

This document constitutes a base prospectus for the purposes of Art. 5(4) of Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003, as amended or superseded (the "**Prospectus Directive**") relating to issues of non-equity securities ("**Non-Equity Securities**") within the meaning of Article 22 No. 6(4) of Commission Regulation (EC) No. 809/2004 of April 29, 2004, as amended (the "**Prospectus Regulation**") under the Programme (as defined below) by Covestro AG.



COVESTRO AG

(incorporated as a stock corporation (Aktiengesellschaft) in the Federal Republic of Germany)

EUR 5,000,000,000 Debt Issuance Programme

Under this base prospectus (together with any documents incorporated by reference therein, the "**Base Prospectus**"), Covestro AG (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue unsubordinated bearer notes in a minimum denomination of EUR 1,000 per Note (together the "**Notes**"). The aggregate principal amount of Notes issued under the Debt Issuance Programme described in this Base Prospectus (the "**Programme**") outstanding will not at any time exceed EUR 5,000,000,000 (or the equivalent in other currencies). The principal amount of the Notes, the issue currency, the interest payable in respect of the Notes, the issue prices and maturities of the Notes and all other terms and conditions which are applicable to a particular Series and, if applicable, Tranche of Notes (each term as defined below, see "General description of the Programme") will be set out in the document containing the final terms (each "**Final Terms**") within the meaning of Art. 26(5) of the Prospectus Regulation.

The Commission de Surveillance du Secteur Financier (the "**CSSF**") of the Grand Duchy of Luxembourg in its capacity as competent authority (the "**Competent Authority**") under the Prospectus Directive has approved this Base Prospectus as a base prospectus within the meaning of Art. 5(4) of the Prospectus Directive pursuant to article 7 of the Luxembourg act relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) dated July 10, 2005, as amended, which implements the Prospectus Directive into Luxembourg law (the "**Luxembourg Prospectus Law**"). By approving this Base Prospectus, CSSF gives no undertaking as to the economic and financial soundness of the operation or the quality or solvency of the Issuer.

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 with a certificate of approval attesting that this Base Prospectus has been drawn up in accordance with the Luxembourg Prospectus Law. The Issuer may request the CSSF to provide competent authorities in additional host member states within the European Economic Area with such notification.

Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange (the "**Official List**") and to be admitted to trading on the Luxembourg Stock Exchange's regulated market "Bourse de Luxembourg", appearing on the list of regulated markets issued by the European Commission. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU (as amended, "**MiFID II**"). However, Notes may be listed on any other stock exchange or may be unlisted as specified in the relevant Final Terms.

Each Tranche of Notes will be represented on issue by a temporary global note (each a "**Temporary Global Note**"). Interests in a Temporary Global Note will be exchangeable, in whole or in part, for interest in a permanent global note (each a "**Permanent Global Note**") on or after the date 40 days after the later of the commencement of the offering and the relevant issue date (the "**Exchange Date**"), upon certification as to non-U.S. beneficial ownership. The Notes are intended to be held in a manner which would allow Eurosystem eligibility. Therefore, the Global Notes will be deposited on the issue date either (i) in classical global note form with Clearstream Banking AG, Frankfurt am Main ("**Clearstream, Frankfurt**") or (ii) in new global note form with a common safekeeper for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). It does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria applicable from time to time.

This Base Prospectus will be published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu). This Base Prospectus is valid for a period of twelve months after its approval.

Arranger

Deutsche Bank

Dealers

BofA Merrill Lynch

Deutsche Bank

Société Générale Corporate & Investment Banking

Citigroup

J.P. Morgan

UniCredit Bank

NOTICE

Covestro AG ("**Covestro AG**" or the "**Issuer**", together with its consolidated subsidiaries, "**Covestro Group**" or the "**Group**") with its registered office in Leverkusen, Germany accepts responsibility for the information given in this Base Prospectus and for the information which will be contained in the Final Terms.

The Issuer hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus for which it is responsible is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Base Prospectus is to be read in conjunction with those pages of the documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*" below).

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Arranger or any Dealer (as defined in "General Description of the Programme"). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Arranger and the Dealer to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes will be issued in bearer form and are subject to certain U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, any U.S. person. The term "U.S. person" has the meaning ascribed to it in Regulation S under the Securities Act ("**Regulation S**") and the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") and regulations thereunder. The Notes are being offered and sold outside the United States to non-U.S. persons pursuant to Regulation S and may not be legally or beneficially owned at any time by any U.S. person. For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see "Subscription and Sale - Selling Restrictions".

Neither this Base Prospectus nor any supplement(s) thereto nor any Final Terms may be used for the purpose 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 an offer or solicitation.

Neither this Base Prospectus nor any supplement(s) thereto nor the Final Terms constitute an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer or any Dealer that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or the Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

PRIIPs / IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes include a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2016/97/EU (as amended the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

BENCHMARK REGULATION - STATEMENT IN RELATION TO ADMINISTRATOR'S REGISTRATION – Amounts payable under floating rate Notes issued under the Programme are calculated by reference to (i) the Euro Interbank Offered Rate ("**EURIBOR**") which is provided by the European Money Markets Institute ("**EMMI**") or (ii) the London Interbank Offered Rate ("**LIBOR**") which is provided by the ICE Benchmark Administration Limited ("**IBA**"). As at the date of this Base Prospectus, EMMI does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**Benchmark Regulation**") while IBA has been included therein as of 30 April 2018. As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply, such that EMMI is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

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

This Base Prospectus may only be used for the purpose for which it has been published.

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Base Prospectus. This Base Prospectus identifies in general terms certain information that a prospective investor should consider prior to making an investment in the Notes. However, a prospective investor should conduct its own thorough analysis (including its own accounting, legal and tax analysis) prior to deciding whether to invest in any Notes issued under the Programme as any evaluation of the suitability for an investor of an investment in Notes issued under the Programme depends upon a prospective investor's particular financial and other circumstances, as well as on specific terms of the relevant Notes and, if it does not have experience in financial, business and investment matters sufficient to permit it to make such a determination, it should consult its financial adviser prior to deciding to make an investment on the suitability of any Notes.

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, THE DEALER OR DEALERS (IF ANY) ACTING AS STABILISATION MANAGER(S) (OR A PERSON ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN THE APPLICABLE FINAL TERMS MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION

MANAGER(S) (OR PERSON(S) ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

This Base Prospectus contains assessments of market data and information derived therefrom which could not be obtained from any independent sources. Such information is based on the Issuer's own internal assessments and may therefore deviate from the assessments of competitors of the Group or future statistics by independent sources. As regards the market positions of the Covestro Group, the Group's own estimations are mainly based on company data, which either is derived from information by competitors or from data provided by independent research companies.

For the avoidance of doubt the content of any website referred to in the Base Prospectus does not form part of this Base Prospectus.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "CHF" are to the currency of Switzerland, references to "EUR", "euro" and "Euro" are to the currency introduced at the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community as amended by the Treaty on European Union, references to "Sterling" and "£" are to the currency of the United Kingdom and references to "US\$", "USD" and "U.S. dollars" are to the currency of the United States.

FORWARD-LOOKING STATEMENTS

This Base Prospectus contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Base Prospectus containing information on future earning capacity, plans and expectations regarding the Group's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Forward-looking statements in this Base Prospectus are based on current estimates and assumptions that the Issuer makes to the best of its present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results, including Group's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. Group's business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Base Prospectus to become inaccurate. Accordingly, investors are strongly advised to read the following sections of this Base Prospectus: "*Summary*" and "*Description of Covestro AG and the Covestro Group*". These sections include more detailed descriptions of factors that might have an impact on Group's business and the markets in which it operates.

In light of these risks, uncertainties and assumptions, future events described in this Base Prospectus may not occur. In addition, neither the Issuer nor the Dealers assume any obligation, except as required by law, to update any forward-looking statement or to conform these forward-looking statements to actual events or developments.

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SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A – E (A.1 – E.7).

This summary (the "**Summary**") contains all the Elements required to be included in a summary for this type of Notes and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

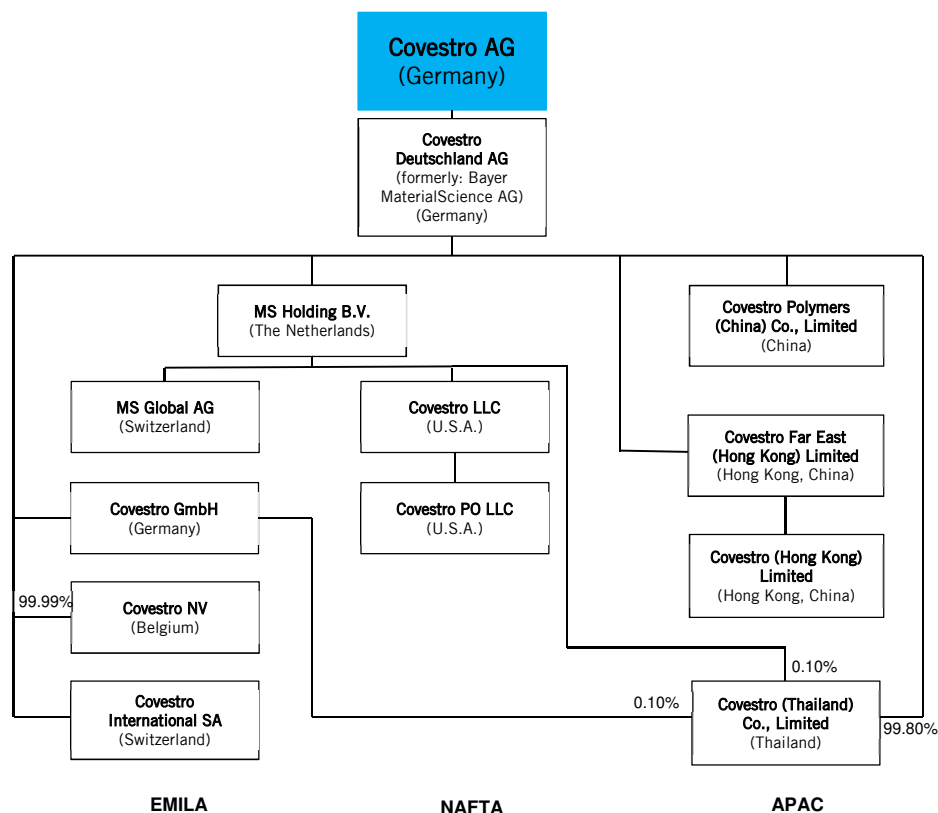
Even though an Element may be required to be inserted in the Summary because of the type of Notes and the Issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the Summary with the mention of "not applicable".

