum Wahl-Rückzahlungstag alle oder einzelne seiner Schuldverschreibungen am Wahl-Rückzahlungstag zum Nennbetrag, zuzüglich aufgelaufener Zinsen bis zum Wahl-Rückzahlungstag (ausschließlich) fällig zu stellen.

Ein "**Kontrollwechselereignis**" tritt ein, wenn ein Kontrollwechsel (wie nachstehend definiert) eintritt und es innerhalb des Kontrollwechselzeitraums zu einer Absenkung des Ratings kommt.

Wahl-Rückzahlungstag" bezeichnet den von der Emittentin in der Rückzahlungsereignis-Mitteilung festgelegten Tag, der (i) ein Geschäftstag sein muss und (ii) nicht weniger als 60 und nicht mehr als 90 Tage nach Bekanntmachung der Kontrollwechselereignis-Mitteilung liegen darf.

statement in summary form of the facts constituting the basis for the right of the Issuer to redeem the Notes.

- (2) Early Redemption at the Option of the Noteholders following a Change of Control Event.

- (a) If a Change of Control Event occurs (i) the Issuer undertakes to (x) fix the Optional Redemption Date (as defined below) and (y) give notice to the Noteholders in accordance with § 13 and to the Principal Paying Agent of the Change of Control Event and the Optional Redemption Date (the "**Change of Control Event Notice**"), in each case without undue delay (*unverzüglich*), and (ii) each Noteholder will have the option (unless, prior to the giving of the Put Notice referred to below, the Issuer gives notice to redeem the Notes in accordance with § 5(3)) to declare, on giving not less than 10 days' notice, all or some only of his Notes due at their Principal Amount together with interest accrued to but excluding the Optional Redemption Date, which notice shall take effect on the Optional Redemption Date.

A "**Change of Control Event**" occurs if a Change of Control (as defined below) occurs and within the Change of Control Period a Rating Downgrade occurs.

"Optional Redemption Date" means the date fixed by the Issuer in the Put Event Notice, which (i) must be a Business Day and (ii) must fall not less than 60 and not more than 90 days after publication of the Change of Control Event Notice.

(b) Für Zwecke dieses § 5:

gilt eine "**Absenkung des Ratings**" als eingetreten, wenn ein Kontrollwechsel vorliegt und (i) wenn innerhalb des Kontrollwechselzeitraums ein vorher für die Emittentin oder ein für die ausstehenden langfristigen Verbindlichkeiten der Emittentin vergebenes Rating einer Rating Agentur (A) zurückgezogen oder (B) von einem Investment Grade Rating (BBB- von S&P oder Baa3 von Moody's oder jeweils gleichwertig, oder besser) in ein non-Investment Grade Rating (BB+ von S&P oder Ba1 von Moody's oder jeweils gleichwertig, oder schlechter) geändert wird oder (ii) wenn zum Zeitpunkt des Kontrollwechsels kein Investment Grade Rating für die Schuldverschreibungen oder die Emittentin vergeben ist und keine Rating Agentur innerhalb des Kontrollwechselzeitraums ein Investment Grade Rating für die Schuldverschreibungen vergibt (es sei denn, die Emittentin ist trotz zumutbarer Anstrengungen innerhalb des Kontrollwechselzeitraums nicht in der Lage, ein Investment Grade Rating zu erhalten, ohne dass dies seine Ursache im Kontrollwechsel oder der Bonität der Emittentin hat);

bezeichnet "**Rating Agentur**" Standard and Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**"), Moody's Investors Services Limited ("**Moody's**") oder eine ihrer jeweiligen Nachfolgesellschaften⁴;

gilt ein "**Kontrollwechsel**" jedes Mal als eingetreten, wenn eine Person oder mehrere Personen (die "**relevante(n) Person(en)**"), die im Sinne von § 22 Absatz 2 WpHG abgestimmt handeln, oder ein oder mehrere Dritte(r), die im

(b) For the purposes of this § 5:

A "**Rating Downgrade**" shall be deemed to have occurred if a Change of Control has occurred and (i) if within the Change of Control Period any rating previously assigned to the Issuer or the outstanding long-dated liabilities of the Issuer by any Rating Agency is (A) withdrawn or (B) changed from an investment grade rating (BBB- by S&P or Baa3 by Moody's, or its equivalent for the time being, or better) to a non-investment grade rating (BB+ by S&P or Ba1 by Moody's, or its equivalent for the time being, or worse) or (ii) if at the time of the Change of Control, there is no investment grade rating assigned to the Notes or the Issuer and no Rating Agency assigns during the Change of Control Period an investment grade credit rating to the Notes (unless the Issuer, despite best endeavours, is unable to obtain an investment grade rating within the Change of Control Period provided the inability is not a result of the Change of Control or the credit worthiness of the Issuer);

"**Rating Agency**" means Standard and Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**"), Moody's Investors Services Limited ("**Moody's**") or any of their respective successors⁴;

A "**Change of Control**" shall be deemed to have occurred at each time that any person or persons ("**Relevant Person(s)**") acting in concert within the meaning of section 22 para 2 of the German Securities Trading Act

⁴ Kreditratings, die in diesen Anleihebedingungen enthalten sind oder auf die in diesen Anleihebedingungen Bezug genommen werden, wurden bzw. können von S&P und Moody's vergeben werden, wobei beide Rating Agenturen in der Europäischen Union gegründet wurden oder Niederlassungen haben, die in der Europäischen Union gegründet wurden, und beide Rating Agenturen eine Registrierung unter der Verordnung (EG) Nr. 1060/2009 des Europäischen Parlaments und des Rates vom 16. September 2009 über Ratingagenturen (die "CRA Verordnung") beantragt haben. Zum Datum dieses Prospekts sind weder S&P noch Moody's unter der CRA Verordnung registriert.

Credit ratings included or referred to in these Terms and Conditions have been or, as applicable, may be, issued by S&P and Moody's, each of which is established or has offices established in the European Union and has applied to be (or have its European Union based offices) registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "CRA Regulation"). At the date of these Prospectus, neither S&P nor Moody's is registered under the CRA Regulation.

Auftrag der relevanten Person(en) handeln, zu irgendeiner Zeit mittelbar oder unmittelbar (unabhängig davon, ob der Vorstand oder der Aufsichtsrat der Emittentin seine Zustimmung erteilt hat) eine solche Anzahl von Aktien der Emittentin hält bzw. halten oder erworben hat bzw. haben, auf die 50% oder mehr der Stimmrechte;

bezeichnet "**Kontrollwechselzeitraum**" den Zeitraum, der (i) mit dem früheren der folgenden Ereignisse beginnt: (x) einer öffentlichen Bekanntmachung oder Erklärung der Emittentin oder einer relevanten Person hinsichtlich eines möglichen Kontrollwechsels oder (y) dem Tag der ersten öffentlichen Bekanntmachung des eingetretenen Kontrollwechsels und (ii) am 90. Tag (einschließlich) nach dem Eintritt des Kontrollwechsels endet; und

- (c) Die wirksame Ausübung des Rechts auf Rückzahlung für eine Schuldverschreibung nach Maßgabe dieses § 5(2) setzt voraus, dass der Anleihegläubiger unter Beachtung der Kündigungsfrist gemäß § 5(2)(a)

- (i) bei der angegebenen Geschäftsstelle der Hauptzahlstelle eine ordnungsgemäß ausgefüllte und unterzeichnete Ausübungserklärung einreicht, die in ihrer jeweils maßgeblichen Form bei der angegebenen Niederlassung der Hauptzahlstelle erhältlich ist (die "**Ausübungserklärung**"); und

- (ii) seine Schuldverschreibung(en), für die das Recht ausgeübt werden soll, an die Zahlstelle liefert, und zwar durch Lieferung (Umbuchung) der Schuldverschreibungen auf das in der Ausübungserklärung angegebene Konto der Hauptzahlstelle beim Clearingsystem.

Eine einmal abgegebene Ausübungserklärung ist unwiderruflich. Die Ausübungserklärung hat unter

(Wertpapierhandelsgesetz) or any person or persons acting on behalf of any such Relevant Person(s), at any time directly or indirectly acquire(s) or come(s) to own such number of the shares in the capital of the Issuer carrying 50 per cent or more of the voting rights (whether or not approved by the Management Board or Supervisory Board of the Issuer);

"**Change of Control Period**" means the period (i) commencing on the earlier of (x) any public announcement or statement of the Issuer or any Relevant Person relating to any potential Change of Control or (y) the date of the first public announcement of the Change of Control having occurred and (ii) ending on the 90th day (inclusive) after the occurrence of the relevant Change of Control; and

- (c) The valid exercise of the option to require the redemption of a Note under this § 5(2) is conditional upon the Noteholder in observation of the notice period provided in § 5(2)(a)

- (i) submitting at the specified office of the Principal Paying Agent a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of the Principal Paying Agent (a "**Put Notice**"); and

- (ii) delivering to the Principal Paying Agent the Note(s) for which the right shall be exercised, by transferring (book-entry transfer) the Notes to the account of the Principal Paying Agent with the Clearing System specified in the Put Notice.

