

NACHTRAG

zum Prospekt über das Euro 4.000.000.000,-- Debt Issuance Programme der Stadtsparkasse Köln

EUR 15.000.000,-- festverzinsliche Credit Linked Notes 2003 (2008)

Emittentin:

Stadtsparkasse Köln, Köln

Emissionsbetrag

EUR 15.000.000,--

Verzinsung:

7,40% gem. § 3 des Pricing Supplements i.V.m. Punkt 5 des Anhangs

Rückzahlung:

100 % des Nennbetrages

Ausgabekurs:

100 %

Valuta:

21. Juli 2003

Laufzeit:

21. Juli 2003 bis zum 21. Juli 2008, soweit sich nicht aus § 5 des Pricing Supplements i.V.m. den Punkten 2. und 3. des Anhangs etwas anderes ergibt

Stückelung:

EUR100.000,--

Verbriefung:

Dauer-Globalurkunde während der gesamten Laufzeit

Börsennotierung:

Handel im amtlichen Markt der Börse Düsseldorf

ISIN-Code:

DE0008876301

Händler:

Deutsche Bank AG, London

July 21, 2003

Pricing Supplement

Euro 15,000,000 7.40 per cent.

Gazprom Credit Linked Notes due 2008

issued pursuant to the

**Euro 4,000,000,000
Debt Issuance Programme
dated June 30, 2003
of**

Stadtsparkasse Köln

Issue Price: 100 per cent.

Issue Date: July 21, 2003

Series No.: 489

This Pricing Supplement is issued to give details of an issue of Notes under the Euro 4,000,000,000 Debt Issuance Programme of Stadtsparkasse Köln (the "**Programme**") and is to be read in conjunction with the Terms and Conditions of the Notes (the "**Terms and Conditions**") set forth in the Information Memorandum and Listing Prospectus pertaining to the Programme, as the same may be amended or supplemented from time to time. Capitalised Terms not otherwise defined herein shall have the meanings specified in the Terms and Conditions.

All references in this Pricing Supplement to numbered Articles and sections are to Articles and sections of the Terms and Conditions.

All provisions in the Terms and Conditions corresponding to items in this Pricing Supplement which are either not selected or completed or which are deleted shall be deemed to be deleted from the terms and conditions applicable to the Notes (the "**Conditions**").

Risk Factors and Investors Representations

Terms used in the italicised section below have the meanings given to them in this Pricing Supplement.

The Notes are credit linked notes linked to the performance of the Reference Entity and Obligations of the Reference Entity and an investment in the Notes involves a high degree of risk. Early redemption of the Notes may be triggered through certain events which are linked to the performance and creditworthiness of the Reference Entity. In such circumstances, each Note will be redeemed by delivery of the Deliverable Obligations comprising the Portfolio or, in certain circumstances described herein, by payment of certain cash amounts, the value of which, in either case, may be less than the nominal amount of a Note. In certain circumstances no value may be realisable by the Noteholders.

The Notes may not benefit from the same ratings assigned to other notes issued under the Programme. Investors should note that no specific rating for the Notes has been applied for or sought.

Investors should have sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of investing in the Notes as well as access to, and knowledge of, appropriate analytical tools to evaluate such merits and risk in the context of their financial situation. The Notes are not an appropriate investment for investors who are unsophisticated. Investors should also have sufficient financial resources to bear the risks of an investment in the Notes.

No person has been authorised to give any information or make any representation not contained in or not consistent with this Pricing Supplement, or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Dealer, the Credit Event Monitoring Agent or the Calculation Agent.

The Issuer does not make any representation as to the existence of a market for the Notes.

By investing in the Notes each investor represents that:

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

Form of Conditions

- Long-Form (in the case of registered Notes: if the Terms and Conditions and the Pricing Supplement are to be attached to the relevant Note)
- Integrated (in the case of registered Notes: if the Conditions are to be attached to the relevant Note)

Language of Conditions

- German only
- English only
- English and German (English prevailing)
- German and English (German prevailing)

CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS (§ 1)

Currency and Denomination

Specified Currency	Euro ("€")
Aggregate Principal Amount	€ 15,000,000
Specified Denomination(s)	€ 100,000
Number of Notes to be issued in each Specified Denomination	150

Bearer Notes/Registered Notes/Bearer Pfandbriefe/Registered Pfandbriefe

- Bearer Notes
- Bearer Pfandbriefe
- Public Sector Pfandbriefe
- Mortgage Covered Pfandbriefe
- Registered Notes
- Registered Pfandbriefe
- Public Sector Pfandbriefe
- Mortgage Pfandbriefe
- Minimum Principal Amount for Transfers (specify) []

- TEFRA C**
- Permanent Global Note
- Temporary Global Note exchangeable for:
 - Definitive Notes
 - Definitive Notes and Collective Global Notes

- TEFRA D**
- Temporary Global Note exchangeable for:
 - Permanent Global Note
 - Definitive Notes
 - Definitive Notes and Collective Global Notes

- Neither TEFRA D nor TEFRA C**
- Permanent Global Note
- Temporary Global Note exchangeable for:
 - Definitive Notes
 - Definitive Notes and Collective Global Notes

Definitive Notes

No

- Coupons
- Talons
- Receipts

Certain Definitions

Clearing System

- Clearstream Banking AG
- Euroclear Bank S.A./N.V. (Euroclear Operator)
- Clearstream Banking, société anonyme
- Other – specify

Calculation Agent

Yes

- Fiscal Agent
- Other - specify

See section 1
of the Schedule
hereto

STATUS (§ 2)