[The Summary contains options, characterised by square brackets (other than the respective translations of specific legal terms), and placeholders regarding the Notes to be issued under the Programme. The summary of the individual issue of Notes will include the options relevant to this issue of Notes as determined by the applicable Final Terms and will contain the information, which had been left blank, as completed by the applicable Final Terms.]¹

Element	Section A – Introduction and warnings
A.1	<p>Warning that:</p> <p>This Summary should be read as an introduction to the Base Prospectus.</p> <p>Any decision to invest in the Notes should be based on consideration of the Base Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Base Prospectus, before the legal proceedings are initiated.</p> <p>Civil liability attaches only to the Issuer who has tabled the Summary including any translation thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in the Notes.</p>
A.2	<p>Consent to the use of the Base Prospectus:</p> <p>[Each Dealer and/or each further financial intermediary subsequently reselling or finally placing the Notes in [the Grand Duchy of Luxembourg] [,] [and] [the Federal Republic of Germany] [,] [and] [the Republic of Austria] [and] [The Netherlands] is entitled to use the Base Prospectus for the subsequent resale or final placement of the Notes during the offer period for the subsequent resale or final placement of the Notes from [●] to [●], provided however, that the Base Prospectus is still valid in accordance with Article 11 Sec. 2 of the Luxembourg Law relating to prospectuses for securities (<i>Loi relative aux prospectus pour valeurs mobilières</i>) which implements Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 (as amended by Directive 2010/73/EU of the European Parliament and of the Council of November 24, 2010).</p> <p>The Base Prospectus may only be delivered to potential investors together with all supplements published before such delivery. Any supplement to the Base Prospectus is available for viewing in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website of the Covestro Group (www.covestro.com).</p> <p>When using the Base Prospectus, each Dealer and/or relevant further financial intermediary must make certain that it complies with all applicable laws and regulations in force in the respective jurisdictions.</p> <p>In the event of an offer being made by a Dealer and/or a further financial intermediary, the Dealer and/or the further financial intermediary shall provide information to investors on the terms and conditions of the Notes at the time of the offer.]</p> <p>[Not applicable. No consent has been given.]</p>

¹ This paragraph will be deleted in the issue-specific summary.

Element	Section B – Issuer	
B.1	Legal and commercial name	Covestro AG (together with its consolidated subsidiaries, " Covestro Group " or the " Group ").
B.2	Domicile / Legal form / Legislation / Country of incorporation	Covestro AG is a stock corporation (<i>Aktiengesellschaft</i>) established and operating under German law and incorporated in the Federal Republic of Germany. Covestro AG is registered with the commercial register at the local court (<i>Amtsgericht</i>) in Cologne under HRB 85281 and conducts its business under the commercial name "Covestro". The registered seat (<i>Sitz</i>) and business address of Covestro AG is at Kaiser-Wilhelm-Allee 60, 51373 Leverkusen, Germany.
B.4b	Known trends affecting the Issuer and the industries in which it operates	<p>General economic trends worldwide and, in particular, in the geographic regions Europe, Middle East, Africa and Latin America ("EMLA"), Asia and Pacific ("APAC") and United States, Canada and Mexico ("NAFTA") in which the Group operates, are a key factor affecting the Group's results of operations given that their effect on the industries in which the Group's direct and indirect customers operate impacts demand for the Group's products. Negative economic developments usually result in decreases in the Group's sales volume and negatively impact the Group's results of operations.</p> <p>The Group's results of operations are also affected by the dynamics between supply and demand which have an impact on capacity utilization rates in the industry. Supply is primarily driven by the production capacity available in the industry. Decreases in demand and sales volume, respectively, eventually lead to decreases in capacity utilization, which negatively impact margins due to the high fixed cost base in the polymer industry and due to decreasing selling prices. When increases in capacity outpace growth in demand, prices tend to decline. On the other hand, when growth in demand outpaces increases in capacity, prices can be expected to rise.</p> <p>Raw materials constitute a large proportion of the Group's total production costs. The Group's primary raw materials are petrochemical derivatives such as benzene, phenol propylene oxide, toluene, acetone and hexamethylenediamine ("HDA"). Fluctuations in the prices of raw materials can have a material effect on the Group's results of operations.</p> <p>In the fiscal year ended December 31, 2018 exchange rate movements had a negative effect of 3.0% on the Group's sales.</p>
B.5	Description of the group and the Issuer's position within the group	Covestro AG acts as a holding company and as parent company of Covestro Group. The following diagram sets forth a summary (in simplified form) of the Covestro Group:



B.9	Profit forecast or estimate	Not applicable. No profit forecast or estimate is made.
B.10	Nature of any qualifications in the audit report on historical financial information	Not applicable. The audit report does not include any qualifications.
B.12	Selected historical key financial information	

Consolidated Income Statement

Financial year ended December, 31

2018

2017⁽¹⁾

(amounts in EUR million; earnings per share in EUR)

(audited)

Net sales	14,616	14,138
Gross profit	4,698	4,830
EBIT ⁽²⁾	2,580	2,808
Financial result	(104)	(150)
Income before income taxes	2,476	2,658
Income after income taxes	1,829	2,017
Basic earnings per share ⁽³⁾	9.46	9.93
Diluted earnings per share ⁽³⁾	9.46	9.93

(1) The Covestro Group has initially applied the new standards IFRS 9 and IFRS 15 effective January 1, 2018. Figures for financial year ended December 31, 2017 have not been restated, see Note 2 to the Consolidated Financial Statements in the 2018 Annual Report.

(2) EBIT = income after income taxes plus financial result and income tax expense.

(3) Weighted average number of outstanding no-par voting shares of Covestro AG in issue: 192,768,826 (previous year: 202,396,416).

Consolidated Statement of Financial Position

	As of December 31, 2018	As of December 31, 2017 ⁽¹⁾
<i>(amounts in EUR million)</i>		<i>(audited)</i>
Noncurrent assets	5,801	5,606
Current assets	5,283	5,735
Total assets	11,084	11,341
Equity	5,375	5,365
Equity attributable to Covestro AG stockholders	5,342	5,335
Noncurrent liabilities ⁽²⁾	3,126	2,885
Current liabilities ⁽²⁾	2,583	3,091
Total equity and liabilities	11,084	11,341

(1) The Covestro Group has initially applied the new standards IFRS 9 and IFRS 15 effective January 1, 2018. Figures for financial year ended December 31, 2017 have not been restated, see Note 2 to the Consolidated Financial Statements in the 2018 Annual Report.

(2) As of December 31, 2018, contain the contract assets and contract liabilities/refund liabilities respectively, resulting from IFRS 15.

Trend information

There has been no material adverse change in the prospects of Covestro AG since the date of the last published audited consolidated financial statements as of and for the financial year ended December 31, 2018.

Significant change in the financial and trading position

Not applicable. There has been no significant change in the financial or trading position of Covestro AG since the last consolidated financial statements as of and for the financial year ended December 31, 2018.

B.13	Recent Events	Not applicable. There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of its solvency.
B.14.	Statement of dependency upon other entities within the group	Not applicable. Covestro AG is the parent company of the Covestro Group and not dependent upon other entities within Covestro Group. See Element B.5 above.
B.15	Principal activities	<p>Based on its internal market analysis, the Group considers itself one of the world's leading providers of high-tech material solutions. Its activities comprise the production and supply of raw materials for polyurethanes, polycarbonate resins and sheets, and raw materials for coatings, adhesives and sealants, as well as selected chemical intermediates. The Group's product portfolio also includes niche products such as thermoplastic polyurethanes ("TPU"), polycarbonate- and TPU-based films, hot cast elastomers and other products tailored to textile, cosmetic and medical applications. The Group has a strong track record of process and product innovation as well as close customer relationships that underpin its tradition of developing market-driven solutions. The products manufactured by the Group are processed by customers to create products used in various end markets, including, in particular, automotive/transport, construction, wood/furniture, electrical/electronics, sports/leisure, cosmetics, health, and chemicals.</p> <p>The Group benefits from a well-invested asset base with what it believes is leading process technology and a total nameplate production capacity of 5,000 metric kilotons ("kt") of core products in its Polyurethanes and</p>

Polycarbonates business units, including eight world-scale production sites across Europe, the United States and Asia. The Group's selectively backward integrated production process is aimed at sourcing critical raw materials such as chlorine, propylene oxide and other feedstock internally or through joint ventures, thereby reducing its dependency on external sourcing.

The Group's business combines the benefits of standardized products and customized high-value solutions, which aim to meet the needs of customers as they confront fundamental macro trends such as climate change, increasing mobility, population growth and increasing urbanization. The Group believes that it is well-positioned to capture industry growth driven by such trends due to its competitive advantages. According to the internal market analysis of the Group, the industry is expected to grow due to favourable demand trends over the next five years.

B.16 Major shareholders

On the basis of the notifications received by Covestro AG as of the date of this Base Prospectus in accordance with the German Securities Trading Act (*Wertpapierhandelsgesetz* - WpHG) and pursuant to information provided by the respective shareholders, the following shareholders directly or indirectly hold more than 3 per cent. of Covestro AG's ordinary shares. The percentage values shown in the table below are based on the amount of voting rights last notified to Covestro AG with regard to the stated reference date by the respective shareholder pursuant to Sections 33 et seqq. WpHG (without taking into account voting rights attached to financial instruments) in relation to Covestro AG's share capital as of the date of this Base Prospectus. It should be noted that the number of voting rights last notified could have changed since such notifications were submitted to Covestro AG without requiring the relevant shareholder to submit a corresponding voting rights notification if no notifiable thresholds have been reached or crossed:

Shareholder	Actual (direct or indirect) ownership of Covestro AG Share of voting rights
Allianz Global Investors GmbH	5,853,973 voting rights (3.20%)
Bayer AG	13,791,540 voting rights (7.54%)
BlackRock Inc.	11,667,113 voting rights (6.38%)
Norges Bank	5,582,625 voting rights (3.05%)
Total	36,895,251 voting rights (20.16%)

B.17	Credit ratings of Covestro AG or its debt securities	Moody's Investors Service Limited (" Moody's ") has assigned a "Baa1" ² rating (outlook stable) to Covestro AG. [The [expected] rating of the Notes is [●] ³ from [●] ⁴ .] [Not applicable. The Notes are not rated.]
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Element Section C – Securities

C.1	Class and type of the Notes / security identification number	<p>Class: The Notes are unsecured. [Fixed Rate Notes The Notes bear a fixed interest income throughout the entire term of the Notes.] [Floating Rate Notes The Notes will bear interest at a rate determined [(and as adjusted for the applicable margin)] on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service.] ISIN: [●] [Common Code: [●]] [WKN: [●]] [CFI: [●]] [FISN: [●]]</p>
C.2	Currency	The Notes are issued in [<i>specified currency</i>].
C.5	Restrictions on free Transferability	Not applicable. The Notes are freely transferable.
C.8	Rights attached to the Notes (including limitations to those rights and ranking of the Notes)	<p>Negative pledge The Notes contain a negative pledge undertaking of the Issuer.</p> <p>Status of the Notes The Notes constitute unsecured and unsubordinated obligations of the Issuer ranking <i>pari passu</i> among themselves and at least <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.</p> <p>Limitations of the rights attached to the Notes Except for the possibility to call the Notes for redemption or to repurchase and cancel Notes prior to the day on which the Notes become due for redemption in accordance with the Terms and Conditions, there are no limitations to the rights attached to the Notes.</p>

2 The Credit rating included or referred to in this Base Prospectus has been issued by Moody's, which is established in the European Union and are registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies and included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>. Moody's defines "Baa1" as follows: "Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category"

Holders should be aware that a credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

3 [Insert brief explanation of the meaning of the rating.]

4 [Indicate whether the rating agency is established in the European Community and is registered under the CRA Regulation.]