A Put Notice, once given, shall be irrevocable. The Put Notice shall, among other things:

anderem die folgenden Angaben zu enthalten:

- Name und Anschrift des ausübenden Anleihegläubigers;
- die Zahl der Schuldverschreibungen, für die das Recht gemäß diesem § 5(2) ausgeübt werden soll; und
- die Bezeichnung eines auf Euro lautenden Bankkontos des Anleihegläubigers, auf das auf die Schuldverschreibungen zahlbare Beträge geleistet werden sollen.

(d) Die Emittentin wird Zahlungen in Bezug auf solchermaßen gelieferte Schuldverschreibung(en) am Wahl-Rückzahlungstag auf das Euro-Bankkonto des Anleihegläubigers, welches dieser in der Ausübungserklärung ordnungsgemäß bezeichnet hat, überweisen.

(3) Wenn 80% oder mehr des Gesamtnennbetrags der ursprünglich begebenen Schuldverschreibungen gemäß § 5(2) zurückgezahlt oder zurückgekauft und entwertet wurde, ist die Emittentin berechtigt, die verbleibenden Schuldverschreibungen (ganz, jedoch nicht teilweise) durch eine Bekanntmachung an die Anleihegläubiger gemäß § 13 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen mit Wirkung zu dem von der Emittentin in der Bekanntmachung festgelegten Rückzahlungstermin zu kündigen. Im Falle einer solchen Kündigung hat die Emittentin die Schuldverschreibungen am festgelegten Rückzahlungstermin zum Rückzahlungsbetrag zuzüglich bis zum Rückzahlungstermin (ausschließlich) aufgelaufener Zinsen zurück zu zahlen.

"Rückzahlungsbetrag" bezeichnet (i) falls die Emittentin, eine mit ihr verbundene Gesellschaft oder ein Dritter, der für Rechnung der Emittentin oder einer mit ihr verbundenen Gesellschaft handelt, die entwerteten Schuldverschreibungen im Zuge eines öffentlichen Rückkaufangebotes erworben hatte, den an die Anleihegläubiger nach Maßgabe des Rückkaufangebots gezahlten Kaufpreis je Schuldverschreibung, mindestens jedoch der Nennbetrag, und (ii) in allen

- state the name and address of the exercising Noteholder;

- specify the number of Notes with respect to which the right under this § 5(2) shall be exercised; and

- designate a Euro denominated bank account of the Noteholder to which any payments on the Notes are to be made.

(d) The Issuer will make any payment in respect of any Note so delivered to the Euro-account of the Noteholder specified in the Put Notice on the Optional Redemption Date.

(3) If 80 per cent or more in aggregate principal amount of the Notes initially issued have been redeemed pursuant to § 5(2) or repurchased and cancelled, the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with § 13, call, at its option, the remaining Notes (in whole but not in part) with effect from the redemption date specified by the Issuer in the notice. In the case such call notice is given, the Issuer shall redeem the remaining Notes on the specified redemption date at their Redemption Price together with interest accrued to but excluding the redemption date.

"Redemption Price" means, (i) in the event the Issuer or an affiliate of the Issuer or any third party acting for the account of the Issuer or an affiliate of the Issuer had purchased the Notes subsequently cancelled by way of a public tender offer to the Noteholders, the higher of the purchase price per Note paid to the Noteholders in tender offer and the Principal Amount, and (ii) in all other cases the Principal Amount.

anderen Fällen der Nennbetrag.

- (4) Die Emittentin kann jederzeit im Markt oder auf andere Weise Schuldverschreibungen ankaufen und verkaufen.

- (4) The Issuer is entitled to purchase and resell Notes at any time in the market or otherwise.

§ 6 (Zahlungen)

- (1) Zahlungen auf Kapital und Zinsen in Bezug auf die Schuldverschreibungen erfolgen in Euro an das Clearingsystem oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearingsystems.
- (2) Die Emittentin wird durch Leistung der Zahlung an das Clearingsystem oder dessen Order von ihrer Zahlungspflicht befreit.
- (3) Die Zahlung von Zinsen auf Schuldverschreibungen, die durch die Vorläufige Globalurkunde verbrieft sind, erfolgt an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems, und zwar nach ordnungsgemäßer Bescheinigung gemäß § 1 (2).
- (4) Fällt der Fälligkeitstermin einer Zahlung auf einen Tag, der kein Geschäftstag ist, so hat der Anleihegläubiger keinen Anspruch auf Zahlung vor dem nächsten Geschäftstag. Der Anleihegläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen. "**Geschäftstag**" bezeichnet einen Tag (außer einem Samstag oder Sonntag), an dem das Clearingsystem sowie alle für die Abwicklung von Zahlungen in Euro wesentlichen Bereiche des Trans-European Automated Real-time Gross settlement Express Transfer systems (TARGET 2) betriebsbereit sind.
- (5) Bezugnahmen in diesen Anleihebedingungen auf Kapital oder Zinsen auf Schuldverschreibungen schließen sämtliche gemäß § 7 zahlbaren zusätzlichen Beträge ein.

§ 7 (Steuern)

- (1) Kapital und Zinsen sind ohne Einbehalt oder Abzug durch die Emittentin an der Quelle von oder wegen irgendwelcher gegenwärtigen oder zukünftigen Steuern oder Abgaben gleich welcher Art, die von oder in der

§ 6 (Payments)

- (1) Payment of principal and interest in respect of Notes shall be made in Euro to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System.
- (2) The Issuer shall be discharged by payment to, or to the order of, the Clearing System.
- (3) Payment of interest on Notes represented by the Temporary Global Note shall be made to the Clearing System or to its order for credit to the relevant account holders of the Clearing System, upon due certification as provided in § 1 (2).
- (4) If the date for payment of any amount in respect of any Note is not a Business Day, then the Noteholder shall not be entitled to payment until the next such day that is a Business Day and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Business Day**" means any day which is a day (other than a Saturday or a Sunday) on which the Clearing System as well as all parts of the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET 2) relevant for the settlement of payments made in Euro are operational.
- (5) Reference in these Terms and Conditions to principal or interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 7.

§ 7 (Taxation)

- (1) All payments of principal and interest will be made without any withholding or deduction by the Issuer at source of any present or future taxes or duties of whatever kind which are imposed, levied or collected by or in or on

Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer dort zur Steuererhebung ermächtigten Gebietskörperschaft oder Behörde auferlegt, erhoben oder eingezogen werden ("**Quellensteuern**"), zu zahlen, es sei denn, die Emittentin ist zu einem solchen Einbehalt oder Abzug gesetzlich verpflichtet. In diesem Fall wird die Emittentin diejenigen zusätzlichen Beträge (die "**zusätzlichen Beträge**") zahlen, die erforderlich sind, damit die den Anleihegläubigern zufließenden Nettobeträge nach diesem Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Anleihegläubigern empfangen worden wären. Die Emittentin ist jedoch nicht zur Zahlung zusätzlicher Beträge wegen solcher Quellensteuern verpflichtet,

- (a) die auf andere Weise als durch Abzug oder Einbehalt durch die Emittentin an der Quelle aus Zahlungen von Kapital oder Zinsen zu entrichten sind; oder
- (b) denen der Anleihegläubiger aus irgendeinem anderen Grund als allein der bloßen Tatsache, dass er Inhaber von Schuldverschreibungen oder Empfänger von Kapital oder Zinsen aus den Schuldverschreibungen ist, unterliegt, und zwar insbesondere wenn der Anleihegläubiger aufgrund einer persönlichen unbeschränkten oder beschränkten Steuerpflicht derartigen Steuern, Gebühren oder Abgaben unterliegt, oder wenn der Anleihegläubiger für die Zwecke der betreffenden Steuergesetze als gebietsansässige natürliche oder juristische Person in einem anderen Mitgliedsstaat der Europäischen Union angesehen wird; oder
- (c) aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (ii) einer zwischenstaatlichen Vereinbarung über deren Besteuerung, an der die Bundesrepublik Deutschland oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung oder Vereinbarung umsetzt oder befolgt, abzuziehen oder einzubehalten sind; oder

behalf of the Federal Republic of Germany or by or on behalf of a regional or local authority empowered to impose taxes therein ("**Withholding Taxes**") unless the Issuer is required by law to make such withholding or deduction. In that event, the Issuer will pay such additional amounts (the "**Additional Amounts**") as shall be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction. The Issuer shall, however, not be obliged to pay any Additional Amounts on account of such Withholding Taxes:

- (a) which are payable on payments of principal and interest otherwise than by deduction or withholding by the Issuer at source; or
- (b) to which the Noteholder is subject for any reason other than the mere fact of his being a holder of Notes or receiving principal or interest in respect thereof, in particular if the Noteholder is subject to such taxes, duties or governmental charges because of a personal unrestricted or restricted tax liability or if the Noteholder for the purposes of the relevant tax laws is regarded as an individual or corporate resident in another member state of the European Union; or
- (c) are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which the Federal Republic of Germany or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding; or

- (d) wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Anleihegläubigers zur Bundesrepublik Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in der Bundesrepublik Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder
- (e) wegen einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung oder, falls dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß § 13 wirksam wird.