- Unsubordinated**
- Subordinated**

INTEREST (§ 3)

- Fixed Rate Notes**

Rate of Interest and Interest Payment Dates

Rate of Interest 7.40 per cent. per annum

Interest Commencement Date Issue Date

Fixed Interest Date(s) (i) In respect of each Fixed Interest Period (as defined in section 5 of the Schedule hereto) other than the Fixed Interest Period ending on the Scheduled Maturity Date (the "**Final Period**"), the day falling two Business Days following the relevant Interest Period End Date ("**Interest Accrual Date**") (as defined in section 5 of the Schedule hereto) (to allow the Credit Event Monitoring Agent (as defined in section 1 of the Schedule hereto) to ascertain whether a Credit Event (as defined in section 1 of the Schedule hereto) has occurred on or before the date on which the interest accrues) and (ii) in respect of the Final Period, the Scheduled Maturity Date.

First Interest Payment Date The day falling two

Business Days
following July 21, 2004

Initial Broken Amount(s) (for each Specified Denomination) [Not Applicable]

Fixed Interest Date preceding the Maturity Date [Not Applicable]

Final Broken Amount(s) (for each Specified Denomination) [Not Applicable]

Determination Date(s): [Not Applicable]

Floating Rate Notes

Interest Payment Dates

Interest Commencement Date []

Specified Interest Payment Dates []

Specified Interest Period(s) [][weeks/months/other periods – specify]

Business Day Convention

Modified Following Business Day Convention

FRN Convention (specify period(s)) []
[months/other – specify]

Following Business Day Convention

Preceding Business Day Convention

Relevant Financial Centres []

Rate of Interest

Screen Rate Determination

EURIBOR (Brussels time/TARGET Business Day/Euro-zone/
Euro-zone Office/Interbank Market of the Euro-zone)

Screen page []

LIBOR (London time/London Business Day London office/
London Interbank Market)

Screen page []

Other (specify) []

Screen page(s) []

Margin [] per cent. per annum

plus

minus

Interest Determination Date

- second Business Day prior to commencement of Interest Period
- first day of each Interest Period
- other (specify) []

Reference Banks (if other than as specified in § 3(2)) (specify) []

- ISDA Determination [specify details]
- Other Method of Determination (insert details (including Margin, Interest Determination Date, Reference Banks, fall-back provisions)) []

Minimum and Maximum Rate of Interest

- Minimum Rate of Interest [] per cent. per annum
- Maximum Rate of Interest [] per cent. per annum

Zero Coupon Notes

Accrual of Interest

Amortisation Yield []

Dual Currency Notes []
(set forth details in full here (including exchange rate(s) or basis for calculating exchange rate(s) to determine principal and/or interest/fall-back provisions))

Index-Linked Notes []
(set forth details in full here)

Instalment Notes []
(set forth details in full here)

Other (specify) []

Day Count Fraction

- Actual/Actual (ISMA)
- 30/360
- Insert other relevant Actual/Actual methodology pursuant to ISMA (specify) []
- Actual/Actual (Actual/365)
- Actual/365 (Fixed)
- Actual/360
- 30/360 or 360/360 (Bond Basis)
- 30E/360 (Eurobond Basis)

PAYMENTS (§ 4)

Payment Business Day

Relevant Financial Centre(s) (specify all) London,
TARGET

Exclusion of Set-off and Rights of Retention

REDEMPTION (§ 5)

Final Redemption

Notes other than Instalment Notes

Maturity Date Subject to Grace
Period Extension
(as provided in
section 4 of the
Schedule hereto),
and early
termination due to
(i) redemption
upon the merger
of the Issuer and a
Reference Entity
(as provided in
section 2 of the
Schedule hereto),
(ii) redemption

upon the Occurrence of a Credit Event (as provided in section 3 of the Schedule hereto), (iii) early redemption for Reasons of Taxation according to § 5, and (iv) acceleration due to event of default under the Notes according to § 9 ((i) to (iv) above together "**Early Termination**") July 21, 2008 (the "**Scheduled Maturity Date**")

Redemption Month

Not Applicable

Final Redemption Amount

Principal amount

In the event of redemption upon the merger of the Issuer and a Reference Entity, the Principal Amount is subject to section 2 of the Schedule hereto.

In the event of redemption upon the Occurrence of a Credit Event (as defined in section 1 of the Schedule hereto), the Principal Amount is subject to section 3 of the Schedule hereto.

In the event of Early Redemption for Reasons of Taxation (§ 5) and in case of § 9, the Principal Amount is subject to section 6 of the Schedule hereto.

Final Redemption Amount (per denomination)

[]

Instalment Notes

Instalment Date(s) []

Instalment Amount(s) []

Early Redemption

Optional Early Redemption for Reasons of Taxation

Yes

The Early Redemption Amount is subject to section 6 of the Schedule hereto.