Early redemption upon the occurrence of a gross up event:

Early Redemption of the Notes upon the occurrence of a gross up event will be permitted if as a result of any change in, or amendment or clarification the laws, regulations or other rules of the Issuer's country of domicile for tax purposes, any of their respective political subdivisions or any authority or any other agency of or in any such country having power to tax (including in case any such change, amendment or clarification has retroactive effect), or as a result of any change in, or amendment or clarification to, the interpretation or application, or as a result of any interpretation or application made for the first time, of any such laws, regulations or other rules by any legislative body, court or authority (including the enactment of any legislation and the publication of any decision of any court or authority), which change or amendment becomes effective on or after the date of issue of the first tranche of the Notes, the Issuer has or will become obliged to pay additional amounts on the Notes and that obligation cannot be avoided by the Issuer taking such measures it (acting in good faith) deems reasonable and appropriate.

[Early redemption at the option of the Issuer at the Make-Whole Redemption Amount:

The Notes can be redeemed at the option of the Issuer upon giving notice within the specified notice period to the Noteholders at the higher of (i) their principal amount and (ii) the Present Value, in each case together with accrued interest to, but excluding, the redemption date

The "**Present Value**" will be the sum of (a) the Specified Denomination to be redeemed which would otherwise become due on the Maturity Date, discounted to the redemption date; and (b) the remaining interest payments which would otherwise become due on each Interest Payment Date falling after the Redemption Date to and including the Maturity Date (excluding any interest accrued to but excluding the redemption date), each discounted to the redemption date. The Calculation Agent will calculate the Present Value in accordance with market convention on a basis which is consistent with the calculation of interest, using the *[insert Benchmark Yield]* plus *[insert percentage]* %.]

[Early redemption at the option of the Issuer:

The Issuer may call and redeem the Notes (in whole but not in part) [on the *[insert call redemption date(s)]*] [within a period from *[insert call-redemption period]*] on giving not less than 30 nor more than 60 days' notice. The Issuer shall redeem each Note at *[insert call redemption amount]* together with accrued interest on the date fixed in the notice.]

[Early Redemption upon the occurrence of a transaction related event

The Issuer may, upon giving a Transaction Trigger Notice, call the Notes for early redemption (in whole or in part) with effect on the relevant redemption date at the *[insert redemption amount]* together with accrued interest to, but excluding, the relevant redemption date.

"**Transaction Trigger Notice**" means a notice to the Noteholders within the Transaction Notice Period that the Transaction has been terminated prior to its completion or that the Transaction will not be settled for any reason whatsoever or that the Issuer has publicly stated that it no longer intends to pursue the Transaction. The Transaction Trigger Notice shall also specify the relevant redemption date.

"**Transaction**" means [insert description of envisaged transaction for which the Notes are intended to be issued for refinancing purposes].

"**Transaction Notice Period**" means the period from [insert issue date] to [insert end of period date].]

[Early redemption for reasons of minimal outstanding principal amount:

Early Redemption of the Notes for reasons of minimal outstanding principal amount will be permitted, if at any time the aggregate principal amount of the Notes outstanding is equal to or less than 15 per cent. of the aggregate principal amount of the series originally issued.]

Early redemption in an event of default:

The Notes provide for events of default entitling Noteholders to demand redemption of Notes at their specified denomination plus accrued interest.

[No early redemption at the option of a Noteholder:

The Noteholders are only entitled to put the Notes for early redemption following [if the Notes are subject to **Early Redemption as a result of a Change of Control:** a change of control event or] an event of default at any time.]

[Early redemption at the option of a Noteholder:

The Notes can be redeemed at the option of the Noteholders upon giving notice within the specified notice period to the Issuer on a date or dates specified prior to such stated maturity and at the specified redemption amount(s) together with accrued interest to, but excluding, the relevant redemption date.]

[Early Redemption for Reasons of a Change of Control:

The Notes provide for the option of the Noteholders to demand an early redemption of the Notes at their principal amount together with accrued interest to, but excluding, the relevant redemption date in the event of a change of control in respect of the Issuer.]

Resolutions of Noteholders:

In accordance with the German Act on Issues of Debt Securities of 2009 (*Schuldverschreibungsgesetz – "SchVG"*) the Notes contain provisions pursuant to which the Noteholders consent by resolution to amendments of the terms and conditions of the Notes (upon the Issuer's decision to amend the terms and conditions of the Notes) and pursuant to which the Noteholders decide upon certain other matters regarding the Notes. Resolutions of Noteholders properly adopted, will be passed in a meeting of Noteholders (*Gläubigerversammlung*) or by vote taken without a meeting and are binding upon all Noteholders. Resolutions providing for material amendments to the terms and conditions of the Notes require a majority of not less than 75 per cent. of the votes cast. Resolutions regarding other amendments are passed by a simple majority of the votes cast.

Joint Representative:

In accordance with the SchVG the Notes provide that the Noteholders may by majority resolution appoint a representative for all Noteholders. The responsibilities and functions assigned to the joint representative appointed by a resolution are determined by the SchVG and by majority resolutions of the Noteholders.

C.9 Please see Element C.8.
Interest rate

[[●] per cent. *per annum* in the case of fixed rate Notes.]

		[In the case of floating rate Notes [EURIBOR][LIBOR] for the specified currency] [[plus][minus] the margin of [●] per cent.] for each interest period.]
	Interest commencement date	[●]
	Interest payment dates	[●]
	Underlying on which interest rate is based	[Not applicable in the case of fixed rate Notes. The interest rate is not based on an underlying.] [[EURIBOR][LIBOR] for the specified currency.]
	Maturity date including repayment procedures	[[●] in the case of fixed rate Notes.] [In the case of floating rate Notes the interest payment date falling in [the redemption month].]
	Indication of yield	Payment of principal in respect of Notes shall be made to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System. [[●]%.] [Not applicable in the case of floating rate Notes. No yield is calculated.]
	Amortisation yield	Not applicable.
	Name of joint representative of the Noteholders	[Not applicable. No joint representative has been designated in the terms and conditions of the Notes.] [●]
C.10	Please see Element C.9.	
	Explanation how the value of the investment is affected in the case the Notes have a derivative component in the interest payment	Not applicable. The interest payment has no derivative component.
C.11	Admission to listing and to trading on a regulated market or equivalent market	[The Notes will be admitted to trading on the [Luxembourg Stock Exchange][●].] [Not applicable, the Issuer does not intend to make any application for the Notes to be admitted to trading on any stock exchange.]

Element	Section D – Risks
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D.2	Key information on the key risks that are specific to Covestro AG	Risks related to the Group's business and industry: <ul style="list-style-type: none"> • The polymer industry is affected by economic factors including risks associated with volatile economic conditions. • The Group is dependent on the development of its customers' end markets, in particular the automotive/transport, construction, wood/furniture, electrical/electronics and chemicals end markets, which are cyclical. • The polymer industry is characterized by periods of supply/demand imbalances due to production overcapacity that will result in periodic downward pressure on prices and short-term price volatility. • Fluctuations in the prices of raw materials may have a material adverse effect on the Group's results of operations.
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- The Group is dependent on the availability of certain raw materials, and any disruptions in the supply or logistics chain may have a material adverse effect on the Group's business, financial condition and results of operations.
- Volatility in energy prices and factors impacting energy supply and prices could have a material adverse effect on the Group's business.
- The Group operates in a highly competitive industry and faces competition from large, well established producers as well as new entrants across each of the regions in which the Group operates, who may each compete more effectively than the Group and materially adversely affect the Group's profitability.
- The Group may be unable to successfully execute its strategy for achieving profitable growth, and therefore, may grow much less than expected, if at all.
- With limited exceptions, the Group generally does not have long term agreements with its customers, and the loss of a significant number of customers could materially adversely affect its sales and profitability.
- The Group's business may be affected by its inability to meet its customers' requirements in terms of product quality and specifications.
- Financial difficulties and any related problems of the Group's customers could have a material adverse effect on its business.
- Production at the Group's facilities may be subject to planned and unplanned production interruptions, which could have a material impact on its ability to produce products for sale or maintain business operations and therefore, may materially adversely affect its business.
- The Group's production processes and operations are subject to the inherent hazards and other risks associated with chemical processing, production, storage, and transportation.
- If the Group is unable to sell, store, re-utilize or dispose of certain raw materials and by products that it produces or acquires from third parties, it may be required to limit or reduce its overall production levels and could also be materially adversely affected if the prices at which the Group sells certain raw materials and by-products decline.
- Any failure to successfully develop new, improved, or more cost-effective materials, production processes and technologies, or delays in development, may lead to the Group's products becoming superseded and could reduce the Group's future sales and profitability.
- The Group is likely to incur costs in connection with the construction, modernization, maintenance, repair or expansion of production facilities, which may prove more costly than budgeted, require a longer shut down period and ultimately may lead to production capacity constraints.
- The Group relies on the proper functioning of its computer and data processing systems and a larger scale malfunction could result in material disruptions to its business.
- Increased obligations and expenses related to the Group's post-employment benefit plans could negatively affect the Group's financial condition and results of operations.
- The Group may not be able to recruit or retain qualified employees, senior executives and other key members of management in the future, which could disrupt the Group's business.

- The Group depends on good relations with its employees, unions and employee representatives to avoid business disruptions, implement restructurings, amend existing collective agreements and facilitate the negotiation of reasonable and fair wages, as well as other key working conditions.
- Changes in foreign exchange rates could have material adverse effects on the Group's results of operations.
- The terms of the Group's existing debt financings as well as credit market conditions, changes in interest rates and declines in credit ratings may restrict the Group's financial and operational flexibility.
- The Group's failure to protect its intellectual property and other proprietary information may materially adversely affect its business.
- The Group may inadvertently infringe on the intellectual property rights of third parties and could be required to pay substantial damages and/or be enjoined from using or selling the infringing products or technology.
- The Group may not have validly acquired intellectual property rights from its present or former employees and cooperation partners such as customers and research organizations in the past and potentially may not always validly acquire them in the future.
- The Group's growth strategy contemplates business integrations and/or future acquisitions and divestments that the Group may not execute successfully.
- The Group may fail to realize anticipated benefits from joint ventures and may be unable to exit a joint venture in a timely manner or without penalty.
- The Group's international presence, complex group structure, competitive environment and large customer accounts create risks of illegal business practices and it must rely on a compliance system to prevent irregularities in its business activities.
- The international nature of the Group's business exposes it to substantial changes in economic, political and social conditions and related risks that may be detrimental to its business and have a material adverse effect on the Group's prospects.
- Conflicts, military action, terrorist attacks, and general instability throughout the world could materially adversely affect the Group's business.
- The Group may be forced to make write downs or additional impairments, in particular on tangible assets that reduce the value of the Group.
- The Group's reputation is one of its key assets and if it is harmed, the Group's business and results of operations may suffer.
- The Group's business is subject to many operational risks for which it may not be adequately insured.
- The amount of debt that the Group has incurred could materially adversely affect the Group's business.

Risks related to legal, regulatory and tax matters:

- Legal and regulatory changes in the jurisdictions in which it operates and trades may have an adverse effect on the Group.
- The costs of complying with changing environmental, health and safety regulatory requirements could negatively impact the Group's financial results.