- (2) Im Falle einer Sitzverlegung der Emittentin in ein anderes Land oder Territorium oder Hoheitsgebiet gilt jede in diesen Anleihebedingungen enthaltene Bezugnahme auf die Bundesrepublik Deutschland fortan auf dieses andere Land, Territorium oder Hoheitsgebiet bezogen.

§ 8 (Vorlegungsfrist, Verjährung)

Die Vorlegungsfrist gemäß § 801 Absatz 1 Satz 1 BGB wird für die Schuldverschreibungen auf zehn Jahre reduziert. Die Verjährungsfrist für Ansprüche aus den Schuldverschreibungen, die innerhalb der Vorlegungsfrist zur Zahlung vorgelegt wurden, beträgt zwei Jahre von dem Ende der betreffenden Vorlegungsfrist an.

§ 9 (Kündigung)

- (1) Jeder Anleihegläubiger ist berechtigt, seine Schuldverschreibungen zu kündigen und deren sofortige Rückzahlung zu ihrem Nennbetrag zuzüglich aufgelaufener Zinsen zu verlangen, falls
 - (a) Kapital oder Zinsen nicht innerhalb von 7 Tagen ab dem betreffenden Fälligkeitstermin gezahlt sind; oder
 - (b) die Emittentin die ordnungsgemäße Erfüllung einer anderen Verpflichtung aus den Schuldverschreibungen unterlässt und diese Unterlassung nicht geheilt werden kann oder, falls sie

- (d) are payable by reason of the Noteholder having, or having had, some personal or business connection with the Federal Republic of Germany and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Federal Republic of Germany, or
- (e) are payable by reason of a change of law that becomes effective more than 30 days after the relevant payment becomes due or is duly provided for and notice thereof is published in accordance with § 13, whichever occurs later.

- (2) If the Issuer moves its corporate seat to another country or territory or jurisdiction, each reference in these Terms and Conditions to the Federal Republic of Germany shall be deemed to refer to such other country or territory or jurisdiction.

§ 8 (Presentation Period, Prescription)

The period for presentation provided in § 801(1)(1) of the German Civil Code (*Bürgerliches Gesetzbuch*) will be reduced to 10 years for the Notes. The period of limitation for claims under the Notes presented during the period for presentation will be two years calculated from the expiration of the relevant presentation period.

§ 9 (Events of Default)

- (1) Each Noteholder shall be entitled to declare his Notes due and demand immediate redemption thereof at their principal amount together with accrued interest in the event that
 - (a) principal or interest is not paid within 7 days from the relevant due date, or
 - (b) the Issuer fails duly to perform any other obligation arising from the Notes which failure is not capable of remedy or, if such failure is capable of remedy, such failure continues for more than 30

geheilt werden kann, länger als 30 Tage fort dauert, nachdem die Hauptzahlstelle hierüber eine Benachrichtigung von einem Anleihegläubiger erhalten hat; oder

- (c) (i) eine andere Finanzverbindlichkeit der Emittentin oder einer Wesentlichen Tochtergesellschaft bei Fälligkeit bzw. nicht innerhalb von 30 Tagen, oder, falls länger, nach Ablauf einer etwaigen Nachfrist nicht bezahlt wird, oder (ii) eine Finanzverbindlichkeit der Emittentin oder einer Wesentlichen Tochtergesellschaft aus einem anderen Grund vor dem vorgesehenen Fälligkeitstermin aufgrund des Vorliegens einer Nichterfüllung oder eines Verzuges (unabhängig davon, wie eine solche bzw. ein solcher definiert ist) vorzeitig fällig gestellt oder anderweitig vorzeitig fällig wird, oder (iii) ein Gläubiger der Emittentin oder einer Wesentlichen Tochtergesellschaft berechtigt ist, eine Finanzverbindlichkeit der Emittentin oder einer Wesentlichen Tochtergesellschaft aufgrund des Vorliegens einer Nichterfüllung oder eines Verzuges (unabhängig davon, wie eine solche bzw. ein solcher definiert ist) vorzeitig zu kündigen und dieser Kündigungsgrund nicht innerhalb von 30 Tagen behoben wird, oder (iv) die Emittentin oder eine Wesentliche Tochtergesellschaft einen Betrag, der unter einer bestehenden oder zukünftigen Garantie oder Gewährleistung im Zusammenhang mit einer Kredit- oder sonstigen Geldaufnahme zu zahlen ist, bei Fälligkeit oder innerhalb von 30 Tagen oder, falls länger, der zutreffenden Nachfrist nicht zahlt, oder (v) aufgrund des Eintritts eines Ereignisses, das zur Durchsetzung einer von der Emittentin oder einer Wesentlichen Tochtergesellschaft für eine solche Zahlungsverpflichtung gewährten Sicherheit berechtigt, eine solche Durchsetzung erklärt wird, jeweils vorausgesetzt, dass der Gesamtbetrag der betreffenden Finanzverbindlichkeit, bezüglich derer eines oder mehrere der in diesem Absatz (c) genannten Ereignisse eintritt, mindestens dem Betrag von EUR 20.000.000 (oder dessen entsprechenden Gegenwert in

days after the Principal Paying Agent has received notice thereof from a Noteholder, or

- (c) (i) any other Financial Indebtedness of the Issuer or any Material Subsidiary is not paid when due or, as the case may be, within 30 days or, if longer, any originally applicable grace period or (ii) any Financial Indebtedness of the Issuer or any Material Subsidiary is declared to be or otherwise becomes due and payable prior to its specified maturity for reason of the occurrence of an event of default (howsoever defined), or (iii) or any creditor of the Issuer or any Material Subsidiary becomes entitled to declare any Financial Indebtedness of the Issuer or any Material Subsidiary due and payable prior to its specified maturity for reason of the occurrence of an event of default (howsoever defined) and such event of default has not been remedied within 30 days, or (iv) the Issuer or any Material Subsidiary fails to pay when due or, as the case may be, within 30 days or, if longer, any applicable grace period any amount payable by it under any present or future guarantee or indemnity for any moneys borrowed or raised when due or (v) any security granted by the Issuer or any Material Subsidiary for any such indebtedness is declared enforceable upon the occurrence of an event entitling to enforcement, provided in each case that the relevant aggregate amount of all such Financial Indebtedness in respect of which one or more of the events mentioned above in this paragraph (c) has or have occurred equals or exceeds EUR 20,000,000 or its equivalent in any other currency;

einer oder mehreren anderen Währung(en)) entspricht oder diesen übersteigt;

- (d) die Emittentin oder eine Wesentliche Tochtergesellschaft ihre Zahlungsunfähigkeit bekannt gibt oder ihre Zahlungen allgemein einstellt; oder
- (e) ein zuständiges Gericht ein Insolvenzverfahren gegen die Emittentin oder eine Wesentliche Tochtergesellschaft eröffnet, oder die Emittentin oder eine Wesentliche Tochtergesellschaft ein solches Verfahren einleitet oder beantragt oder eine allgemeine Schuldenregelung zugunsten ihrer Gläubiger anbietet oder trifft, oder ein Dritter ein Insolvenzverfahren gegen die Emittentin oder eine Wesentliche Tochtergesellschaft beantragt und ein solches Verfahren nicht innerhalb einer Frist von 60 Tagen aufgehoben oder ausgesetzt worden ist; oder
- (f) die Emittentin in Liquidation tritt, es sei denn, dies geschieht im Zusammenhang mit einer Verschmelzung oder einer anderen Form des Zusammenschlusses mit einer anderen Gesellschaft und diese Gesellschaft übernimmt alle Verpflichtungen, die die Emittentin im Zusammenhang mit diesen Schuldverschreibungen eingegangen ist; oder

"Finanzverbindlichkeit" bezeichnet jede bestehende oder zukünftige Verbindlichkeit aus aufgenommenen Geldern unabhängig davon, ob sie verbrieft ist oder nicht.

- (2) Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde.
- (3) Eine Kündigung gemäß § 9(1) ist schriftlich in deutscher oder englischer Sprache gegenüber der Zahlstelle zu erklären und dieser persönlich oder per Einschreiben zu übermitteln. Der Kündigungserklärung ist ein Nachweis beizufügen, aus dem sich ergibt, dass der betreffende Anleihegläubiger zum Zeitpunkt der Abgabe der Benachrichtigung Inhaber der betreffenden Schuldverschreibung ist. Der Nachweis kann durch eine Bescheinigung der Depotbank gemäß § 15(4) oder auf andere geeignete Weise erbracht werden.

- (d) the Issuer or any Material Subsidiary announces its inability to meet its financial obligations or ceases its payments generally, or

- (e) a competent court opens insolvency proceedings against the Issuer or any Material Subsidiary or the Issuer or any Subsidiary applies for or institutes such proceedings or offers or makes an arrangement for the benefit of its creditors generally, or a third party applies for insolvency proceedings against the Issuer or any Material Subsidiary and such proceedings are not discharged or stayed within 60 days, or

- (f) the Issuer goes into liquidation unless in connection with a merger or other form of combination with another company and such company assumes all obligations contracted by the Issuer in connection with the Notes; or

"Financial Indebtedness" means any present or future indebtedness for monies borrowed whether or not certificated.