Early Redemption at the Option of the Issuer

No

Minimum Redemption Amount []

Higher Redemption Amount []

Call Redemption Date(s) []

Call Redemption Amount(s) []

Minimum Notice to Holders []

Maximum Notice to Holders []

Early Redemption at the Option of a Holder

No

Put Redemption Date(s) []

Put Redemption Amount(s) []

Minimum Notice to Issuer [] days

Maximum Notice to Issuer (never more than 60 days) [] days

Early Redemption Amount

Zero Coupon Notes:

Reference Price []

FISCAL AGENT, PAYING AGENT AND CALCULATION AGENT (§ 6)

Calculation Agent/specified office Deutsche Bank AG London,
1 Great Winchester Street,
London EC2N 2DB

Required location of Calculation Agent (specify) London

Paying Agents

Additional Paying Agent(s)/specified office(s) []

NOTICES (§ 12)

Place and medium of publication

United Kingdom (Financial Times)

Luxembourg (Luxemburger Wort)

Germany (Börsen-Zeitung)

Federal Gazette

France (La Tribune)

Switzerland (Neue Zürcher Zeitung and Le Temps)

Other (specify) []

GENERAL PROVISIONS APPLICABLE TO THE NOTE(S)

Listing(s) Yes

Düsseldorf

Luxembourg

Paris

Frankfurt am Main

London

Zürich

Other (insert details) []

Method of distribution

- Non-syndicated
 Syndicated

Management Details

Management Group or Dealer (specify) Deutsche Bank AG
London

Commissions

Management/Underwriting Commission (specify) []

Selling Commission (specify) []

Listing Commission (specify) []

Other (specify) []

Stabilising Dealer/Manager None

Securities Identification Numbers

Common Code 17233530

ISIN Code DE0008876301

German Securities Code []

Any other securities number []

Supplemental Tax Disclosure (specify) []

Selling Restrictions

TEFRA C

TEFRA D

Neither TEFRA C nor TEFRA D

Additional Selling Restrictions (specify) The Notes must not be sold to non-professional investors.

Rating Not Applicable

Governing Law

German Law

Other Relevant Terms and Conditions (specify)

See Schedule hereto

Listing:

The above Pricing Supplement comprises the details required to list this issue of Notes pursuant to the approval to listing of Notes under the Euro 4,000,000,000 Debt Issuance Programme of Stadtparkasse Köln (as from July 21, 2003).

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

WestLB AG

(as Fiscal Agent)

Stadtparkasse Köln

SCHEDULE

1. DEFINITIONS

For the purposes of these Conditions:

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

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

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

"Bankruptcy" means the Reference Entity: (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger), (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due, (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors, (iv) institutes or has instituted against it a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgement of insolvency or bankruptcy or the

entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof or before the Scheduled Maturity Date, whichever is earlier, (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger), (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets, (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter or before the Scheduled Maturity Date, whichever is earlier, or (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) to (vii) (inclusive) or (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

"Business Day" means a day on which commercial banks and foreign exchange markets are open for business in London and a TARGET Settlement Day.

"Calculation Agent" means Deutsche Bank AG London, which term shall include any successor calculation agent, who shall be responsible for making all determinations hereunder including the determination as to whether or not a Credit Event has occurred. All determinations of the Calculation Agent shall be made in its sole and absolute discretion.

"Convertible Obligation" means any obligation that is convertible, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation.

"Credit Event" means the occurrence of one or more of the following events in respect of the Reference Entity as determined by the Credit Event Monitoring Agent during the Notice Delivery Period:

- (i) Bankruptcy
- (ii) Failure to Pay,
- (iii) Obligation Acceleration,
- (iv) Repudiation/Moratorium or
- (v) Restructuring.

If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from: (a) any lack or alleged lack of authority or capacity of the Reference Entity to enter into any Obligation, (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation, however described, (c) any applicable law, order, regulation, decree or notice, however described, or (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

"Credit Event Conditions" means the delivery by the Credit Event Monitoring Agent to the Issuer of a Credit Event Notice and a Notice of Publicly Available Information describing the occurrence of a Credit Event in respect of the Reference Entity.

"Credit Event Notice" means a notice from the Credit Event Monitoring Agent (which may be oral including by telephone) to the Issuer (which the Credit Event Monitoring Agent has the right but not the obligation to deliver) that describes the occurrence of a Credit Event at any time on or after the Trade Date to and including the 3rd calendar day prior to the Maturity Date. The Issuer will, after receiving a Credit Event Notice, notify the Noteholders of the occurrence of a Credit Event in accordance with the Conditions of the Notes.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective.

"Credit Event Monitoring Agent" means Deutsche Bank AG London who will determine in its sole and absolute discretion whether a Credit Event has occurred with respect to a Reference Entity.

"Dealer" means a dealer in obligations of the type of Undeliverable Obligation(s) or Deliverable Obligation(s), as the case may be, for which Quotations are to be obtained, selected by the Calculation Agent (and for the avoidance of doubt, the Calculation Agent and/or any of its Affiliates may be Dealers for these purposes).

"Default Cash Settlement Amount" means, in respect of each EUR 100,000 nominal amount of Notes, an amount calculated by the Calculation Agent equal to the sum of the Final Prices of each Deliverable Obligation comprising the Portfolio multiplied by the Outstanding Principal Balance or Due and Payable Amount (as the case may be) of such Deliverable Obligation.

"Default Cash Settlement Amount Date" means, in respect of all Deliverable Obligations comprising the Portfolio in respect of the relevant Note, four Business Days following the last calculation of the Final Price for such Deliverable Obligations.

"Default Requirement" means USD greater than 0 or its equivalent in the relevant Obligation Currency.

"Deliver" means to deliver, novate, transfer, assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the relevant Deliverable Obligation to the relevant Holder free and clear of any and all liens, charges, claims or encumbrances (including without limitation any counterclaim, defence (other than a counterclaim or defense based on the factors set out in the second paragraph of the definition of **"Credit Event"** above or right of setoff by or of the Reference Entity); **"Delivery"** and **"Delivered"** will be construed accordingly.