- Regulatory requirements to reduce emissions of greenhouse gases could have an adverse effect on the Group's results of operations.
- The Group may be subject to losses due to liabilities or lawsuits related to contaminated land that it owns or operates or arising out of environmental damage or personal injuries associated with exposure to chemicals, the release of chemicals or other hazardous substances.
- The Group is exposed to ongoing litigation and other legal and regulatory actions and risks in the course of its business, and could incur significant liabilities and substantial legal fees.
- The Group may be liable for damages based on product liability claims brought against it or its customers or may be accused of having sold harmful products.
- The Group's business may suffer from trading sanctions and embargoes.
- The Group's tax burden could increase, in particular, as a result of tax audits, reassessments by the competent authorities and potential changes in applicable tax laws.
- There can be no assurance that the Group will be able to keep, obtain, renew or maintain all necessary licenses, certificates, approvals and permits for its operations.

Risks related to the Group's separation from the Bayer Group:

- The Group may be required to indemnify Bayer AG against possible tax claims.

Element	Section D – Risks
D.3	Key information on the key risks that are specific to the securities
	<p>Notes may not be a suitable Investment</p> <ul style="list-style-type: none"> • Each potential investor in Notes must determine the suitability of that investment in light of its own circumstances. <p>Risks related to the structure of a particular issue of the Notes</p> <ul style="list-style-type: none"> • A Noteholder is exposed to the risk that due to early redemption his investment will have a lower than expected yield. • The market values of Notes issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. • There is no restriction on the amount of liabilities which the Issuer may issue. If the Issuer's financial condition were to deteriorate, the relevant Noteholders could suffer direct and materially adverse consequences and if the Issuer were liquidated, the relevant Noteholders could lose their entire investment. • A Noteholder is subject to the risk of being outvoted by a binding majority resolution of the Noteholders since the terms and conditions of the Notes may be amended by the Issuer with consent of the Noteholders by way of a majority resolution in a Noteholders Meeting or by a vote not requiring a physical meeting (<i>Abstimmung ohne Versammlung</i>). <p>A Noteholder may be deprived of its individual right to pursue and enforce a part or all of its rights under the terms and conditions of the Notes against the Issuer upon the appointment of a Noteholders' joint representative.</p>

Market risks

- The trading market for debt securities may be volatile and may be adversely impacted by many events.
- An active trading market for the Notes may not develop.
- A holder of Notes denominated in a foreign currency is exposed to the risk that changes in currency exchange rates may affect the yield of such Notes.

- [Fixed Rate Notes

A Noteholder of fixed rate Notes is exposed to the risk that the price of such Notes falls as a result of changes in the market yield.]

- [Floating Rate Notes

The price of the Notes is subject to changes in the market spread, changes in the reference interest rate or both. Movements of the market spread can adversely affect the price of the Notes and can lead to losses for the Noteholders.]

- [Risks associated with the reform of EURIBOR and other interest rate 'benchmarks'

A Noteholder is exposed to the risks associated with the reform of EURIBOR and other interest rates or other types of rates and indices which are deemed "benchmarks" (each a "**Benchmark**" and together, the "**Benchmarks**"). On June 30, 2016, the EU regulation ((EU) 2016/1011) on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmark Regulation**") entered into force and is fully applicable since January 1, 2018. The Benchmark Regulation could have a material impact on Notes linked to a Benchmark, including in any of the following circumstances:

- a rate or index which is a Benchmark may not be used according to the Benchmark Regulation (subject to applicable transitional provisions) if its administrator does not obtain authorisation or is not registered and in case of an administrator which is based in a non-EU jurisdiction, if the administrator's legal benchmark system is not considered equivalent (Art. 30 Benchmark Regulation) pending such decision the administrator is not recognised (Art. 32 Benchmark Regulation) or the benchmarks is not endorsed (Art. 33 Benchmark Regulation).

In such event, depending on the particular Benchmark and the applicable terms of the Notes, the Notes could be impacted; and

- the methodology or other terms of the Benchmark could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could impact the Notes, including Calculation Agent determination of the rate.

In addition to the aforementioned Benchmark Regulation, there are numerous other proposals, initiatives and investigations which may impact Benchmarks. Following the implementation of any such potential reforms, the manner of administration of Benchmarks may change, with the result that they may perform differently than in the past, or Benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted.

If a Benchmark were to be discontinued or otherwise unavailable, the rate of interest for floating rate Notes which are linked to such Benchmark will be determined for the relevant period by the fall-back provisions applicable to such Notes, which in the end could result in the same rate being applied until maturity of the floating rate Notes, effectively turning the floating rate of interest into a fixed rate of interest.]

- One or more independent credit rating agencies may assign credit ratings to the Notes. If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes.
- The market value of the Notes could decrease if the creditworthiness of the Issuer and/or the Group worsens or the market participants' estimation of the creditworthiness of corporate debtors in general or of debtors operating in the same business as the Issuer and/or the Group adversely changes.
- The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Therefore, each potential investor should consult its legal advisers.

Special investment risks

- An actual yield on the Notes may be reduced from the stated yield by transaction costs.
- If a loan is used to finance the acquisition of the Notes and the Notes subsequently go into default, or if the trading price diminishes significantly, the Noteholder not only has to face a potential loss on its investment, but it will also have to repay the loan and pay interest thereon.
- An effective yield on the Notes may be diminished by the tax impact on an investment in the Notes.
- **Financial Transactions Tax:** The European Commission has proposed a common financial transactions tax ("FTT") to be implemented in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**"). In December 2015 Estonia withdrew from the group of states willing to introduce the FTT. The proposed FTT could apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. As a result, investors may be burdened with additional costs for the execution of transactions with the Notes. However, the FTT is still subject to negotiation between the (still) Participating Member States and the scope of any such tax is uncertain. Additional Member States may decide to participate. Furthermore, it is currently uncertain if and when the FTT will be enacted and when the tax will enter into force with regard to dealings with the Notes.

Element	Section E – Offer
E.2b	Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks [•]

- | | | |
|------------|--|---|
| E.3 | A description of the terms and conditions of the offer | [insert aggregate principal amount]
[insert issue price]
[insert minimum subscription size]
[insert type of distribution]
[insert start and end of marketing or subscription period]
[insert any underwriting or distribution by dealers or distributors]
[insert other or further conditions to which the offer is subject] |
| E.4 | Any interest that is material to the issue/offer including conflicting interests | [So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer, except that certain Dealers and their affiliates may be customers of, and borrowers from and creditors of the Issuer and/or its affiliates. In addition, certain Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and/or its affiliates in the ordinary course of business.]

[<i>specify details</i>] |
| E.7 | Estimated expenses charged to the investor by the issuer or the offeror | [Not applicable. No expenses are charged to the investor by the Issuer or the offeror.] [●] |

GERMAN TRANSLATION OF THE SUMMARY

DEUTSCHE ÜBERSETZUNG DER ZUSAMMENFASSUNG

Zusammenfassungen bestehen aus vorgeschriebenen Angaben, die als "Punkte" bezeichnet sind. Diese Punkte sind in Abschnitte mit der Bezeichnung A - E (A.1 - E.7) unterteilt und nummeriert.

Diese Zusammenfassung (die "**Zusammenfassung**") enthält alle Punkte, die in eine Zusammenfassung für diese Art von Schuldverschreibungen und Emittentin aufzunehmen sind. Da einige Punkte nicht zu berücksichtigen sind, kann die Nummerierung Lücken aufweisen.

Auch wenn ein Punkt wegen der Art der Schuldverschreibungen und der jeweiligen Emittentin in die Zusammenfassung aufgenommen werden muss, ist es möglich, dass bezüglich dieses Punktes keine relevanten Angaben gemacht werden können. In einem solchen Fall ist in der Zusammenfassung eine kurze Beschreibung des Punktes mit dem Vermerk "entfällt" enthalten.

[Die Zusammenfassung enthält durch eckige Klammern gekennzeichnete Optionen mit Ausnahme der entsprechenden Übersetzungen der speziellen Rechtsbegriffe und Platzhalter mit Bezug auf die einzelnen unter dem Programm begebenen Schuldverschreibungen. Die Zusammenfassung für eine individuelle Emission einer Schuldverschreibung enthält die für die jeweilige Emission der Schuldverschreibung relevanten Optionen, wie jeweils in den Endgültigen Bedingungen festgelegt, und alle Platzhalter werden mit den für die Emission relevanten Informationen aus den Endgültigen Bedingungen gefüllt.]

Punkt	Abschnitt A – Einleitung und Warnhinweise
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A.1	Warnhinweise:
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Die Zusammenfassung sollte als Einleitung zum Prospekt verstanden werden.

Ein Anleger sollte sich bei jeder Entscheidung in die Schuldverschreibungen zu investieren, auf den Prospekt als Ganzen stützen.

Ein Anleger, der wegen der in dem Prospekt enthaltenen Angaben Klage einreichen will, muss nach den nationalen Rechtsvorschriften seines Mitgliedstaats möglicherweise für die Übersetzung des Prospekts aufkommen, bevor das Verfahren eingeleitet werden kann.

Zivilrechtlich haftet nur die Emittentin, die die Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt hat, und dies auch nur für den Fall, dass die Zusammenfassung verglichen mit den anderen Teilen des Prospekts irreführend, unrichtig oder inkonsistent ist oder verglichen mit den anderen Teilen des Prospekts wesentliche Angaben, die in Bezug auf Anlagen in die betreffenden Wertpapiere für die Anleger eine Entscheidungshilfe darstellen, vermissen lässt.

A.2	Zustimmung zur Verwendung des Basisprospekts:
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[Jeder Platzeur und/oder jeder weitere Finanzintermediär, der die emittierten Schuldverschreibungen weiter veräußert oder endgültig platziert, ist berechtigt, den Prospekt innerhalb der Angebotsfrist für die spätere Weiterveräußerung oder endgültige Platzierung der Schuldverschreibungen vom [●] bis [●] [im Großherzogtum Luxemburg] [,] [und] [in der Bundesrepublik Deutschland] [,] [und] [in der Republik Österreich] [und] [in den Niederlanden] zu verwenden, vorausgesetzt jedoch, dass der Prospekt in Übereinstimmung mit Artikel 11 Nr. 2 des Luxemburger Wertpapierprospektgesetzes (*Loi relative aux prospectus pour valeurs mobilières*), welches die Richtlinie 2003/71/EG des Europäischen Parlaments und des Rates vom 4. November 2003 (geändert durch Richtlinie 2010/73/EU des Europäischen Parlaments und des Rates vom 24. November 2010) umsetzt, noch gültig ist.

Der Prospekt darf potentiellen Investoren nur zusammen mit sämtlichen bis zu dem Zeitpunkt der Übermittlung veröffentlichten Nachträgen übermittelt werden. Jeder Nachtrag zum Prospekt kann in elektronischer Form auf der Internetseite der Luxemburger Börse (www.bourse.lu) und der Internetseite der Covestro Gruppe (www.covestro.com) eingesehen werden.