- (2) The right to declare Notes due shall terminate if the situation giving rise to it has been cured before the right is exercised.
- (3) Any notice of default in accordance with § 9(1) above shall be made by means of a written declaration in the German or English language delivered by hand or registered mail to the Paying Agent together with evidence that such Noteholder at the time of such notice is a holder of the relevant Notes by means of a certificate of his Custodian in accordance with § 15(4) or in any other appropriate manner.

**§ 10
(Zahlstelle)**

- (1) Die Emittentin hat die Commerzbank Aktiengesellschaft als Hauptzahlstelle (die "**Hauptzahlstelle**" und gemeinsam mit etwaigen von der Emittentin nach § 10(2) bestellten zusätzlichen Zahlstellen, die "**Zahlstellen**") bestellt.
- (2) Die Emittentin behält sich das Recht vor, jederzeit die Benennung einer Zahlstelle zu verändern oder zu beenden und Nachfolger bzw. zusätzliche Zahlstellen zu ernennen. Den Anleihegläubigern werden Änderungen in Bezug auf die Zahlstellen, deren angegebenen Geschäftsstellen umgehend gemäß § 13 bekannt gemacht.
- (3) Die Zahlstellen handeln ausschließlich als Erfüllungsgehilfen der Emittentin und übernehmen keine Verpflichtungen gegenüber den Anleihegläubigern; es wird kein Vertrags-, Auftrags- oder Treuhandverhältnis zwischen ihnen und den Anleihegläubigern begründet. Die Zahlstellen sind von den Beschränkungen des § 181 BGB und etwaigen Beschränkungen anderer Ländern befreit.

**§ 11
(Ersetzung)**

- (1) Die Emittentin ist jederzeit berechtigt, sofern sie sich nicht mit einer Zahlung von Kapital oder Zinsen auf die Schuldverschreibungen in Verzug befindet, ohne Zustimmung der Anleihegläubiger eine Tochtergesellschaft an ihrer Stelle als Hauptschuldnerin (die "**Nachfolgeschuldnerin**") für alle Verpflichtungen aus und im Zusammenhang mit diesen Schuldverschreibungen einzusetzen, vorausgesetzt, dass:
 - (a) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin in Bezug auf die Schuldverschreibungen übernimmt;
 - (b) die Emittentin und die Nachfolgeschuldnerin alle erforderlichen Genehmigungen erhalten haben und berechtigt sind, an die Zahlstelle die zur Erfüllung der Zahlungsverpflichtungen aus den Schuldverschreibungen zahlbaren Beträge in Euro zu zahlen, ohne verpflichtet zu sein, jeweils in dem Land, in dem die Nachfolgeschuldnerin

**§ 10
(Paying Agent)**

- (1) The Issuer has appointed Commerzbank Aktiengesellschaft as principal paying agent (the "**Principal Paying Agent**" and, together with any additional paying agent appointed by the Issuer in accordance with § 10(2), the "**Paying Agents**").
- (2) The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint successor or additional Paying Agents. Notice of any change in the Paying Agents or in the specified office of any Paying Agent will promptly be given to the Noteholders pursuant to § 13.
- (3) The Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of contract, agency or trust for or with any of the Noteholders. The Paying Agents are exempt from the restrictions of § 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) and possible restrictions in other countries.

**§ 11
(Substitution)**

- (1) The Issuer may, without the consent of the Noteholders, if no payment of principal or interest on any of the Notes is in default, at any time substitute for the Issuer any Subsidiary as principal debtor in respect of all obligations arising from or in connection with the Notes (the "**Substitute Debtor**") provided that:
 - (a) the Substitute Debtor assumes all obligations of the Issuer in respect of the Notes;
 - (b) the Issuer and the Substitute Debtor have obtained all necessary authorisations and may transfer to the Paying Agent in Euro and without being obligated to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the Substitute Debtor or the Issuer has its domicile or tax residence, all amounts required for the fulfilment of

oder die Emittentin ihren Sitz oder Steuersitz haben, erhobene Steuern oder andere Abgaben jeder Art abzuziehen oder einzubehalten;

- (c) die Nachfolgeschuldnerin sich verpflichtet hat, jeden Anleihegläubiger hinsichtlich solcher Steuern oder Abgaben freizustellen, die einem Anleihegläubiger als Folge der Ersetzung auferlegt werden;
- (d) die Emittentin unwiderruflich und unbedingt gegenüber den Anleihegläubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zahlbaren Beträge garantiert und in dieser Garantie eine § 2(2) entsprechende Negativverpflichtung enthalten ist; und
- (e) der Zahlstelle jeweils ein Rechtsgutachten bezüglich der betroffenen Rechtsordnungen von anerkannten Rechtsanwälten vorgelegt werden, die bestätigen, dass die Bestimmungen in den vorstehenden § 11(1)(a), (b), (c) und (d) erfüllt wurden.

(2) Jede Ersetzung ist gemäß § 13 bekanntzumachen.

(3) Im Fall einer Ersetzung gilt jede Bezugnahme in diesen Anleihebedingungen auf die Emittentin ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgeschuldnerin und jede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz oder Steuersitz hat, gilt ab diesem Zeitpunkt als Bezugnahme auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat. Des weiteren gilt im Fall einer Ersetzung folgendes:

- (a) in § 5(1), § 5(2) und § 7 gilt eine alternative Bezugnahme auf die Bundesrepublik Deutschland als aufgenommen (zusätzlich zu der Bezugnahme nach Maßgabe des vorstehenden Satzes auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat);
- (b) in § 9(1)(c) bis (f) und § 5(2) gilt eine alternative Bezugnahme auf die Emittentin in ihrer Eigenschaft als Garantin als aufgenommen (zusätzlich zu der Bezugnahme auf die

the payment obligations arising under the Notes;

(c) the Substitute Debtor has agreed to indemnify and hold harmless each Noteholder against any tax or duty imposed on such Noteholder in respect of such substitution;

(d) the Issuer irrevocably and unconditionally guarantees in favour of each Noteholder the payment of all sums payable by the Substitute Debtor in respect of the Notes and such guarantee contains a negative pledge undertaking corresponding to § 2(2); and

(e) there shall have been delivered to the Paying Agent one opinion for each jurisdiction affected of lawyers of recognised standing to the effect that § 11(1)(a), (b), (c) and (d) above have been satisfied.

(2) Notice of any such substitution shall be published in accordance with § 13.

(3) In the event of any such substitution, any reference in these Terms and Conditions to the Issuer shall from then on be deemed to refer to the Substitute Debtor and any reference to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor. Furthermore, in the event of such substitution the following shall apply:

- (a) in § 5(1), § 5(2) and § 7 an alternative reference to the Federal Republic of Germany shall be deemed to have been included in addition to the reference according to the preceding sentence to the country of domicile or residence for taxation purposes of the Substitute Debtor;
- (b) in § 9(1)(c) to (f) and § 5(2) an alternative reference to the Issuer in its capacity as guarantor shall be deemed to have been included in addition to the

Nachfolgeschuldnerin);

- (c) in § 9(1) gilt folgende Vorschrift als Alternative (g) aufgenommen: "die von der Emittentin in ihrer Eigenschaft als Garantin abgegebene Garantie in Bezug auf die Schuldverschreibungen unwirksam oder nicht rechtlich durchsetzbar wird, oder ihre Wirksamkeit oder rechtliche Durchsetzbarkeit von der Emittentin in ihrer Eigenschaft als Garantin bestritten wird".

§ 12 (Weitere Emissionen)

Die Emittentin kann ohne Zustimmung der Anleihegläubiger weitere Schuldverschreibungen begeben, die in jeder Hinsicht (oder in jeder Hinsicht mit Ausnahme des Tags der Begebung und der ersten Zinszahlung) die gleichen Bedingungen wie die Schuldverschreibungen dieser Anleihe haben und die zusammen mit den Schuldverschreibungen dieser Anleihe eine einzige Anleihe bilden.

§ 13 (Bekanntmachungen)

- (1) Alle Bekanntmachungen, die die Schuldverschreibungen betreffen, werden im elektronischen Bundesanzeiger und (solange die Schuldverschreibungen an der Luxemburger Wertpapierbörse notiert sind und die Regularien dieser Börse dies verlangen) auf der Internet-Seite der Luxemburger Börse unter www.bourse.lu veröffentlicht. Für das Datum und die Rechtswirksamkeit sämtlicher Bekanntmachungen ist die erste Veröffentlichung maßgeblich. Jede derartige Bekanntmachung gilt am fünften Tag nach dem Tag der Veröffentlichung als den Anleihegläubigern mitgeteilt.
- (2) Die Emittentin ist berechtigt, alle die Schuldverschreibungen betreffenden Mitteilungen an das Clearingsystem zur Weiterleitung an die Anleihegläubiger zu übermitteln, sofern die Regularien der Börse dies zulassen. Jede derartige Bekanntmachung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearingsystem als den Anleihegläubigern mitgeteilt.

reference to the Substitute Debtor;

- (c) in § 9(1) the following provision shall be deemed to have been included as alternative (g): "the guarantee in respect of the Notes issued by the Issuer in its capacity as guarantor becomes invalid or legally unenforceable, or the Issuer in its capacity as guarantor contests its validity or legal enforceability".