"Deliverable Obligation" means (a) any Reference Obligation and (b) any obligation of a Reference Entity for which the Credit Event Conditions have been satisfied (either directly or as a provider of a guarantee of payment that is unconditional but for any requirement for the

beneficiary to give notice that payment is due under such guarantee, or any similar procedural requirement) described by the Deliverable Obligation Category "Bond" (as defined below) and having the Deliverable Obligation Characteristics of "Pari Passu Ranking", "Standard Specified Currencies", "Not Domestic Issuance", "Not Domestic Law", "Not Contingent", "Not Bearer" and "Transferable" specified below, that are repayable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount and are not subject to any counterclaim, defence (other than a counterclaim or defence based on: (a) any lack or alleged lack of authority or capacity of the Reference Entity to enter into any obligation, (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any obligation, however described, (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described, or (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described) or right of set off by the Reference Entity.

The Issuer may select the Deliverable Obligation with the lowest value for delivery to the Noteholders.

If a Reference Obligation is a Convertible Obligation or Exchangeable Obligation, then such Reference Obligation may be included in the Portfolio only if the right (i) to convert or exchange such obligation or (ii) to require the issuer of such obligation to purchase or redeem such obligation (if the issuer of such obligation has exercised any such right to pay the purchase or redemption price, in whole or in part, in Equity Securities), has not been exercised (or such exercise has been effectively rescinded) on or before the date of Delivery.

"Deliverable Obligation Category" means Bond (as defined under "Obligation" below),

"Deliverable Obligation Characteristics" means "Pari Passu Ranking", "Standard Specified Currency", "Not Domestic Issuance", "Not Domestic Law", "Not Contingent", "Not Bearer", "Transferable":

where:

"Pari Passu Ranking" means an obligation that ranks at least pari passu with the Reference Obligation in priority of payment.

"Standard Specified Currencies" mean any of the lawful currencies of Canada, Federal Republic of Germany, Japan, Republic of France, Republic of Italy United Kingdom and the United States of America and the euro (and any successor currency to any such currency).

"Not Domestic Issuance" means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the Reference Entity.

"Not Domestic Law" means any obligation that is not governed by the laws of the Reference Entity.

"Not Contingent" means any obligation:

- (a) the payment or repayment of principal in respect of which is not in an amount determined by reference to any formula or index, or which is not subject to any contingency, and
- (b) which bears interest at either a fixed or floating rate that is paid on a periodic basis and computed on a benchmark interest rate plus or minus a spread, if any,

provided that an obligation shall not be disqualified from being a Deliverable Obligation under:

- (i) paragraph (a) above solely due to the fact that such obligation is a Convertible Obligation or an Exchangeable Obligation, so long as the right:
 - (x) to convert or exchange, as the case may be, such obligation; or
 - (y) to require the issuer of such obligation to purchase or redeem such obligation (if the issuer of such obligation has exercised any such right to pay the purchase or redemption price, in whole or in part, in Equity Securities),has not been exercised (or such exercise has been effectively rescinded) on or before the date of Delivery, as the case may be; and
- (ii) this Deliverable Obligation Characteristic of "Not Contingent" solely due to the fact that such obligation is an Accreting Obligation.

"Not Bearer" means any obligation that is not a bearer instrument unless interests with respect of such bearer obligation are cleared via the Euroclear system, Clearstream Banking, société anonyme or any other internationally recognised clearing system.

"Transferable" means any obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction (provided that none of the following shall be considered contractual, statutory or regulatory restrictions):

- (i) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
- (ii) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds.

"Due and Payable Amount" means the amount that is due and payable under (and in accordance with the terms of) a Deliverable Obligation as of the Physical Settlement Date,

whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

"Early Termination" means any early termination due to

- (a) the merger of the Issuer and a Reference Entity (as provided in section 2 below),
- (b) the Occurrence of a Credit Event (as provided in section 3 below),
- (c) taxation reasons according to § 5, and
- (d) event of default under the Notes according to § 9.

"Equity Securities" means:

- (a) in the case of a Convertible Obligation, equity securities of the issuer of such obligation or depositary receipts representing equity securities of the issuer of such obligation; and
- (b) in the case of an Exchangeable Obligation, equity securities of a person other than the issuer of such obligation or depositary receipts representing equity securities of a person other than the issuer of such obligation.

"Exchangeable Obligation" means any obligation that is exchangeable, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation.

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

"Fallback Settlement Date" means three Business Days following the last calculation of the Final Price for all Undeliverable Obligations.

"Final Price" means, with respect to an Undeliverable Obligation or a Deliverable Obligation comprising the Portfolio, as the case may be:

- (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations;

- (d) if only a Weighted Average Quotation is obtained, such Weighted Average Quotation;
- (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject to where the Quotation is deemed to be zero, an amount as determined by the Calculation Agent on the next Business Day on which at least two Full Quotations or a Weighted Average Quotation is obtained; and
- (f) if the Quotations are deemed to be zero, the Final Price shall be zero.

"Full Quotation" means, expressed as a percentage, with respect to each type or issue of Undeliverable Obligation or a Deliverable Obligation comprising the Portfolio, as the case may be, each firm bid quotation (exclusive of accrued but unpaid interest) obtained from a Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Undeliverable Obligation or such Deliverable Obligation, as the case may be, equal to the Outstanding Principal Balance of that Undeliverable Obligation or such Deliverable Obligation, as the case may be.