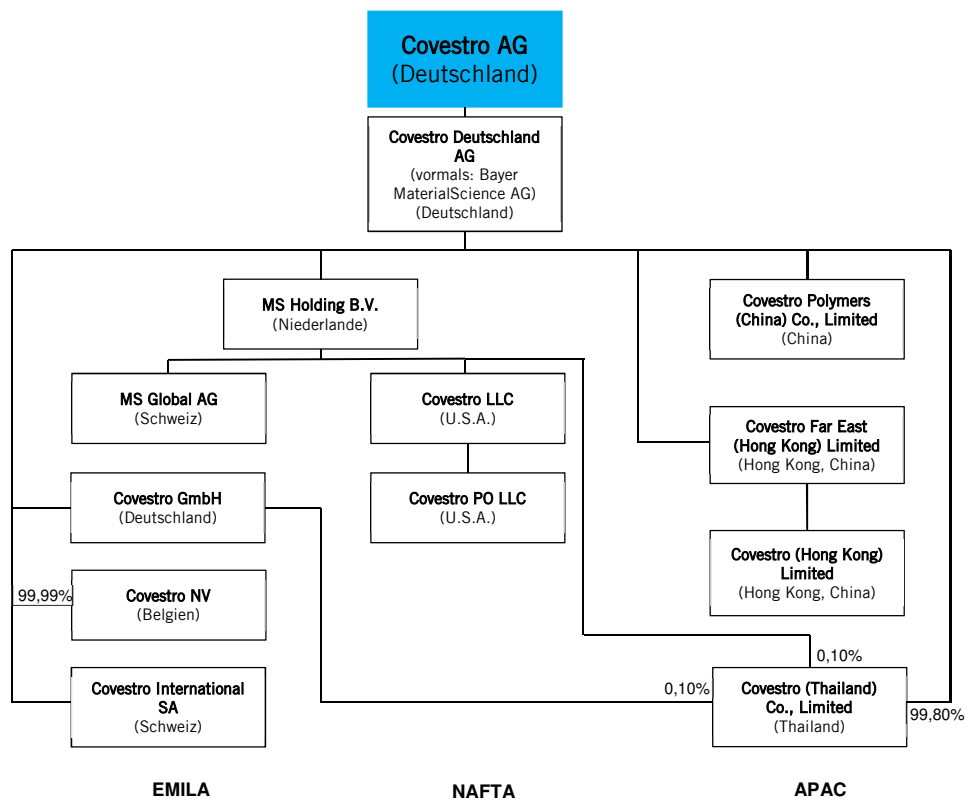
Bei der Nutzung des Prospektes hat jeder Platzeur und/oder jeder weitere Finanzintermediär sicherzustellen, dass er alle anwendbaren, in den jeweiligen Jurisdiktionen geltenden Gesetze und Rechtsvorschriften beachtet.

5 Dieser Absatz wird in der emissionsspezifischen Zusammenfassung gelöscht.

Für den Fall, dass ein Platzeur und/oder ein weiterer Finanzintermediär ein Angebot macht, informiert dieser Platzeur und/oder weitere Finanzintermediär die Anleger zum Zeitpunkt der Angebotsvorlage über die Angebotsbedingungen der Schuldverschreibungen.]

[Entfällt. Die Emittentin stimmt der Verwendung des Prospektes nicht zu.]

Punkt	Abschnitt B – Emittentin	
B.1	Juristische und kommerzielle Bezeichnung	Covestro AG (zusammen mit ihren Tochterunternehmen, die " Covestro Gruppe " oder die " Gruppe ").
B.2	Sitz, Rechtsform, für den Emittenten geltendes Recht, Land der Gründung	Die Covestro AG ist eine nach deutschem Recht gegründete und deutschem Recht unterliegende Aktiengesellschaft, die in der Bundesrepublik Deutschland gegründet wurde. Die Covestro AG ist im Handelsregister des Amtsgerichts Köln unter HRB 85281 eingetragen. Die Gesellschaft ist unter der kommerziellen Bezeichnung "Covestro" tätig. Die Covestro AG hat ihren eingetragenen Sitz und die Unternehmensanschrift in der Kaiser-Wilhelm-Allee 60, 51373 Leverkusen, Deutschland.
B.4b	Bereits bekannte Trends, die sich auf den Emittenten und die Branchen, in denen er tätig ist, auswirken	<p>Die ökonomischen Entwicklungen weltweit und insbesondere in den geografischen Märkten Europas, des Mittleren Ostens, Afrikas und Lateinamerikas ("EMLA"), Asien und den Pazifikstaaten ("APAC") und den Vereinigten Staaten von Amerika, Kanada und Mexiko ("NAFTA"), in denen die Gruppe tätig ist, gehören zu den wichtigsten Faktoren die sich auf die Ertragslage der Emittentin auswirken, soweit diese Entwicklungen die Nachfrage nach den Produkten der Gruppe in den Branchen verändern, in denen die direkten und indirekten Kunden der Gruppe tätig sind. Negative ökonomische Entwicklungen resultieren üblicherweise in einer Abnahme des Verkaufsvolumens der Gruppe, was wiederum negativen Einfluss auf die Ertragslage der Gruppe hat.</p> <p>Die Ertragslage der Gruppe wird auch durch die Dynamik von Angebot und Nachfrage beeinflusst, welche sich auf die Kapazitätsauslastungsraten in der Industrie auswirken. Das Angebot wird hauptsächlich durch die in der Branche verfügbare Produktionskapazität beeinflusst. Eine Abnahme der Nachfrage bzw. des Verkaufsvolumens führt entsprechend zu einer Abnahme der Kapazitätsauslastung, was die Margen wegen des hohen Fixkostenanteils in der Polymerindustrie und wegen der fallenden Verkaufspreise negativ beeinflusst. Wenn die Kapazität schneller aufgebaut wird als die Nachfrage steigt, werden die Preise eher fallen. Auf der anderen Seite ist ein Anstieg der Preise zu erwarten, wenn die Nachfrage schneller steigt als die Kapazität aufgebaut wird.</p> <p>Für Rohstoffe wird ein Großteil der gesamten Produktionskosten der Covestro Gruppe aufgewendet. Die hauptsächlichsten Rohstoffe der Gruppe sind petrochemische Derivate wie Benzol und Phenol, Propylenoxid, Toluol, Azeton und Hexamethyldiamin ("HDA"). Preisschwankungen bei Rohstoffen können sich in wesentlichem Maße auf die Ertragslage der Gruppe auswirken. Im Geschäftsjahr zum 31. Dezember 2018 hatten Wechselkursschwankungen einen negativen Effekt von 3,0% auf die Umsatzerlöse der Gruppe.</p>
B.5	Beschreibung der Gruppe und der Stellung des Emittenten innerhalb dieser Gruppe	Die Covestro AG agiert als Holdinggesellschaft und Muttergesellschaft der Covestro Gruppe. Die folgende Grafik zeigt eine (vereinfachte) Zusammenfassung der Covestro Gruppe:



- B.9** Gewinnprognosen oder -schätzungen Entfällt. Es liegen keine Gewinnprognosen oder -schätzungen vor.
- B.10** Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen Entfällt. Der Bestätigungsvermerk enthält keine Einschränkungen.
- B.12** Ausgewählte historische Finanzinformationen

Konsolidierte Gewinn- und Verlustrechnung

Geschäftsjahr zum 31. Dezember

(Beträge in EUR Millionen; Ergebnis je Aktie in EUR)

	2018	2017 ⁽¹⁾
		(geprüft)
Umsatzerlöse	14.616	14.138
Bruttoergebnis vom Umsatz	4.698	4.830
EBIT ⁽²⁾	2.580	2.808
Finanzergebnis	-104	-150
Ergebnis vor Ertragssteuern	2.476	2.658
Ergebnis nach Ertragssteuern	1.829	2.017
Unverwässertes Ergebnis je Aktie ⁽³⁾	9,46	9,93
Verwässertes Ergebnis je Aktie ⁽³⁾	9,46	9,93

(1) Die Covestro Gruppe wendet seit dem 1. Januar 2018 erstmalig die neuen Standards IFRS 9 und IFRS 15 an. Die Zahlen für das Geschäftsjahr zum 31. Dezember 2017 wurden nicht angepasst, siehe Anhangangabe 2 zum Konzernabschluss im Geschäftsbericht 2018.

(2) EBIT = Ergebnis nach Ertragsteuern zuzüglich Finanzergebnis und Ertragsteueraufwand.

(3) Gewichtete durchschnittliche Anzahl der ausstehenden stimmberechtigten Stückaktien der Covestro AG: 192.768.826 (Vorjahr: 202.396.416).

Konsolidierte Bilanz

	Zum 31. Dezember 2018	Zum 31. Dezember 2017 ⁽¹⁾
<i>(Beträge in EUR Millionen)</i>		<i>(geprüft)</i>
Langfristige Vermögenswerte	5.801	5.606
Kurzfristige Vermögenswerte	5.283	5.735
Gesamtvermögen	11.084	11.341
Eigenkapital	5.375	5.365
Aktionären der Covestro AG zurechenbarer Anteil am Eigenkapital	5.342	5.335
Langfristiges Fremdkapital ⁽²⁾	3.126	2.885
Kurzfristiges Fremdkapital ⁽²⁾	2.583	3.091
Gesamtkapital	11.084	11.341

(1) Die Covestro Gruppe wendet seit dem 1. Januar 2018 erstmalig die neuen Standards IFRS 9 und IFRS 15 an. Die Zahlen für das Geschäftsjahr zum 31. Dezember 2017 wurden nicht angepasst, siehe Anhangangabe 2 zum Konzernabschluss im Geschäftsbericht 2018.

(2) Enthält zum 31. Dezember 2018 die Vertragsmehrwerte bzw. Vertrags- und Rückerstattungsverbindlichkeiten aus IFRS 15.

Trendinformation

Die Aussichten der Covestro AG haben sich seit dem Datum des letzten veröffentlichten geprüften Konzernabschlusses zum 31. Dezember 2018 nicht wesentlich nachteilig verändert.

Wesentliche Veränderungen in der Finanzlage und Handelsposition

Entfällt. Es hat seit dem Datum des letzten Konzernabschlusses zum 31. Dezember 2018 keine wesentlichen Veränderungen in der Finanzlage und Handelsposition der Covestro AG gegeben.

B.13	Jüngste Ereignisse	Entfällt. Es gibt keine Ereignisse aus der jüngsten Zeit der Geschäftstätigkeit der Emittentin, die für die Bewertung ihrer Zahlungsfähigkeit in hohem Maße relevant sind.
B.14.	Abhängigkeit von anderen Unternehmen in der Gruppe	Entfällt. Die Covestro AG ist die Muttergesellschaft der Covestro Gruppe und nicht abhängig von anderen Unternehmen in der Gruppe. Siehe Punkt B.5 oben.
B.15	Beschreibung der Haupttätigkeiten	Auf Grundlage einer internen Marktanalyse ist die Gruppe der Auffassung, einer der weltweit führenden Anbieter von Hightech-Materiallösungen zu sein. Die Tätigkeiten der Gruppe umfassen die Produktion und Lieferung von Rohstoffen für Polyurethane, Polycarbonatgranulate und -platten, von Lack- und Klebstoffen sowie chemischen Zwischenprodukten. Das Produktportfolio der Gruppe beinhaltet auch Nischenprodukte wie Thermoplastische Polyurethane ("TPU"), Polycarbonat- und TPU-basierte Folien, Heißgießelastomere und andere, auf textile, kosmetische und medizinische Anwendungen zugeschnittene Produkte. Die Gruppe verfügt über umfangreiche Erfahrung bei der Prozess- und Produktinnovation sowie über enge Kundenbeziehungen, die untermauern, dass die Gruppe seit langem marktgerechte Lösungen entwickelt. Die von der Gruppe hergestellten Produkte werden von den Kunden verarbeitet, um Produkte zu schaffen, die in verschiedenen Endmärkten, insbesondere den Automobil-/Transport-, Bau-, Holz-/Möbel-, Elektro-/Elektronik-, Sport-/Freizeit-

Kosmetik-, Gesundheits- und Chemikalien-Endmärkten, verwendet werden.