§ 12 (Further Issues)

The Issuer may from time to time, without the consent of the Noteholders, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date and the first payment of interest) so as to form a single series with the Notes.

§ 13 (Notices)

- (1) All notices regarding the Notes will be published in the electronic Federal Gazette (*elektronischer Bundesanzeiger*) and (so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require) on the website of the Luxembourg Stock Exchange on www.bourse.lu. Any notice will become effective for all purposes on the date of the first such publication. Any notice so given will be deemed to have been validly given to the Noteholders on the fifth day following the date of such publication.
- (2) The Issuer will be entitled to deliver all notices concerning the Notes to the Clearing System for communication by the Clearing System to the Noteholders to the extent that the rules of the stock exchange so permit. Any such notice shall be deemed to have been validly given to the Noteholders on the seventh day following the day on which it was given to the Clearing System.

§ 14
(Änderung der Anleihebedingungen durch
Beschluss der Anleihegläubiger;
Gemeinsamer Vertreter)

- (1) Die Anleihebedingungen können mit Zustimmung der Emittentin aufgrund Mehrheitsbeschlusses nach Maßgabe der §§ 5 ff. des Gesetzes über Schuldverschreibungen aus Gesamtemissionen ("**SchVG**") in seiner jeweiligen gültigen Fassung geändert werden. Die Anleihegläubiger können insbesondere einer Änderung wesentlicher Inhalte der Anleihebedingungen, einschließlich der in § 5 Absatz 3 SchVG vorgesehenen Maßnahmen mit Ausnahme der Ersetzung der Emittentin, die in § 11 abschließend geregelt ist, mit den in dem nachstehenden § 14(2) genannten Mehrheiten zustimmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Anleihegläubiger verbindlich.
- (2) Vorbehaltlich des nachstehenden Satzes und der Erreichung der erforderlichen Beschlussfähigkeit, beschließen die Anleihegläubiger mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Anleihebedingungen, insbesondere in den Fällen des § 5 Absatz 3 Nummer 1 bis 8 SchVG, geändert wird, bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75% der an der Abstimmung teilnehmenden Stimmrechte (eine "**qualifizierte Mehrheit**").
- (3) Beschlüsse der Anleihegläubiger werden im Wege der Abstimmung ohne Versammlung nach § 14(3)(b) getroffen.

Beschlüsse der Anleihegläubiger im Wege der Abstimmung ohne Versammlung werden nach § 18 SchVG getroffen. Die Aufforderung zur Stimmabgabe durch den Abstimmungsleiter regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Aufforderung zur Stimmabgabe werden die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Anleihegläubigern bekannt gegeben.

- (4) Anleihegläubiger haben die Berechtigung zur Teilnahme an der Abstimmung zum Zeitpunkt der Stimmabgabe durch besonderen Nachweis

§ 14
(Amendments to the Terms and Conditions by
resolution of the Noteholders;
Joint Representative)

- (1) The Terms and Conditions may be amended with consent of the Issuer by a majority resolution of the Noteholders pursuant to §§ 5 et seqq. of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*) (the "**SchVG**"), as amended from time to time. In particular, the Noteholders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under § 5(3) of the SchVG, but excluding a substitution of the Issuer, which is exclusively subject to the provisions in § 11, by resolutions passed by such majority of the votes of the Noteholders as stated under § 14(2) below. A duly passed majority resolution shall be binding upon all Noteholders.
- (2) Except as provided by the following sentence and provided that the quorum requirements are being met, the Noteholders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of § 5(3) numbers 1 through 8 of the SchVG, may only be passed by a majority of at least 75 per cent of the voting rights participating in the vote (a "**Qualified Majority**").
- (3) Resolutions of the Noteholders shall be made by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance § 14(3)(b).

Resolutions of the Noteholders by means of a voting not requiring a physical meeting (*Abstimmung ohne Versammlung*) shall be made in accordance § 18 of the SchVG. The request for voting as submitted by the chairman (*Abstimmungsleiter*) will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to Noteholders together with the request for voting.

- (4) Noteholders must demonstrate their eligibility to participate in the vote at the time of voting by means of a special confirmation of the

der Depotbank gemäß § 15(4) und die Vorlage eines Sperrvermerks der Depotbank zugunsten einer Hinterlegungsstelle für den Abstimmungszeitraum nachzuweisen.

- (5) Die Anleihegläubiger können durch Mehrheitsbeschluss die Bestellung und Abberufung eines gemeinsamen Vertreters, die Aufgaben und Befugnisse des gemeinsamen Vertreters, die Übertragung von Rechten der Anleihegläubiger auf den gemeinsamen Vertreter und eine Beschränkung der Haftung des gemeinsamen Vertreters bestimmen. Die Bestellung eines gemeinsamen Vertreters bedarf einer qualifizierten Mehrheit, wenn er ermächtigt wird, wesentlichen Änderungen der Anleihebedingungen gemäß § 14(2) zuzustimmen.
- (6) Bekanntmachungen betreffend diesen § 14 erfolgen gemäß den §§ 5ff. SchVG sowie nach § 13.

§ 15 (Schlussbestimmungen)

- (1) Die Form und Inhalt der Schuldverschreibungen bestimmen sich nach dem Recht der Bundesrepublik Deutschland.
- (2) Ausschließlicher Gerichtsstand für alle Rechtsstreitigkeiten aus den in diesen Anleihebedingungen geregelten Angelegenheiten ist, soweit gesetzlich zulässig, Frankfurt am Main, Bundesrepublik Deutschland.

Für Entscheidungen gemäß §§ 9 Absatz 2, 13 Absatz 3 und 18 Absatz 2 SchVG ist gemäß § 9 Absatz 3 SchVG das Amtsgericht zuständig, in dessen Bezirk die Emittentin ihren Sitz hat. Für Entscheidungen über die Anfechtung von Beschlüssen der Anleihegläubiger ist gemäß § 20 Absatz 3 SchVG das Landgericht ausschließlich zuständig, in dessen Bezirk die Emittentin ihren Sitz hat.

- (3) Erfüllungsort ist Frankfurt am Main, Bundesrepublik Deutschland.
- (4) Jeder Anleihegläubiger kann in Rechtsstreitigkeiten gegen die Emittentin im eigenen Namen seine Rechte aus den ihm zustehenden Schuldverschreibungen geltend machen unter Vorlage der folgenden Dokumente: (a) einer Bescheinigung seiner

Depository Bank in accordance with § 15(4) hereof and by submission of a blocking instruction by the Depository Bank for the benefit of a depository (*Hinterlegungsstelle*) for the voting period.

- (5) The Noteholders may by majority resolution provide for the appointment or dismissal of a joint representative, the duties and responsibilities and the powers of such joint representative, the transfer of the rights of the Noteholders to the joint representative and a limitation of liability of the joint representative. Appointment of a joint representative may only be passed by a Qualified Majority if such joint representative is to be authorised to consent, in accordance with § 14(2) hereof, to a material change in the substance of the Terms and Conditions.
- (6) Any notices concerning this § 14 shall be made in accordance with § 5 et seq. of the SchVG and § 13.

§ 15 (Final Provisions)

- (1) The Notes are governed by the laws of the Federal Republic of Germany.
- (2) To the extent legally permissible, exclusive place of jurisdiction for all proceedings arising from matters provided for in these Terms and Conditions shall be Frankfurt am Main, Federal Republic of Germany.

The court of the district where the Issuer has its registered office shall have jurisdiction for all judgments pursuant to §§ 9(2), 13(3) and 18(2) SchVG in accordance with § 9(3) SchVG. The regional court (*Landgericht*) in the district where the Issuer has its registered office shall have exclusive jurisdiction for all judgments over contested resolutions by Noteholders in accordance with § 20(3) SchVG.

- (3) Place of performance shall be Frankfurt am Main, Federal Republic of Germany.
- (4) Any Noteholder may in any proceedings against the Issuer protect and enforce in its own name its rights arising under its Notes by submitting the following documents: (a) a certificate issued by its Depository Bank (i) stating the full name and address of the

Depotbank, die (i) den vollen Namen und die volle Anschrift des Anleihegläubigers bezeichnet, (ii) den gesamten Nennbetrag der Schuldverschreibungen angibt, die am Ausstellungstag dieser Bescheinigung dem bei dieser Depotbank bestehenden Depot dieses Anleihegläubigers gutgeschrieben sind, und (iii) bestätigt, dass die Depotbank dem Clearingsystem und der Zahlstelle eine schriftliche Mitteilung zugeleitet hat, die die Angaben gemäß (i) und (ii) enthält und Bestätigungsvermerke des Clearingsystems sowie des jeweiligen Clearingsystem-Kontoinhabers trägt, sowie (b) einer von einem Vertretungsberechtigten des Clearingsystems oder der Hauptzahlstelle beglaubigten Ablichtung der Globalurkunde.

**§ 16
(Sprache)**

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

Noteholder, (ii) specifying an aggregate denomination of Notes credited on the date of such certificate to such Noteholder's securities account maintained with such Depositary Bank and (iii) confirming that the Depositary Bank has given a written notice to the Clearing System as well as to the Paying Agent containing the information pursuant to (i) and (ii) and bearing acknowledgements of the Clearing System and the relevant Clearing System accountholder as well as (b) a copy of the Global Note certified by a duly authorised officer of the Clearing System or the Principal Paying Agent as being a true copy.