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

"Grace Period" means:

- (a) subject to (b) and (c) below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect at the later of the Trade Date and the date as of which such Obligation is issued or incurred;
- (b) if a Potential Failure to Pay has occurred on or prior to the day that is three calendar days immediately preceding the Scheduled Maturity Date and the applicable grace period cannot, by its terms, expire on or prior to the day that is three calendar days immediately preceding the Scheduled Maturity Date, the Grace Period shall be deemed to be the lesser of such grace period and the thirty calendar days; and
- (c) if, at the later of the Trade Date and the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation.

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

"Grace Period Extension Date" means, that if (i) a Potential Failure to Pay has occurred with respect to one or more Obligations on or prior to the 3rd calendar day prior to the Maturity Date, (ii) under the terms of such Obligation(s), a Grace Period is applicable to payments under the Obligation(s), and (iii) such Grace Period does not expire on or prior to

the 3rd calendar day prior to the Maturity Date, then, the Maturity Date shall be postponed to the earlier of (i) to the day that is the 6th Business Day following the expiration date of the last expiring Grace Period in respect of such Obligation(s), and (ii) the day that is the 30th calendar day after the Maturity Date.

"Nominal Amount" means \$ 15,000,000.

"Notice Delivery Period" means the period from and including the Trade Date to and including the later of (i) the 3rd calendar day prior to the Schedule Maturity Date and (ii) the Grace Period Extension Date.

"Notice of Intended Physical Settlement" means an irrevocable notice from the Swap Counterparty to the Issuer setting out a description of the type and the Outstanding Principal Balance of the Deliverable Obligations comprising the Portfolio to be delivered on the Physical Settlement Date. Such a notice may be delivered by the Swap Counterparty on or before the thirtieth day following the day on which the Credit Event Notice and Notice of Publicly Available Information are delivered to the Issuer.

"Notice of Publicly Available Information" means an irrevocable notice from the Credit Event Monitoring Agent (which may be oral including by telephone) to the Issuer (which the Credit Event Monitoring Agent has the right but not the obligation to deliver) that cites Publicly Available Information confirming the occurrence of the Credit Event described in the Credit Event Notice. The notice given must contain a copy or description in reasonable detail, of the relevant Publicly Available Information. If a Credit Event Notice cites Publicly Available Information, such Credit Event Notice will also be deemed to be a Notice of Publicly Available Information.

"Obligation" means (a) any senior unsecured obligation of a Reference Entity (whether as principal or surety or otherwise) described by the Obligation Category specified below and having the Obligation Characteristics specified below (b) and each of the Reference Obligations:

"Obligation Category":	Bond
"Obligation Characteristics":	Pari Passu Ranking
	Not Domestic Currency
	Not Domestic Issuance
	Not Domestic Law

where:

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

where:

"Borrowed Money" means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit).

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

"Not Domestic Currency" means any obligation that is payable in any currency other than the Domestic Currency.

where:

"Domestic Currency" means the lawful currency and any successor currency of the Reference Entity. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Federal Republic of Germany, Japan, Republic of France, Republic of Italy, United Kingdom or the United States of America and/or the euro (or any successor currency to any such currency).

"Obligation Acceleration" means one or more Obligations have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations in an aggregate amount of not less than the Default Requirement.

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

"Obligation Exchange" means the mandatory transfer (other than in accordance with the terms in effect as of the later of the Trade Date or date of issuance of the relevant Obligation) of any securities, obligations or assets to holders of Obligations in exchange for such Obligations. When so transferred, such securities, obligations or assets will be deemed to be Obligations.

"Outstanding Principal Balance" means (a) in relation to any Obligation or Deliverable Obligation that is an Accreting Obligation, the Accreted Amount thereof, (b) in relation to an Obligation or Deliverable Obligation that is an Exchangeable Obligation but not an Accreting Obligation, the outstanding principal amount of such obligation excluding any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable and (c) in relation to any other Obligation or Deliverable Obligation, the outstanding principal amount of such Obligation.

"Partial Cash Settlement Amount" means the market price of the Undeliverable Obligations as determined by the Calculation Agent by reference to a dealer poll, which shall

be paid on the Fallback Settlement Date adjusted for Unwind Costs ("Partial Cash Settlement").

"Payment Requirement" means USD greater than 0 or its equivalent in the relevant Obligation Currency.

"Physical Settlement Date" or **"Settlement Date"** means the date determined by the Calculation Agent (and notified to the Holders in accordance with §12) that is the number of days constituting the Physical Settlement Period following the day on which the Notice of Intended Physical Settlement was delivered to the Noteholders.

"Physical Settlement Period" means the longest of the number of Business Days for settlement in accordance with the current market practice of any Deliverable Obligation comprising the Portfolio being delivered to the Noteholders, as determined by the Calculation Agent ("Physical Settlement").

"Portfolio" means Deliverable Obligations, as selected by the Issuer in its sole and absolute discretion, with an aggregate Due and Payable Amount or Outstanding Principal Balance excluding accrued interest, equal to the Nominal Amount adjusted for Unwind Costs. Following the satisfaction of the Credit Event Conditions, the Issuer will deliver a Notice of Intended Physical Settlement to the Noteholders describing the Portfolio. If it is impossible or illegal to deliver all or some of the Deliverable Obligations included in the Portfolio (the "Undeliverable Obligations") on the Physical Settlement Date, or by the thirtieth calendar day thereafter (the "Last Permissible Physical Settlement Date"), then the Noteholders will, instead of receiving the Undeliverable Obligations, receive the Partial Cash Settlement Amount.

"Potential Failure to Pay" means the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligation.