Die Gruppe profitiert von leistungsfähigen Produktionsanlagen mit nach ihrer Auffassung führender Prozesstechnik und einer nominalen Gesamtproduktionskapazität von 5.000 Kilotonnen ("kt") Kernprodukten in ihren Geschäftsbereichen für Polycarbonate und Polyurethane, einschließlich acht Produktionsanlagen mit "World-Scale" Kapazität in Europa, den Vereinigten Staaten und Asien. Der selektiv rückwärts integrierte Produktionsprozess der Gruppe zielt darauf ab, kritische Rohstoffe wie Chlor, Propylenoxid und andere Einsatzmaterialien intern oder über Joint Ventures zu beziehen und so die Abhängigkeit der Gruppe von externen Bezugsquellen zu verringern.

Das Geschäft der Gruppe vereint die Vorteile standardisierter Produkte und maßgeschneiderter, hochwertiger Lösungen, die den Bedürfnissen der Kunden, die sich fundamentalen Makrotrends wie dem Klimawandel, einer zunehmenden Mobilität, dem Bevölkerungswachstum und einer zunehmenden Urbanisierung stellen müssen, gerecht werden sollen. Die Gruppe ist der Auffassung, dass sie aufgrund ihrer Wettbewerbsvorteile in einer guten Position ist, um das von diesen Trends getriebene Branchenwachstum zu nutzen. Gemäß der internen Marktanalyse der Gruppe wird erwartet, dass die Branche aufgrund einer günstigen Nachfrageentwicklung in den nächsten fünf Jahren wächst.

B.16 Hauptanteilseigner

Auf Grundlage der durch die Covestro AG empfangenen Benachrichtigungen gemäß Wertpapierhandelsgesetz und gemäß den von den jeweiligen Anteilseignern übermittelten Informationen halten die folgenden Anteilseigner direkt oder indirekt mehr als 3% der Aktien der Covestro AG. Die in der untenstehenden Tabelle dargestellten Anteile basieren auf der Anzahl der Stimmrechte wie sie der Covestro AG zuletzt zum dargestellten Zeitpunkt von den jeweiligen Anteilseignern gemäß § 33 Wertpapierhandelsgesetz mitgeteilt wurden (ohne Berücksichtigung von durch Finanzinstrumente vermittelte Stimmrechte) und beziehen sich auf das Stammkapital der Covestro AG zum Zeitpunkt dieses Basisprospekts. Zu beachten ist, dass sich die Anzahl der Stimmrechte dieser Anteilseigner seit der Mitteilung an die Covestro AG verändert haben könnte, ohne dass die jeweiligen Anteilseigner verpflichtet gewesen sind eine entsprechende Mitteilung zu veröffentlichen, da keine relevanten Stimmrechtsschwellen erreicht oder überschritten wurden.

Anteilseigner	Tatsächliche (direkte oder indirekte) Beteiligung an der Covestro AG
Anteilseigner	Anzahl der Stimmrechte
Allianz Global Investors GmbH	5.853.973 Stimmrechte (3,20%)
Bayer AG	13.791.540 Stimmrechte (7,54%)
BlackRock Inc.	11.667.113 Stimmrechte (6,38%)
Norges Bank	5.582.625 Stimmrechte (3,05%)
Gesamt	36.895.251 Stimmrechte (20,16%)

B.17 Ratings der Covestro AG oder ihrer Schuldverschreibungen

Moody's Investors Service Limited ("Moody's") hat das Kreditrating der Covestro AG auf "Baa1"⁶ (Ausblick stabil) festgesetzt.

[Das [erwartete] Rating der Schuldverschreibungen ist [●]⁷ durch [●]⁸.]

[Entfällt. Die Schuldverschreibungen sind nicht geratet.]

Punkt **Abschnitt C – Wertpapiere**

C.1 Gattung und Art der Schuldverschreibungen / Wertpapierkennnummer

Gattung:

Die Schuldverschreibungen sind unbesichert.

[Festverzinsliche Schuldverschreibungen

Die Schuldverschreibungen werden mit einem festen Zinssatz über die gesamte Laufzeit der Schuldverschreibungen verzinst.]

[Variabel verzinsliche Schuldverschreibungen

Die Schuldverschreibungen werden mit einem Zinssatz verzinst [(angepasst um die anwendbare Marge)], der auf der Basis eines Referenzsatzes bestimmt wird, der auf der vereinbarten Bildschirmseite eines Kursdienstes angezeigt wird.]

⁶ Das im Basis-Prospekt enthaltene oder darauf Bezug genommene Rating wurde von Moody's begeben, die in der Europäischen Union niedergelassen und gemäß der Verordnung (EG) Nr. 1060/2009 des Europäischen Parlaments und des Rates vom 16. September 2009 über Ratingagenturen in die Liste der registrierten Ratingagenturen, die auf der Internetseite der Europäischen Wertpapieraufsichtsbehörde (ESMA) unter <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk> eingetragen wurde. Moody's definiert "Baa1" wie folgt: Mit Baa bewertete Verbindlichkeiten sind Verbindlichkeiten mittlerer Klasse, unterliegen moderaten Kreditrisiken und können als solche gewisse spekulative Charakteristiken aufweisen. Moody's erweitert ihre generischen Ratingklassen von Aa bis Caa um die numerischen Modifikatoren 1, 2 und 3. Der Modifikator 1 zeigt an, dass eine Verbindlichkeit am oberen Ende ihrer generischen Ratingklasse einzuordnen ist, der Modifikator 2 zeigt eine Einordnung im Mittelfeld der Ratingklasse und der Modifikator 3 zeigt an, dass eine Verbindlichkeit am unteren Ende ihrer generischen Ratingklasse einzuordnen ist.

Anleger sollten sich bewusst sein, dass eine Ratingeinstufung keine Empfehlung zum Kauf, Verkauf oder zum Halten von Wertpapieren darstellt und sie jederzeit revidiert oder zurückgenommen werden kann.

⁷ [Kurze Erklärung zur Bedeutung des Ratings einfügen.]

⁸ [Angaben, ob die Ratingagentur in der Europäischen Gemeinschaft niedergelassen und ob sie nach Maßgabe der CRA-Verordnung eingetragen ist.]

ISIN: [●]
[Common Code: [●]]
[WKN: [●]]
[CFI: [●]]
[FISN: [●]]

C.2	Währung	Die Schuldverschreibungen sind in [zu bestimmende Währung] begeben.
C.5	Beschränkungen der freien Übertragbarkeit	Entfällt. Die Schuldverschreibungen sind frei übertragbar.
C.8	Mit den Schuldverschreibungen verbundene Rechte, Rangordnung, Beschränkungen der Rechte	<p>Negativerklärung</p> <p>Die Schuldverschreibungen beinhalten eine Negativerklärung der Emittentin.</p> <p>Status der Schuldverschreibungen</p> <p>Die Schuldverschreibungen begründen unbesicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen unbesicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.</p> <p>Beschränkungen der mit den Schuldverschreibungen verbundenen Rechte</p> <p>Die mit den Schuldverschreibungen verbundenen Rechte unterliegen keinen Beschränkungen, mit Ausnahme der Möglichkeit die Schuldverschreibungen vor dem Tag, an dem die Schuldverschreibungen nach Maßgabe der Anleihebedingungen zur Rückzahlung fällig werden, zu kündigen oder zurückzukaufen und zu entwerten.</p> <p>Vorzeitige Rückzahlung bei Eintritt eines Gross-up Ereignis:</p> <p>Die Vorzeitige Rückzahlung wegen des Eintritts eines Gross-up-Ereignisses ist zulässig, falls die Emittentin aufgrund einer Änderung oder Klarstellung der Gesetze, Verordnungen oder sonstigen Vorschriften des Staats, in dem die Emittentin steuerlich ansässig ist, einer seiner Gebietskörperschaften oder einer seiner zur Erhebung von Steuern berechtigten Behörden oder sonstigen Stellen (einschließlich des Falles, dass die betreffende Änderung oder Klarstellung rückwirkend Anwendung findet), oder aufgrund einer Änderung der Auslegung oder Anwendung, oder aufgrund einer erstmaligen Auslegung oder Anwendung dieser Gesetze, Verordnungen oder sonstigen Vorschriften durch eine gesetzgebende Körperschaft, ein Gericht oder eine Behörde (einschließlich des Erlasses von Gesetzen sowie der Bekanntmachung von Entscheidungen eines Gerichts oder einer Behörde), deren Änderung oder Klarstellung an dem Tag oder nach dem Tag der Begebung der ersten Tranche in Kraft tritt, verpflichtet ist oder verpflichtet sein wird, zusätzliche Beträge auf die Schuldverschreibungen zu zahlen, und die Emittentin diese Verpflichtung nicht abwenden kann, indem sie Maßnahmen ergreift, die sie nach Treu und Glauben für zumutbar und angemessen hält.</p>

[Vorzeitige Rückzahlung nach Wahl der Emittentin zum abgezinsten Rückzahlungsbetrag:

Die Schuldverschreibungen können nach Wahl der Emittentin nach Kündigung unter Einhaltung der festgelegten Kündigungsfrist gegenüber den Gläubigern zum Höheren (i) ihres Nennbetrags oder (ii) des Abgezinsten Marktwerts, in jedem Fall zuzüglich etwaiger bis zum Rückzahlungstag (ausschließlich) aufgelaufener Zinsen, zurückgezahlt werden.

Der "**Abgezinsten Marktwert**" ist die Summe aus (a) dem auf den Rückzahlungstag abgezinsten Wert des Nennbetrags der zurückzuzahlenden Schuldverschreibung, der ansonsten am Fälligkeitstag fällig werden würde; und (b) den jeweils auf den Rückzahlungstag abgezinsten Werten der verbleibenden Zinszahlungen, die ansonsten an jedem Zinszahlungstag nach dem Rückzahlungstag bis zum Fälligkeitstag (einschließlich) fällig werden würden (ausschließlich etwaiger, bis zum Rückzahlungstag (ausschließlich) aufgelaufener Zinsen). Die Berechnungsstelle errechnet den Abgezinsten Marktwert gemäß der Marktkonvention auf einer Grundlage, die der Berechnung von Zinsen entspricht, wobei sie die [*Benchmark-Rendite einfügen*] zuzüglich [*Prozentsatz einfügen*]% zugrunde legt.]

[Vorzeitige Rückzahlung nach Wahl der Emittentin:

Die Emittentin kann die Schuldverschreibungen (insgesamt, aber nicht teilweise) nach ihrer Wahl [am [*Wahlrückzahlungstag(e) einfügen*]] [in einem Zeitraum von [*Wahlrückzahlungszeitraum einfügen*]] mit einer Kündigungsfrist von nicht weniger als 30 und nicht mehr als 60 Tagen zurückzahlen. Die Emittentin hat jede Schuldverschreibung zum Betrag von [*Wahlrückzahlungsbetrag einfügen*], zusammen mit den gegebenenfalls aufgelaufenen Zinsen zum in der Kündigung festgesetzten Datum zurückzuzahlen.]