**§ 16
(Language)**

These Terms and Conditions are written in the German language and provided with an English language translation. The German text shall be the only legally binding version. The English language translation is provided for convenience only.

DESCRIPTION OF RULES REGARDING RESOLUTIONS OF NOTEHOLDERS

The Terms and Conditions provide that the Noteholders may agree to amendments or decide on other matters relating to the Notes by way of resolution to be passed by taking votes without a meeting. Any such resolution duly adopted by resolution of the Noteholders shall be binding on each Noteholders, irrespective of whether such Noteholder took part in the vote and whether such Noteholder voted in favour or against such resolution.

The following is a brief summary of some of the statutory rules regarding the taking of votes without meetings, the passing and publication of resolutions as well as their implementation and challenge before German courts.

Specific Rules regarding Votes without Meeting

The voting shall be conducted by the person presiding over the taking of votes. Such person shall be (i) a notary public appointed by the Issuer, (ii) if the vote was solicited by the joint representative (*gemeinsamer Vertreter*) of the Noteholders (the "**Noteholders' Representative**"), the Noteholders' Representative, or (iii) a person appointed by the competent court.

The notice soliciting the Noteholders' votes shall set out the period within which votes may be cast. During such voting period, the Noteholders may cast their votes to the person presiding over the taking of votes. Such notice shall also set out in detail the conditions to be met for the votes to be valid.

The person presiding over the taking of votes shall ascertain each Noteholder's entitlement to cast a vote based on evidence provided by such Noteholder and shall prepare a list of the Noteholders entitled to vote. If it is established that no quorum exists, the person presiding over the taking of votes may convene a meeting of the Noteholders. Within one year following the end of the voting period, each Noteholder participating in the vote may request a copy of the minutes of such vote and any annexes thereto from the Issuer.

Each Noteholder participating in the vote may object in writing to the result of the vote within two weeks following the publication of the resolutions passed. The objection shall be decided upon by the person presiding over the taking of votes. If he remedies the objection, the person presiding over the taking of votes shall promptly publish the result. If the person presiding over the taking of votes does not remedy the objection, he shall promptly inform the objecting Noteholder in writing.

The Issuer shall bear the costs of the vote and, if the court has convened a meeting, also the costs of such proceedings.

Rules regarding Noteholders' Meetings applicable to Votes without Meeting

In addition, the statutory rules applicable to the convening and conduct of Noteholders' meetings will apply *mutatis mutandis* to any vote without a meeting. The following summarises some of such rules.

Meetings of Noteholders may be convened by the Issuer or the Noteholders' Representative. Meetings of Noteholders must be convened if one or more Noteholders holding five per cent or more of the outstanding Notes so require for specified reasons permitted by statute.

Meetings may be convened not less than 14 days prior to the date of the meeting. Attendance and exercise of voting rights at the meeting may be made subject to prior registration of Noteholders. The convening notice will provide what proof will be required for attendance and voting at the meeting. The place of the meeting is the place of the Issuer's registered offices, provided, however, that where the Notes are listed on a stock exchange within the European Union or the European Economic Area, the meeting may be held at the place of such stock exchange.

The convening notice shall be made publicly available together with the agenda of the meeting setting out the proposals for resolution.

Each Noteholder may be represented by proxy. The Noteholders' meeting will have a quorum if the persons attending represent at least 50 per cent of the outstanding Notes by value. If the quorum is not reached, a second meeting may be convened at which no quorum will be required, provided that where a resolution may only be adopted by a qualified majority, a quorum requires the presence of at least 25 per cent of the aggregate principal amount of outstanding Notes.

All resolutions adopted must be properly published. Resolutions which amend or supplement the Terms and Conditions have to be implemented by supplementing or amending the Global Note.

In insolvency proceedings instituted in Germany against the Issuer, the Noteholders' Representative is obliged and exclusively entitled to assert the Noteholders' rights under the Notes. Any resolutions passed by the Noteholders are subject to the provisions of the Insolvency Code (*Insolvenzordnung*).

If a resolution constitutes a breach of the statute or the Terms and Conditions, Noteholders may bring an action to set aside such resolution. Such action must be filed with the competent court within one month following the publication of the resolution.

TAXATION

The following is a general description of certain tax considerations relating to the Notes in Germany and Luxembourg. It does not purport to be a complete analysis of all tax considerations relating to the Notes. In particular, this description does not consider any specific facts or circumstances that may apply to a particular purchaser. This description is based on the laws of the Federal Republic of Germany and Luxembourg currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

PROSPECTIVE PURCHASERS OF NOTES SHOULD CONSULT THEIR TAX ADVISERS AS TO THE CONSEQUENCES, UNDER THE TAX LAWS OF THE COUNTRY IN WHICH THEY ARE RESIDENT FOR TAX PURPOSES AND UNDER THE TAX LAWS OF GERMANY AND LUXEMBOURG OF ACQUIRING, HOLDING AND DISPOSING OF NOTES AND RECEIVING PAYMENTS OF PRINCIPAL, INTEREST AND OTHER AMOUNTS UNDER THE NOTES. THE INFORMATION CONTAINED WITHIN THIS SECTION IS LIMITED TO TAXATION ISSUES, AND PROSPECTIVE INVESTORS SHOULD NOT APPLY ANY INFORMATION SET OUT BELOW TO OTHER AREAS; INCLUDING (BUT NOT LIMITED TO) THE LEGALITY OF TRANSACTIONS INVOLVING THE NOTES.

Federal Republic of Germany

Income tax

Tax Residents

Persons (individuals and corporate entities) who are tax resident in Germany (in particular, persons having a residence, habitual abode, seat or place of management in Germany) are subject to income taxation (income tax or corporate income tax, as the case may be, plus solidarity surcharge thereon plus church tax and/or trade tax, if applicable) on their worldwide income, regardless of its source, including interest from debt of any kind (such as the Notes) and, in general, capital gains.

Taxation if the Notes are held as private assets (*Privatvermögen*)

In the case of German tax-resident individual investors (*unbeschränkt Steuerpflichtige*) holding the Notes as private assets (*Privatvermögen*), the following applies:

- Income

Payments of interest on the Notes qualify as taxable savings income (*Einkünfte aus Kapitalvermögen*) pursuant to section 20 para 1 no 7 German Income Tax Act ("**ITA**" – *Einkommensteuergesetz*).

Capital gains / capital losses realised upon sale of the Notes, computed as the difference between the acquisition costs and the sales proceeds reduced by expenses directly and factually related to the sale, qualify as (negative) savings income. Where the Notes are acquired and/or sold in a currency other than Euro, the acquisition costs will be converted into Euro at the time of acquisition, the sales proceeds will be converted into Euro at the time of sale and the difference will then be computed in Euro. If the Notes are assigned, redeemed, repaid or contributed into a corporation by way of a hidden contribution (*verdeckte Einlage in eine Kapitalgesellschaft*) rather than sold, as a rule, such transaction is treated like a sale. Losses from the sale of Notes can only be offset against other savings income and, if there is not sufficient other positive savings income, carried forward in subsequent assessment periods.

Pursuant to a tax decree issued by the Federal Ministry of Finance dated 22 December 2009, a bad debt loss (*Forderungsausfall*) and a waiver of a receivable (*Forderungsverzicht*), to the extent the waiver does not qualify as a hidden contribution, shall not be treated like a sale. Accordingly, losses suffered upon such bad debt loss or waiver shall not be tax-deductible.

If the Notes are allocated to an activity of letting and leasing of property, the income from the Notes qualifies, deviating from the above, as income from letting and leasing of property. In such a case, the taxable income is calculated as the difference between the income and income-related expenses (*Werbungskosten*).

- Taxation of income

Savings income is taxed at a separate tax rate for savings income (*gesonderter Steuertarif für Einkünfte aus Kapitalvermögen*), which is 26.375 per cent (including solidarity surcharge (*Solidaritätszuschlag*)) plus, if applicable, church tax. When computing the savings income, the saver's lump sum amount (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 in the case of jointly assessed husband and wife) will be deducted. The deduction of the actual income

related expenses, if any, is excluded. The taxation of savings income shall take place mainly by way of levying withholding tax (please see below). If and to the extent German withholding tax has been levied, such withholding tax shall, in principle, become definitive and replace the investor's income taxation. If no withholding tax has been levied other than by virtue of a withholding tax exemption certificate (*Freistellungsauftrag*) and in certain other cases, the investor is nevertheless obliged to file a tax return, and the savings income will then be taxed within the assessment procedure. However, the separate tax rate for savings income applies in most cases also within the assessment procedure. In certain cases, the investor may apply to be assessed on the basis of its personal tax rate if such rate is lower than the above tax rate.

If the income from the Notes qualifies as income from letting and leasing of property, the investor has to report income and income-related expenses (*Werbungskosten*) in its tax return and the balance will be taxed at the investor's individual income tax rate of up to 47.475 per cent (including solidarity surcharge) and, as the case may be, church tax.