"Publicly Available Information" means:

- (a) information that reasonably confirms any of the facts relevant to the determination that the Credit Event described in an Credit Event Notice has occurred and which (i) has been published in or not less than two internationally recognised published or electronically displayed news sources (it being understood that each Public Source shall be deemed to be an internationally recognised published or electronically displayed news source), regardless of whether the reader or user thereof pays a fee to obtain such information; provided that, if either the Credit Event Monitoring Agent, the Calculation Agent or the Issuer or any of their respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless either the Credit Event Monitoring Agent or the Issuer or any of their Affiliates is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; (ii) is information received from (A) a Sovereign Agency in respect of the Reference Entity or (B) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; or (iii) is information contained in any petition or filing instituting a proceeding as described in paragraph (iv) of the definition of "Bankruptcy" against or

by a Reference Entity; or (iv) is information contained in any order, decree or notice, however described, of a court, tribunal, regulatory authority or similar administrative or judicial body.

- (b) In relation to any information of the type described in paragraphs (a) (ii), (iii) and (iv) above, the Calculation Agent and the Credit Event Monitoring Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party disclosing such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to third parties.
- (c) Publicly Available Information need not state that such occurrence (i) is the result of exceeding any applicable Grace Period or (ii) has met the subjective criteria specified in certain Credit Events.

"Public Source" means each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun and Financial Times (and successor publications).

"Reference Entity" means GAZPROM and any Successor.

"Reference Obligations" means:

- (a) the 9.625 per cent bonds due 2013 issued by GAZPRU (ISIN: XS0164067836);
- (b) the 9.125 per cent bonds due 2007 issued by GAZPRU (ISIN: XS0146655104);
- (c) the 10.5 per cent bonds due 2009 issued by GAZPRU (ISIN: XS0156366378).

"Repudiation/Moratorium" means a Reference Entity or Governmental Authority (a) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount not less than the Default Requirement, or (b) declares or imposes a moratorium, standstill or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement.

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

- (1) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (2) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;

- (3) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest or (ii) the payment of principal or premium;
- (4) a change in the ranking in priority of payment of any Obligation, causing the subordination of such Obligation; or
- (5) any change in the currency or composition of any payment of interest or principal.

Notwithstanding the above, none of the following shall constitute a Restructuring with respect to any Obligation:

- (i) the payment in euro of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- (ii) the occurrence of, agreement to or announcement of any of the events described in (1) to (5) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (iii) the occurrence of, agreement to or announcement of any of the events described in (1) to (5) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

If an Obligation Exchange has occurred, the determination as to whether one of the events described in (1) to (5) above has occurred will be based on a comparison of the terms of the Obligation immediately before such Obligation Exchange and the terms of the resulting Obligation immediately following such Obligation Exchange.

"Sovereign Agency" means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of the Reference Entity.

"Successor" means a direct or indirect successor to a Reference Entity that assumes all or substantially all of the obligations thereof by way of consolidation, amalgamation, transfer or otherwise, whether by operation of law or pursuant to an agreement, as determined by the Calculation Agent.

"Swap Counterparty" means Deutsche Bank AG London.

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

"Trade Date" means July 1, 2003.

"Unwind Costs" means Standard Unwind Costs,

where

"Standard Unwind Costs" means

- (i) in the case of early termination following a Credit Event, an amount as determined by the Calculation Agent equal to the sum of all costs of the Swap Counterparty in connection with Physical Settlement or Partial Cash Settlement (if applicable) of the Notes and the related adjustment of any hedge or related trading position, including the replacement cost (if a cost) of any credit default swap in respect of a Reference Entity, and
- (ii) in the case of early termination for taxation reasons (Early Redemption pursuant to § 5), or due to the merger of the Issuer and a Reference Entity or an event of default under the Notes, an amount determined by the Calculation Agent equal to the sum of all costs of the Swap Counterparty in connection with such early termination and the related adjustment of any hedge or related trading position, including the replacement cost (if a cost) of a credit default swap in respect of a Reference Entity.

"Valuation Date" means the Business Day following the Final Delivery Date.

"Valuation Time" means 11.00 a.m. London time.

"Weighted Average Quotation" means, expressed as a percentage, with respect to each type or issue of Undeliverable Obligation or Deliverable Obligation comprising the Portfolio, as the case may be, the weighted average of firm bid quotations (exclusive of accrued but unpaid interest) obtained from Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Undeliverable Obligation or such Deliverable Obligation, as the case may be, with an Outstanding Principal Balance of as large a size as available but less than the Outstanding Principal Balance of the Undeliverable Obligation or such Deliverable Obligation (but of a size equal to the lesser of the Outstanding Principal Balance of the Undeliverable Obligation and USD 1,000,000 or, if quotations of such a size are not available, quotations as near to such size as practicable) that in aggregate are equal to the Outstanding Principal Balance of the Undeliverable Obligation or such Deliverable Obligation, as the case may be.

2. Early termination upon the Merger of the Issuer and a Reference Entity

If the Notes are to be redeemed early as a result of the merger of the Issuer and a Reference Entity, then the Holders will receive the amount, as determined by the Calculation Agent equal to the Nominal Amount of the Notes minus the Unwind Costs. Notices will be given to the Holders pursuant to § 12. In the event of a Credit Event Notice being delivered to the Issuer prior to the date of early termination of the Notes as a result of a merger of the Issuer and a Reference Entity the redemption terms at section 3 below will apply.