[Vorzeitige Rückzahlung bei Eintritt eines transaktionsbezogenen Ereignisses

Die Emittentin ist berechtigt, die Schuldverschreibungen (insgesamt oder teilweise) durch eine Transaktions-Mitteilung mit Wirkung zum jeweiligen Rückzahlungstag zu dem [*Rückzahlungsbetrag einfügen*] nebst etwaiger bis zum jeweiligen Rückzahlungstag (ausschließlich) aufgelaufener Zinsen, zu kündigen.

"**Transaktions-Mitteilung**" bezeichnet eine Mitteilung der Emittentin an die Anleihegläubiger innerhalb der Transaktionskündigungsfrist, dass die Transaktion vor ihrem Abschluss beendet wurde oder dass die Transaktion aus irgendeinem Grund nicht durchgeführt wird oder dass die Emittentin öffentlich erklärt hat, dass sie nicht länger beabsichtigt, die Transaktion zu verfolgen. Die Transaktions-Mitteilung hat ferner den jeweiligen Rückzahlungstag zu bezeichnen.

"**Transaktion**" bezeichnet [*Beschreibung der geplanten Transaktion für deren Finanzierung die Schuldverschreibungen begeben werden*].

"**Transaktionskündigungsfrist**" bezeichnet den Zeitraum ab dem [*Begebungstag einfügen*] bis zum [*Datum Ende des Zeitraums einfügen*].]

[Vorzeitige Rückzahlung wegen geringen ausstehenden Nennbetrags:

Eine vorzeitige Rückzahlung der Schuldverschreibungen wegen geringen ausstehenden Nennbetrags ist zulässig, sofern der Gesamtnennbetrag der ausstehenden Schuldverschreibungen zu irgendeinem Zeitpunkt 15 % oder weniger des Nennbetrags der ursprünglich ausgegebenen Serie entspricht.]

Vorzeitige Rückzahlung bei Eintritt eines Kündigungsereignisses:

Die Schuldverschreibungen sehen Kündigungsgründe vor, die die Anleihegläubiger berechtigen, die Rückzahlung ihrer Schuldverschreibungen zum Nennbetrag nebst aufgelaufener Zinsen zu verlangen.

[Keine vorzeitige Rückzahlung nach Wahl der Gläubiger:

Die Anleihegläubiger sind außer bei Eintritt **[falls die Schuldverschreibungen im Fall eines Kontrollwechsels vorzeitig kündbar sind, ist folgendes anwendbar:** eines Kontrollwechsels oder] eines Kündigungsgrundes zu keinem Zeitpunkt berechtigt, von der Emittentin eine vorzeitige Rückzahlung der Schuldverschreibungen zu verlangen.]

[Vorzeitige Rückzahlung nach Wahl der Gläubiger:

Die Schuldverschreibungen können nach Wahl der Anleihegläubiger nach Kündigung unter Einhaltung der festgelegten Kündigungsfrist gegenüber der Emittentin an dem bzw. den festgelegten Tag(en) vor Ablauf ihrer festgelegten Laufzeit zu dem(n) festgelegten Rückzahlungsbetrag/-beträgen nebst etwaiger bis zum jeweiligen Rückzahlungstag (ausschließlich) aufgelaufener Zinsen zurückgezahlt werden.]

[Vorzeitige Rückzahlung bei Vorliegen eines Kontrollwechsels:

Die Schuldverschreibungen sehen ein Recht der Gläubiger vor, bei Vorliegen eines Kontrollwechsels in Bezug auf die Emittentin eine vorzeitige Rückzahlung der Schuldverschreibungen zu ihrem Nennbetrag nebst etwaiger bis zum jeweiligen Rückzahlungstag (ausschließlich) aufgelaufener Zinsen zu verlangen.]

Gläubigerbeschlüsse:

In Übereinstimmung mit dem Gesetz über Schuldverschreibungen aus Gesamtemission von 2009 (*Schuldverschreibungsgesetz - "SchVG"*) sehen die Schuldverschreibungen vor, dass die Gläubiger durch Beschluss Änderungen der Emissionsbedingungen (mit Zustimmung der Emittentin zur Änderung der Anleihebedingungen) zustimmen und gewisse sonstige Maßnahmen in Bezug auf die Schuldverschreibungen beschließen können. Ordnungsgemäß gefasste Beschlüsse werden in der Gläubigerversammlung oder durch Abstimmung ohne Versammlung gefasst und sind für alle Gläubiger verbindlich. Beschlüsse der Gläubiger, durch welche der wesentliche Inhalt der Emissionsbedingungen geändert wird, bedürfen einer Mehrheit von mindestens 75% der an der Abstimmung teilnehmenden Stimmrechte. Sonstige Beschlüsse bedürfen der einfachen Mehrheit der teilnehmenden Stimmrechte.

Gemeinsamer Vertreter:

Die Schuldverschreibungen sehen gemäß den Vorschriften des SchVG vor, dass die Gläubiger durch Mehrheitsbeschluss einen Vertreter bestimmen können. Die durch Beschluss zugeordneten Aufgaben und Funktionen des gemeinsamen Vertreters richten sich nach den Vorschriften des SchVG und den Mehrheitsbeschlüssen der Gläubiger.

C.9

Siehe Punkt C.8.

Zinssatz

[[●] % per annum bei festverzinslichen Schuldverschreibungen.]

[Bei variabel verzinslichen Schuldverschreibungen [EURIBOR][LIBOR für die jeweilige Währung] [[zuzüglich][abzüglich] der Marge von [●] %.] für jede Zinsperiode.]

Verzinsungsbeginn

[●]

	Zinszahlungstage	[●]
	Basiswert für den Zinssatz	[Entfällt bei festverzinslichen Schuldverschreibungen. Der Zinssatz liegt keinem Basiswert zugrunde.] [[EURIBOR]][LIBOR] für die jeweilige Währung.]
	Endfälligkeitstag einschließlich Rückzahlungsverfahren	[[●] bei festverzinslichen Schuldverschreibungen.] [Bei variabel verzinslichen Schuldverschreibungen der Zinszahlungstag, der in [den Rückzahlungsmonat] fällt.]
	Angabe der Rendite	Zahlung von Kapital in Bezug auf die Schuldverschreibungen erfolgt an das Clearingsystem oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearingsystems. [[●]%.] [Entfällt bei variabel verzinslichen Schuldverschreibungen. Eine Rendite wird nicht berechnet.]
	Rendite für Abschreibungen	Entfällt.
	Name des gemeinsamen Vertreters für die Gläubiger	[Entfällt. In den Anleihebedingungen ist kein gemeinsamer Vertreter benannt.]
		[●]
C.10	Siehe Punkt C.9. Erläuterung wie der Wert der Anlage beeinflusst wird, falls die Schuldverschreibungen eine derivative Komponente bei der Zinszahlung aufweisen	Entfällt. Die Schuldverschreibungen haben keine derivative Komponente bei der Zinszahlung.
C.11	Zulassung zur Börsennotierung und zum Handel an einem regulierten Markt oder einem gleichwertigen Markt	[Die Zulassung zur Börsennotierung an [der Luxemburger Wertpapierbörse] [●] wird beantragt.] [Entfällt. Die Emittentin beabsichtigt nicht, einen Antrag auf Handel der Schuldverschreibungen an einer Börse zu stellen.]

Punkt Abschnitt D – Risiken

D.2	Zentrale Angaben zu zentralen Risiken, die der Emittentin eigen sind	Branchen- und unternehmensbezogene Risiken der Gruppe
		<ul style="list-style-type: none"> • Die Polymerindustrie ist Wirtschaftsfaktoren einschließlich Risiken in Verbindung mit einem volatilen wirtschaftlichen Umfeld ausgesetzt. • Die Gruppe ist von der Entwicklung der Endmärkte ihrer Kunden abhängig, insbesondere der zyklischen Automobil-/Transport-, Bau-, Holz-/Möbel-, Elektro-/Elektronik- und Chemikalien-Endmärkte. • Die Polymerindustrie ist gekennzeichnet durch Phasen des Ungleichgewichts zwischen Angebot und Nachfrage aufgrund von Produktionsüberkapazitäten, die regelmäßig einen Druck auf die Preise und zyklische Preisschwankungen zur Folge haben können. • Preisschwankungen bei Rohstoffen können sich in wesentlichem Maße nachteilig auf die Ertragslage der Gruppe auswirken. • Die Gruppe ist auf die Verfügbarkeit bestimmter Rohstoffe angewiesen. Unterbrechungen in der Versorgungs- oder Logistikkette können sich in wesentlichem Maße nachteilig auf die Geschäfts-, Vermögens-, Finanz- und Ertragslage der Gruppe auswirken.

- Energiepreisschwankungen sowie die Energieversorgung und -preise beeinträchtigende Faktoren können sich in wesentlichem Maße nachteilig auf das Geschäft der Gruppe auswirken.
- Die Gruppe ist in einer wettbewerbsintensiven Branche tätig und konkurriert in allen Regionen, in denen die Gruppe tätig ist, mit großen, gut etablierten Herstellern sowie neuen Teilnehmern, von denen jeder sich im Wettbewerb erfolgreicher als die Gruppe behaupten könnte, was sich wesentlich nachteilig auf die Rentabilität der Gruppe auswirken könnte.
- Die Gruppe ist möglicherweise nicht in der Lage, ihre Strategie zur Erzielung profitablen Wachstums erfolgreich umzusetzen und könnte deshalb, falls sie überhaupt wächst, weniger stark wachsen als erwartet.
- Die Gruppe hat mit ihren Kunden, mit begrenzten Ausnahmen, generell keine langfristigen Verträge geschlossen. Der Verlust einer erheblichen Anzahl an Kunden könnte sich in wesentlichem Maße negativ auf den Absatz und Ertrag auswirken.
- Sollte die Gruppe nicht in der Lage sein, Produkte in der von ihren Kunden nachgefragten Qualität oder in den nachgefragten Spezifikationen anzubieten, könnte sich dies negativ auf ihr Geschäft auswirken.
- Finanzielle Schwierigkeiten oder hiermit zusammenhängende Probleme bei den Kunden der Gruppe könnten wesentlichen negativen Einfluss auf die Geschäfte der Gruppe haben.
- Die Produktion in den Anlagen der Gruppe kann von planmäßigen und außerplanmäßigen Unterbrechungen betroffen werden, wodurch die Fähigkeit, Produkte für den Verkauf zu produzieren oder die Geschäftstätigkeit aufrechtzuerhalten, wesentlich beeinflusst werden kann. Dies könnte das Geschäft der Gruppe wesentlich beeinflussen.
- Die Produktionsverfahren und der Produktionsbetrieb der Gruppe unterliegen den inhärenten Gefahren und sonstigen Risiken, die mit der Verarbeitung, der Produktion, der Lagerung und dem Transport von Chemikalien verbunden sind.
- Wenn es der Gruppe nicht möglich ist, bestimmte Rohstoffe oder Nebenprodukte, die sie selbst produziert oder von Dritten erwirbt, zu verkaufen, zu lagern, wiederzuverwenden oder zu entsorgen, kann sie gezwungen sein, ihr Produktionsvolumen insgesamt zu begrenzen oder zu reduzieren. Außerdem könnte sich ein Rückgang der Preise, zu denen die Gruppe bestimmte Rohstoffe und Nebenprodukte verkauft, in wesentlichem Maße nachteilig auf die Gruppe auswirken.
- Jeglicher Misserfolg bei der Entwicklung neuer, verbesserter oder kostengünstigerer Materialien, Produktionsprozesse und Technologien, oder Verzögerungen in der Entwicklung könnte dazu führen, dass die Produkte der Gruppe verdrängt werden und den zukünftigen Absatz und Ertrag der Gruppe senken.
- Der Gruppe entstehen wahrscheinlich Kosten im Zusammenhang mit der Errichtung, der Erneuerung, Instandhaltung, Reparatur oder Expansion von Produktionsanlagen, die sich als aufwendiger als vorgesehen erweisen könnten, die eine längere Außerbetriebnahme der Anlage nötig machen könnten, und

die schließlich zu Einschränkungen bei der Produktionskapazität führen könnten.