- German withholding tax (*Kapitalertragsteuer*)

With regard to savings earnings (*Kapitalerträge*), e.g. interest or capital gains, German withholding tax (*Kapitalertragsteuer*) will be levied if the Notes are held in a custodial account which the investor maintains with a German branch of a German or non-German credit or financial services institution or with a German securities trading business or a German securities trading bank (a "**German Disbursing Agent**") and such German Disbursing Agent credits or pays out the earnings. The tax base is, in principle, equal to the taxable gross income as set out above (i.e. the interest or capital gains prior to withholding). However, in the case of capital gains, if the acquisition costs of the Notes are not proven to the German Disbursing Agent in the form required by law (i.e. if the Notes are transferred from a non-EU custodial account), withholding tax is applied to 30 per cent of the proceeds from the redemption or sale of the Notes. When computing the tax base for withholding tax purposes, the German Disbursing Agent may deduct any negative savings income or accrued interest paid of the same calendar year or of previous calendar years.

German withholding tax will be levied at a flat withholding tax rate of 26.375 per cent (including solidarity surcharge) plus, if applicable, church tax.

No German withholding tax will be levied if the investor filed a withholding tax exemption certificate (*Freistellungsauftrag*) with the German Disbursing Agent, but only to the extent the savings income does not exceed the maximum exemption amount shown on the withholding tax exemption certificate. Currently, the maximum exemption amount is EUR 801 (EUR 1,602 in the case of jointly assessed husband and wife). Similarly, no withholding tax will be levied if the investor has submitted to the German Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office.

Taxation if the Notes are held as business assets (*Betriebsvermögen*)

In the case of German tax-resident corporations or individual investors (*unbeschränkt Steuerpflichtige*) holding the Notes as business assets (*Betriebsvermögen*), interest payments and capital gains will be subject to corporate income tax at a rate of 15 per cent or income tax at a rate of up to 45 per cent, as the case may be, (in each case plus 5.5 per cent solidarity surcharge thereon). In addition, trade tax may be levied, the rate of which depends on the municipality where the business is located. Further, in the case of individuals, church tax may be levied. Capital losses may be ring-fenced.

The provisions regarding German withholding tax apply, in principle, as set out above in relation to private investors. However, investors holding the Notes as business assets cannot file a withholding tax exemption certificate with the German Disbursing Agent. German tax-resident corporations and other German tax-resident business investors are in essence not subject to German withholding tax on gains from the redemption or sale of the Notes, subject to certain formalities.

Any withholding tax levied is credited as prepayment against the German (corporate) income tax amount. If the tax withheld exceeds the respective (corporate) income tax amount, the difference will be refunded within the tax assessment procedure.

Non-residents

Persons who are not tax resident in Germany are not subject to tax with regard to income from the Notes unless (i) the Notes are held as business assets (*Betriebsvermögen*) of a German permanent establishment (including a permanent representative) which is maintained by the investor or (ii) the income from the Notes qualifies for other reasons as taxable German source income. If a non-resident person is subject to tax with its income from the Notes, in principle, similar rules apply as set out above with regard to German tax resident persons (please see above).

If the income is subject to German tax as set out in the preceding paragraph, German withholding tax will be applied like in the case of a German tax resident person.

Inheritance and Gift Tax

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

Other Taxes

No stamp, issue, registration or similar taxes or duties are payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax (*Vermögenssteuer*) is not levied in Germany.

Luxembourg

Withholding Tax

All payments of interest and principal by the Issuer in the context of the holding, disposal, redemption or repurchase of the Notes can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg law, subject however to:

- (i) the application of the Luxembourg laws of 21 June, 2005 implementing the European Union Savings Directive (Council Directive 2003/48/EC) and several agreements concluded with certain dependent or associated territories and providing for the possible application of a with-holding tax (20 per cent from 1 July 2008 to 30 June 2011 and 35 per cent from 1 July 2011) on interest paid to certain non Luxembourg resident investors (individuals and certain types of entities called "residual entities") in the event of the Issuer appointing a paying agent in Luxembourg within the meaning of the above-mentioned directive (see section "EU Savings Directive" below) or agreements;
- (ii) the application as regards Luxembourg resident individuals of the Luxembourg law of 23 December 2005 which has introduced a 10 per cent withholding tax on savings income (i.e. with certain exemptions, savings income within the meaning of the Luxembourg laws of 21 June 2005 implementing the EU Savings Directive (Council Directive 2003/48/EC)).

Pursuant to the law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals can opt to self declare and pay a 10 per cent tax (the "Levy") on interest payments made by paying agents located in a Member State of the European Union other than Luxembourg, a Member State of the European Economic Area or in a State or territory which has concluded an agreement directly relating to the EU Savings Directive (Council Directive 2003/48/EC) on the taxation of savings income.

The 10 per cent withholding tax as described above or the Levy are final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

Responsibility for the withholding of tax in application of the above-mentioned Luxembourg laws of 21 June 2005 and 23 December 2005 is assumed by the Luxembourg paying agent within the meaning of these laws and not by the Issuer.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. In the case of Luxembourg, the recipient of the interest payment may opt for one of the two information exchange procedures available instead of the application of the above withholding system. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 15 September 2008, the European Commission issued a report to the Council of the European Union on the operation of the EU Savings Directive, which included the Commission's advice on the need for changes to the EU Savings Directive. On 13 November 2008, the European Commission published a more detailed proposal for amendments to the EU Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the EU Savings Directive, they may amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

SUBSCRIPTION, SALE AND OFFER OF THE NOTES

General

Praktiker will agree in an agreement to be signed prior to the Issue Date to sell to Commerzbank Aktiengesellschaft, Deutsche Bank AG, London Branch and UniCredit Bank AG (the "**Joint Lead Managers**") and other banks which will be appointed prior to the Issue Date, if any (together with the Joint Lead Managers, the "**Managers**"), and the Managers will agree, subject to certain customary closing conditions, to purchase the Notes on 10 February 2011 at a price of [●] per cent of their principal amount (the "**Issue Price**"). The commission in connection with the offering of the Notes will be up to 0.65 per cent of the aggregate principal amount of the Notes. The Issuer will furthermore agree to reimburse the Managers for certain expenses incurred in connection with the issue of the Notes.

The Managers are entitled, under certain circumstances, to terminate the agreement reached with the Issuer. In such event, no Notes will be delivered to investors. Furthermore, Praktiker has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

The Managers or their affiliates have provided from time to time, and expect to provide in the future, investment services to the Issuer and its affiliates, for which the Managers or their affiliates have received or will receive customary fees and commissions.

There are no interests of natural and legal persons other than the Issuer involved in the issue, including conflicting ones, that are material to the issue.

Offer of the Notes

Offer Period and determination of Pricing Details

The Notes will be offered at the Issue Price to investors by the Managers during an offer period which will commence not earlier than 3 February 2011 and will be open until the Issue Date subject to a shortening or extension of the offer period. During the offer period investors may submit orders to the Joint Lead Managers. The Issue Price, the rate of interest and the aggregate nominal amount of the issue will be determined on the basis of the orders received by the Joint Lead Managers on the pricing date which is expected to be on or about 3 February 2011. The aggregate principal amount to be issued will be determined on the basis of the number and the volume of orders which offer a yield acceptable to the Issuer. Such information, the number of Notes, the Issue Price, the Interest Rate, the net proceeds before deduction of total expenses and the yield will be included in a notice which will be filed with the Luxembourg Stock Exchange and published on its website (www.bourse.lu) after the date of pricing and prior to the Issue Date (the "**Pricing Notice**"). Any onsale of Notes will be subject to market conditions. Should the Issuer and the Joint Lead Managers determine any extension of the offer period, which also could be the result of changing market conditions, such extension will be notified in a supplement to the Prospectus which will be prepared and published in accordance with Article 13 of the Prospectus Law.

Notification of the Prospectus approval

The issue of the Notes will be made to institutional investors and retail investors in compliance with the applicable public offer restrictions. A public offer to retail investors may be made in Luxembourg, Germany, Austria and The Netherlands following the effectiveness of the notification of the Prospectus by the CSSF according to Article 18 of the Prospectus Directive.

Conditions and technical details of the Offer

The following sets out details of the offer which is required to comply with the requirements of the applicable prospectus regulation. There are no conditions to which the offer is subject. Any offer to purchase Notes to investors will be made through, and investors may submit their offers to buy Notes, using the information system Bloomberg or any other commonly used information systems. Following the publication of the Pricing Notice the Notes may be offered through banking institutions in Luxembourg, Germany, Austria or The Netherlands, as the case may be. Subscription rights for the Notes will not be issued. Therefore, there are no procedures for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised. Any investor who has submitted an order in relation to the Notes whose order is accepted will receive a confirmation by electronic mail, fax or through commonly used information systems relating to the respective allotment of Notes. Before an investor receives a confirmation from the Joint Lead Managers that its purchase order for the Notes has been accepted, the investor may reduce or withdraw its purchase orders. Any investor will receive relating to the respective allotment of the Notes a confirmation of the results of the offer. There is no minimum or maximum amount of Notes to be purchased. Investors may place offers to purchase Notes in any amount.