3. Early termination upon the Occurrence of a Credit Event

- (1) If the Credit Event Conditions are satisfied during the Notice Delivery Period (such date of satisfaction being the "Credit Event Determination Date"), the Issuer has the right but not the obligation within thirty calendar days of the Credit Event Determination Date to give notice to

the Holders pursuant to § 12 (such notice a "Settlement Notice") and each Note will be redeemed as provided in section 3(2) below provided that if all or some of the Deliverable Obligations included in the Portfolio are Undeliverable Obligations, then the Issuer shall continue to attempt to Deliver all or a portion of such Undeliverable Obligations on or before the 30th calendar day following the Settlement Date (the "Final Delivery Date"), provided further that if all or a portion of such Undeliverable Obligations are not Delivered by the Final Delivery Date, the Issuer shall give notice (a "Cash Settlement Notice") to the Holders pursuant to § 12 and each holder of a Note will, instead of receiving such Undeliverable Obligations, receive the Partial Cash Settlement Amount in respect of each such Undeliverable Obligation on the Fallback Settlement Date.

In the Settlement Notice the Issuer shall specify the Deliverable Obligations (including the Outstanding Principal Balance of such Deliverable Obligations) comprising the Portfolio in respect of each Note. For the avoidance of doubt, the Issuer shall be entitled to select any of the Deliverable Obligations to constitute the Portfolio in relation to any Note, irrespective of its market value and may include the Deliverable Obligations with the lowest value.

- (2) Not more than four Business Days after deemed receipt of the Settlement Notice, each Holder will give notice (a "Physical Delivery Notice") to the Issuer and the Calculation Agent in accordance with section 8 below specifying the account details and/or name of the institution to which the Issuer shall Deliver the Deliverable Obligations constituting the Portfolio relating to such Note. In relation to each such Deliverable Obligation the Issuer will Deliver or procure the Delivery of the relevant Deliverable Obligation on the Settlement Date. If a Holder fails to give a Physical Delivery Notice on or prior to the date falling four Business Days after the deemed receipt of the Settlement Notice, the Issuer will, subject as provided above, deliver the Deliverable Obligations constituting the Portfolio in respect of the relevant Notes as soon as practicable after the receipt of the relevant Physical Delivery Notice provided that if a Holder fails to give a Physical Delivery Notice prior to Final Delivery Date, the Issuer will discharge its obligations in respect of each Note by payment of the Default Cash Settlement Amount on the Default Cash Settlement Amount Date.

In the event that a Physical Delivery Notice relates to more than EUR 100,000 in nominal amount of Notes, the Deliverable Obligations Delivered pursuant to this section 3 shall be aggregated.

Notwithstanding the foregoing Delivery of the Deliverable Obligations in respect of each Notes shall be made at the risk of the relevant Holder. All costs, taxes, duties and/or expenses, including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes ("Delivery Expenses") arising from the Delivery of the Deliverable Obligations comprising the Portfolio in respect of such Notes shall be for the account of the relevant Holder and no Delivery of the Deliverable Obligations shall be made until all Delivery Expenses have been paid to the satisfaction of the Issuer by the relevant Holder.

After delivery of the Deliverable Obligations and for such period of time as any person other than the relevant Holder shall continue to be registered as the legal owner of the Deliverable Obligations comprising the Portfolio (the "**Intervening Period**"), none of the Issuer, the Calculation Agent or any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Holder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such Deliverable Obligations, (ii) be under any obligation to exercise or procure exercise of any or

all rights attaching to the Deliverable Obligations or (iii), in the absence of wilful misconduct and gross negligence, be under any liability to a Holder in respect of any loss or damage which such Holder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such Obligations.

- (3) In the event that any Notes are to be redeemed by payment of (A) the Partial Cash Settlement Amounts, or (B) the Default Cash Settlement Amounts, the Calculation Agent shall attempt to obtain Full Quotations with respect to (i) in the case of (A) above, each Undeliverable Obligation or (ii) in the case of (B) above, each Deliverable Obligation comprising the Portfolio, as the case may be, on the Valuation Date from at least five Dealers. If, in respect of any Undeliverable Obligation or Deliverable Obligation, as the case may be, at least two such Full Quotations are not available on the same Business Day within three Business Days of the Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations for such Undeliverable Obligation or Deliverable Obligation, as the case may be, from at least five Dealers and, if at least two Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain two Full Quotations or a Weighted Average Quotation on the same Business Day within the ten Business Days, the Quotations for such Undeliverable Obligation or Deliverable Obligation, as the case may be, shall be deemed to be zero (each such Full Quotation or Weighted Average Quotation obtained with respect to the Valuation Date being a "Quotation").
- (4) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for purposes of determining the Final Price.
- (5) If Early Termination (other than Early Redemption for Reasons of Taxation) applies, accrued interest since the Settlement Date, or if later, the last Interest Accrual Date will not be payable.
- (6) In the event of a Credit Event Notice being delivered to the Issuer prior to (i) the date for taxation reasons (Early Redemption pursuant to § 5) or to (ii) the date for early termination pursuant to § 9, the redemption terms at this section 3 will apply.

If Credit Event Conditions are satisfied and the Notes become redeemable in accordance with this Condition, upon Delivery of the Deliverable Obligations Deliverable and/or payment of the Partial Cash Settlement Amount or payment of the Default Cash Settlement Amount the Issuer shall have discharged its obligations in respect of the Notes and the Issuer shall have no other liability or obligation whatsoever in respect thereof. The value of such Deliverable Obligations and/or the Partial Cash Settlement Amount or the Default Cash Settlement Amount may be less than the nominal amount of the Notes. Any shortfall shall be borne by the Holders and no liability shall attach to the Issuer.