Confirmation relation to an order and allotments as well as delivery of the Notes

Following the pricing of the Notes and confirmation which orders have been accepted and which amounts have been allotted to particular investors, the Issue Date, which is expected to be 10 February 2011 will be determined and included in the Pricing Notice. Delivery and payment of the Notes will be made within seven business days after the date of pricing of the Notes and the confirmation of the allotment to investors. The Notes will be delivered via book-entry through the Clearing System and its accountholding banks against payment of the Issue Price.

Charges and costs relating to the Offer

The Issuer will not charge any costs, expenses or taxes directly to any investor. Investors must inform themselves about any costs, expenses or taxes in connection with the Notes which are generally applicable in their respective country of residence, including any charges their own depository banks charge them for purchasing or holding securities.

Method of determination of the Issue Price and the Rate of Interest

The rate of interest and the Issue Price for the Notes will be determined at the time of pricing on the basis of a yield which is determined by adding a pricing spread to the level of the Midswaps at the time of pricing. The pricing spread will be determined on the basis of the orders received and confirmed by the Joint Lead Managers. Orders will specify a minimum pricing spread and may only be confirmed at or above such pricing spread. The level of the Midswaps will be determined as the calculated mid-yield of the bid and ask prices of Interest-Swap Transactions ("**Midswaps**") with a maturity similar to the maturity of the Notes shown on the Reuters page ICAPEURO or on Bloomberg page ICAE or on any other screen provider which is conventionally used to price Eurobond transactions at the time of pricing. The resulting yield will be used to determine an Issue Price (which is expected to be less than par) and a coupon rate of interest (which is expected to be a percentage figure which can be evenly divided by 1/8 of a full per cent and which will be correspondingly higher if a higher Issue Price is determined and which will be correspondingly lower if a lower Issue Price is determined), all to correspond to the yield which reflects the level of the Midswaps and the pricing spread. In the event that the figures for the relevant Midswaps shall not be shown as set out above then the relevant figures shall be determined in a manner which banks and other institutional market participants apply at that time. The resulting figure will represent the yield of the Notes and such yield will be used to determine the coupon rate of interest and the Issue Price.

Selling Restrictions

General

In addition to the specific restrictions set out below, the Managers have agreed that they will comply with all applicable laws and regulations in each jurisdiction in or from which they may offer Notes or distribute any offering material relating to them.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than the offers contemplated in the Prospectus in the Grand Duchy of Luxembourg, the Republic of Austria, the Federal Republic of Germany and The Netherlands from the time the Prospectus has been approved by the competent authority in the Grand Duchy of Luxembourg and published and notified to the relevant competent authorities in accordance with the Prospectus Directive as implemented in the Republic of Austria, the Federal Republic of Germany and The Netherlands until 27 January 2011, and provided that the Issuer has consented in writing to use of the Prospectus for any such offers, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Manager or Managers nominated by the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United States of America and its Territories

The Notes have not been and will not be registered under the Securities Act and the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Manager has represented and agreed that it has not offered or sold, and will not offer or sell any Notes within the United States, except as permitted by the Subscription Agreement.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom of Great Britain and Northern Ireland

Each Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Manager has represented and agreed that, save as set out below, it has not offered, sold or distributed, and will not offer, sell or distribute any Notes or any copy of the Prospectus or any other offer document in the Republic of Italy ("**Italy**") except:

- (a) to qualified investors (*investitori qualificati*), pursuant to Article 100 of Legislative Decree no. 58 of 24 February 1998 (the "**Consolidated Financial Services Act**") and Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the "**CONSOB Regulation**"), all as amended; or
- (b) that it may offer, sell or deliver Notes or distribute copies of any prospectus relating to such Notes in an offer to the public in the period commencing on the date of publication of such Prospectus, provided that such Prospectus has been approved in another Relevant Member State and notified to CONSOB, all in accordance with the Prospectus Directive, as implemented in Italy under the Consolidated Financial Services Act and the CONSOB Regulation, and ending on the date which is 12 months after the date of publication of such prospectus; or
- (c) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under the Consolidated Financial Services Act and the CONSOB Regulation.

Moreover, and subject to the foregoing, any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in Italy under (a), (b) or (c) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Consolidated Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the "**Banking Act**"), CONSOB Regulation No. 16190 of 29 October 2007, all as amended and any other applicable laws and regulations;

- (ii) in compliance with Article 129 of the Banking Act and the implementing guidelines, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy; and
- (iii) in compliance with any securities, tax, exchange control and any other applicable laws and regulations, including any limitation or notification requirement which may be imposed from time to time, inter alia, by CONSOB or the Bank of Italy.

Provisions relating to the secondary market in the Republic of Italy

Investors should also note that, in any subsequent distribution of the Notes in the Republic of Italy, Article 100-bis of the Consolidated Financial Services Act may require compliance with the law relating to public offers of securities. Article 100-bis of the Consolidated Financial Services Act affects the transferability of the Notes in Italy to the extent that any placing of the Notes is made solely with qualified investors and such Notes are then systematically resold to non-qualified investors on the secondary market at any time in the 12 months following such placing. Where this occurs, if has not been published a prospectus compliant with the Prospectus Directive, purchasers of Notes who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and to claim damages from any authorised person at whose premises the Notes were purchased, unless an exemption provided for under the Consolidated Financial Services Act applies.

GENERAL INFORMATION / INCORPORATION BY REFERENCE

Authorisation and Issue Date

The creation and issue of the Notes has been authorised by a resolution of the Management Board dated 29 November 2010 and of the Supervisory Board of the Issuer dated 22 December 2010. The Issue Date of the Notes is expected to be 10 February 2011.

Clearing and Settlement

The Notes have been accepted for clearing by Clearstream Banking AG, Frankfurt am Main. The Notes have been assigned the following securities codes: ISIN DE000A1H3JZ8, Common Code 058554227, WKN A1H3JZ.

Yield

The yield of the Notes is [●] per cent. Such yield is calculated in accordance with the ICMA (*International Capital Markets Association*) method.

Significant change in the financial or trading position

There has been no significant change in the financial or trading position of the Issuer since 30 September 2010.

Trend Information

There has been no material adverse change in the prospects of the Issuer since 31 December 2009.

Third party information

Any information sourced from a third party contained in this Prospectus has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Incorporation by Reference

The pages set out in the below table of the following documents are incorporated by reference into this Prospectus:

- (1) The audited consolidated financial statements of Praktiker Bau- und Heimwerkermärkte Holding AG for the financial year ended on 31 December 2009 consisting of
 - Consolidated income statement (page 64 in the Annual Report 2009),
 - Statement of comprehensive income (page 66 in the Annual Report 2009),
 - Consolidated statement of financial position (page 65 in the Annual Report 2009),
 - Consolidated cash flow statement (page 67 in the Annual Report 2009),
 - Consolidated statement of changes in equity (page 66 in the Annual Report 2009),
 - Notes to the consolidated financial statements (pages 68 to 136 in the Annual Report 2009).
 - Auditor's Report (page 137 in the Annual Report 2009).
- (2) The audited consolidated financial statements of Praktiker Bau- und Heimwerkermärkte Holding AG for the financial year ended on 31 December 2008 consisting of
 - Consolidated income statement (page 60 in the Annual Report 2008),
 - Consolidated balance sheet (page 61 in the Annual Report 2008),
 - Consolidated cash flow statement (page 63 in the Annual Report 2008),
 - Consolidated statements of changes in equity (page 62 in the Annual Report 2008),

- Notes to the consolidated financial statements (pages 64 to 124 in the Annual Report 2008).
 - Auditor's Report (page 125 in the Annual Report 2008).
- (3) The unaudited consolidated interim financial statements of Praktiker Bau- und Heimwerkermärkte Holding AG for the nine months ended 30 September 2010 (the "**Interim Report**") consisting of:
- Consolidated income statement for the third quarter of 2010 and for the first nine months of 2010 (pages 18 to 19 in the Interim Report 2010),
 - Statement of comprehensive income for the third quarter of 2010 and for the first nine months of 2010 (page 21 in the Interim Report 2010),
 - Consolidated statement of financial position (page 20 in the Interim Report 2010),
 - Consolidated cash flow statement (page 23 in the Interim Report 2010),
 - Consolidated statement of changes in equity (page 22 in the Interim Report 2010),
 - Explanatory notes (pages 24 to 32 of the Interim Report 2010).

Any information not listed in the cross reference list but included in the documents incorporated by reference is given for information purposes only.

The documents incorporated by reference are available on the website of the Luxembourg Stock Exchange (www.bourse.lu) as long as any Notes are listed on the regulated market of the Luxembourg Stock Exchange and the rules of such stock exchange so require.

Documents on Display

For so long as any Note is outstanding, copies of the following documents may be inspected during normal business hours at the specified office of the Principal Paying Agent and as long as the Notes are admitted to trading on the regulated market of the Luxembourg Stock Exchange the documents set out under (a) to (c) below will be available on the website of the Luxembourg Stock Exchange (www.bourse.lu):

- (a) the articles of association of the Issuer;
- (b) the Prospectus;
- (c) the documents incorporated by reference set out above.

NAMES AND ADDRESSES

ISSUER

Praktiker Bau- und Heimwerkermärkte Holding AG

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Germany

LISTING AGENT

Commerzbank Aktiengesellschaft

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To the Managers:

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AUDITORS

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