4. Grace Period Extension

Where Credit Event Conditions have not been satisfied on or prior to the day that is three calendar days immediately preceding the Scheduled Maturity Date but a Potential Failure to

Pay has occurred with respect to one or more Obligations in respect of which a Grace Period is applicable on or prior to the day that is three calendar days immediately preceding the Scheduled Maturity Date (and such Grace Period(s) is/are continuing as at that date), then:

- (1) where a Failure to Pay has not occurred on or prior to the day that is three calendar days immediately preceding the Grace Period Extension Date:
 - (a) each Note will be redeemed by the Issuer at its outstanding principal amount on the Grace Period Extension Date; and
 - (b) the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the Grace Period Extension Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; and
- (2) where a Failure to Pay has occurred on or prior to the day that is three calendar days immediately preceding the Grace Period Extension Date and the Credit Event Conditions are satisfied in the Notice Delivery Period, the provisions of section 3 of this Schedule shall apply.

5. Interest

§ 3 (A)(1) and (2) shall be deleted and the following substituted thereafter:

- "(1) Rate of Interest and Interest Payment Dates. Subject as provided below, the Notes shall bear interest on their principal amount at the rate of 7.40 per cent. per annum from (and including) the Issue Date to (but excluding) the Scheduled Maturity Date. Such interest will accrue in respect of each Fixed Interest Period. Interest shall be payable in arrear on the Fixed Interest Date in each year, each such date, an "**Interest Payment Date**" and no interest or other amount shall be payable as a result of such interest being payable after the end of the relevant Fixed Interest Period. Subject as provided below, the first payment of interest shall be made on the First Interest Payment Date.

"**Fixed Interest Period**" means each period from and including the Issue Date or any Interest Period End Date to but excluding the following Interest Period End Date (such Interest Period End Date the "Interest Accrual Date" for the relevant Fixed Interest Period).

"**Interest Period End Date**" means July 21 in each year from and including July 21, 2004 to and including July 21, 2008.

- (2) Accrual of Interest. The Notes shall cease to bear interest from their due date for redemption. If the Issuer shall fail to redeem the Notes when due, interest shall continue to accrue on the outstanding principal amount of the Notes beyond the due date until the actual redemption of the Notes. This does not affect any additional rights that might be available to the Holders."

For the avoidance of doubt, accrued interest will not be payable in case of section 3 (5) above.

6. Early Redemption Amount

§ 5(5) shall be deleted and the following substituted therefor:

(5) Early Redemption Amount

For the purposes of subparagraph (2) of this § 5 and § 9, the Early Redemption Amount of a Note shall be an amount, calculated by the Calculation Agent equal to its principal amount less Unwind Costs."

In the event of a Credit Event Notice being delivered to the Issuer prior to such early redemption due to taxation reasons (Early Redemption pursuant to § 5) or due to event of default of the Notes, the early redemption terms of section 3 above will apply.

7. Calculation Agent, Credit Event Monitoring Agent

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

8. Notices

(1) To the Issuer

Any notice from a Holder to the Issuer regarding the Notes will be validly given if delivered in writing to the Issuer at Stadtparkasse Köln, Monika Klug, Abtlg. 625/3, Aachener Str. 744-750 Tel: (0049)-221-226-58313, Fax: (0049)-221-226-5451. Any such notice shall be deemed to have been given on the day when delivered or if delivered after 5.00 p.m. (Cologne time) on any day or on any day on which commercial banks were not open for business in Cologne, the first day thereafter on which commercial banks are open for business in Cologne. The relevant Holder must provide evidence satisfactory to the Issuer of its holding of Notes which, so long as the Global Note representing the Notes is held on behalf of Euroclear and Clearstream Banking, société anonyme, is expected to be in the form of a certification of its holding of Notes from Euroclear or Clearstream Banking, société anonyme, as the case may be.

(2) Notices from the Issuer

Condition § 12 (2) shall be amended by the deletion of the word "seventh" in the fifth line thereof.

(3) To the Calculation Agent

Any notice from a Holder to the Calculation Agent regarding the Notes will be validly given if delivered in writing to the Calculation Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB (Fax Number: 00 44 20 7547 2326), attention Jeevan Moras - Integrated Credit Trading, Emerging Markets CDS. Any such notice shall be deemed to have been given on the day when delivered or if delivered after 5.00 p.m. (London time) on a London Business Day, the first London Business Day thereafter. The relevant Holder must provide evidence satisfactory to the Calculation Agent of its holding of Notes which, so long as the Global Note representing the Notes is held on behalf of Euroclear and Clearstream Banking, société anonyme, is expected to be in the form of a certification of its holding of Notes from Euroclear or Clearstream Banking, société anonyme, as the case may be.

(4) Notices from the Calculation Agent and the Credit Event Monitoring Agent

A notice delivered by the Calculation Agent and the Credit Event Monitoring Agent on or prior to 5.00 p.m., (London time on a London Business Day will be effective on such London Business Day. A notice delivered after 5.00 p.m., (London time) will be deemed effective on the next following London Business Day. Any notice given orally, including by telephone, will be effective when actually received by the intended recipient. If the notice is delivered orally, a written confirmation will be executed and delivered confirming the substance of that notice within one London Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that oral notice. If that written confirmation is not received within such time, the Calculation Agent and the Credit Event Monitoring Agent will be deemed to have satisfied its obligation to deliver such written confirmation at the time that a written confirmation of the oral notice is received.

For the purposes of this section 8 "**London Business Day**" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.