- Die Gruppe verlässt sich auf die einwandfreie Funktion ihres IT- und Datenverarbeitungssystems. Eine größere Funktionsstörung könnte zu wesentlichen Unterbrechungen im Betriebsablauf führen.
- Erhöhte Verpflichtungen und Kosten in Bezug auf Pensionen und andere langfristige Personalverpflichtungen könnten sich negativ auf die finanzielle Lage und die Ertragslage der Gruppe auswirken.
- Der Gruppe könnte es in Zukunft nicht gelingen, qualifizierte Arbeitnehmer, Führungskräfte oder sonstiges Personal für Schlüsselpositionen zu gewinnen oder im Unternehmen zu halten, was das Geschäft beeinträchtigen könnte.
- Die Gruppe ist auf ein gutes Verhältnis zu ihren Angestellten, den Gewerkschaften und der Arbeitnehmervertretung angewiesen, um Beeinträchtigungen des Geschäfts zu vermeiden, Umstrukturierungen durchführen zu können, bestehende Tarifverträge abzuändern und Verhandlungen zu vernünftigen und fairen Löhnen, wie auch zu anderen wesentlichen Arbeitsbedingungen, zu ermöglichen.
- Änderungen von Wechselkursen können wesentliche nachteilige Auswirkungen auf die Ertragslage der Gruppe haben.
- Die Vertragsbedingungen der bestehenden Fremdfinanzierungsinstrumente der Gruppe aber auch die Bedingungen am Kreditmarkt, Zinsänderungen und Ratingverschlechterungen könnten die finanzielle und betriebliche Flexibilität der Gruppe einschränken.
- Sollte es der Gruppe nicht gelingen, ihr geistiges Eigentum und andere geschützte Informationen zu schützen, so kann sich dies in wesentlichem Maße nachteilig auf ihr Geschäft auswirken.
- Die Gruppe könnte die Rechte am geistigen Eigentum Dritter unbeabsichtigt verletzen und dafür beträchtliche Schadensersatzleistungen zahlen müssen und/oder ihr könnte die Nutzung oder der Verkauf betroffener Produkte oder Technologien untersagt werden.
- Es besteht das Risiko, dass die Gruppe ihre Rechte am geistigen Eigentum von ihren gegenwärtigen oder vorherigen Mitarbeitern und Handelspartnern wie Kunden oder Forschungseinrichtungen in der Vergangenheit nicht wirksam erworben hat und sie auch in Zukunft möglicherweise nicht wirksam erwirbt.
- Die Wachstumsstrategie der Gruppe sieht die Expansion in neue Geschäftsbereiche und/oder zukünftige Akquisitionen und Veräußerungen vor, welche möglicherweise nicht erfolgreich verlaufen.
- Der Gruppe gelingt es möglicherweise nicht, erwarteten Nutzen aus Joint Ventures zu erzielen, und sie ist möglicherweise nicht in der Lage, zeitnah oder ohne Vertragsstrafe aus einem Joint Venture auszusteigen.
- Mit der internationalen Präsenz der Gruppe, ihrer komplexen Unternehmensstruktur, dem Wettbewerbsumfeld und mit ihren Großkunden besteht das Risiko illegaler Geschäftspraktiken, so dass sich die Gruppe zur Prävention von Unregelmäßigkeiten in ihrer Geschäftstätigkeit auf ein Compliance-System verlassen muss.

- Aufgrund ihres internationalen Geschäfts ist die Gruppe dem Risiko erheblicher Veränderungen der wirtschaftlichen, politischen und sozialen Bedingungen ausgesetzt, welche ihr Geschäft beeinträchtigen und wesentliche nachteilige Auswirkungen auf die Aussichten der Gruppe haben können.
- Konflikte, Militäreinsätze, terroristische Angriffe oder eine allgemeine weltweite Instabilität könnten das Geschäft der Gruppe in erheblichem Maße negativ beeinflussen.
- Die Gruppe kann gezwungen sein, außerplanmäßige Abschreibungen oder zusätzliche Wertberichtigungen insbesondere auf den Geschäftswert und andere immaterielle Vermögenswerte vorzunehmen, wodurch der Wert der Gruppe vermindert wird.
- Die Reputation ist von zentraler Bedeutung für die Gruppe; eine Rufschädigung kann das Geschäft und die Ertragslage der Gruppe beeinträchtigen.
- Das Geschäft der Gruppe unterliegt zahlreichen operativen Risiken, gegen die sie möglicherweise nicht ausreichend versichert ist.
- Die Verschuldung der Gruppe könnte das Geschäft der Gruppe wesentlich negativ beeinträchtigen.

Rechtliche, regulatorische und steuerliche Risiken

- Rechtliche und regulatorische Veränderungen in den Rechtsordnungen, in denen die Gruppe tätig ist und Handel treibt, können sich nachteilig auf die Gruppe auswirken.
- Die Kosten für die Erfüllung sich ändernder regulatorischer Anforderungen hinsichtlich des Umwelt-, Gesundheits- und Arbeitsschutzes können die Finanzergebnisse der Gruppe beeinträchtigen.
- Regulatorische Anforderungen zur Reduzierung der Emission von Treibhausgasen können sich nachteilig auf die Ertragslage der Gruppe auswirken.
- Die Gruppe erleidet möglicherweise Verluste aufgrund von Haftungs- oder Gerichtsverfahren, die in Zusammenhang mit kontaminierten Grundstücken stehen, die sie besitzt oder betreibt, oder auf Umwelt- oder Personenschäden zurückzuführen sind, die mit dem Kontakt mit Chemikalien oder der Freisetzung von Chemikalien oder anderen gefährlichen Substanzen in ihren Anlagen in Zusammenhang stehen.
- Im Zuge ihres Geschäfts könnte die Gruppe langandauernden Gerichtsverfahren oder anderen rechtlichen und regulatorischen Verfahren und Risiken ausgesetzt sein, wodurch erhebliche Verbindlichkeiten und Kosten für die Durchsetzung von Rechten entstehen könnten.
- Die Gruppe ist möglicherweise aufgrund von gegen sie oder ihre Kunden geltend gemachten Produkthaftpflichtansprüchen schadensersatzpflichtig oder könnte beschuldigt werden, schädliche Produkte verkauft zu haben.
- Das Geschäft der Gruppe könnte Verluste durch Handelssanktionen und Embargos erleiden.
- Die Steuerbelastung für die Gruppe könnte steigen, insbesondere infolge von Steuerprüfungen, Anpassungen durch die zuständigen Behörden und eventuellen steuerrechtlichen Änderungen.
- Es besteht keine Sicherheit, dass es der Gruppe möglich sein wird, alle notwendigen Lizenzen, Zertifikate,

Genehmigungen und Freigaben für ihre Projekte zu erhalten, zu erneuern oder zu behalten.

Risiken im Zusammenhang mit der Abspaltung von der Bayer-Gruppe

- Die Gruppe könnte verpflichtet sein, die Bayer AG von möglichen Steuerforderungen freizustellen.

Punkt	Abschnitt D – Risiken
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D.3	Zentrale Angaben zu zentralen Risiken, die den Wertpapieren eigen sind.
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Die Schuldverschreibungen könnten nicht die geeignete Anlage sein

- Jeder potentielle Anleger der Schuldverschreibungen hat sicherzustellen, dass die Anlage für die eigenen Umstände geeignet ist.

Schlüsselrisiken im Zusammenhang mit der Struktur einer spezifischen Emission von Schuldverschreibungen

- Anleihegläubiger sind dem Risiko ausgesetzt, dass ihre Anlage aufgrund einer frühzeitigen Rückzahlung eine niedrigere als erwartete Rendite haben könnte.
- Der Marktwert von Schuldverschreibungen, die verglichen mit ihrem Nominalwert mit einem erheblichen Abschlag oder Aufschlag emittiert wurden, neigen dazu, in Bezug auf allgemeine Änderungen des Zinssatzes stärker zu schwanken als Preise für konventionelle verzinsliche Wertpapiere.
- Es bestehen keine Beschränkungen für die Begründung neuer Schulden durch die Emittentin. Sollte die Finanzlage der Emittentin sich verschlechtern, könnte dies direkte und erhebliche negative Auswirkungen für die jeweiligen Anleihegläubiger haben. Anleihegläubiger könnten bei Insolvenz der Emittentin ihre Anlage ganz verlieren.
- Ein Anleihegläubiger ist dem Risiko ausgesetzt durch einen bindenden Beschluss der Anleihegläubiger überstimmt zu werden, da die Anleihebedingungen der Schuldverschreibungen durch die Emittentin mit Billigung eines Mehrheitsbeschlusses der Anleihegläubiger abgeändert werden können. Eine solche Abstimmung kann ohne Versammlung der Anleihegläubiger durchgeführt werden.
Ein Anleihegläubiger könnte teilweise oder vollständig sein individuelles Recht verlieren aus den Anleihebedingungen gegen die Emittentin vorzugehen, sollten die Anleihegläubiger einen Gemeinsamen Vertreter ernennen.

Marktrisiken

- Der Markt für Schuldtitel kann volatil sein und von einer Reihe von Ereignissen negativ beeinflusst werden.
- Es könnte kein liquider Markt für die Schuldverschreibungen entstehen.
- Ein Anleihegläubiger von in Fremdwährungen begebenen Anleihen ist dem Risiko ausgesetzt, dass Währungsänderungen die Rendite dieser Schuldverschreibungen beeinflussen können.
- [Festverzinsliche Schuldverschreibungen
Ein Anleihegläubiger einer festverzinslichen Schuldverschreibung ist dem Risiko ausgesetzt, dass der Preis der Schuldverschreibung infolge von Veränderungen der Markttrendite fällt.]
- [Variabel verzinsliche Schuldverschreibungen

Der Preis der Schuldverschreibungen ist abhängig von Änderungen der marktüblichen Zinsmarge, Änderungen des Referenzzinssatzes oder beidem. Veränderungen der Zinsmarge können den Preis der Schuldverschreibungen nachteilig beeinflussen und zu Verlusten der Anleihegläubiger führen.]

- [Risiken im Zusammenhang mit der Reform des EURIBOR und anderer Zinssatz-Benchmarks

Ein Anleihegläubiger ist den Risiken im Zusammenhang mit der Reform des EURIBOR und anderer Referenzzinssätze oder Indizes ausgesetzt, die als Benchmark (jeweils eine "**Benchmark**" und zusammen die "**Benchmarks**") eingestuft werden. Am 30. Juni 2016, ist die EU-Verordnung ((EU) 2016/1011) über Indizes, die als Benchmarks für Finanzinstrumente und Finanzkontrakte oder zur Messung der Wertentwicklung von Investmentfonds verwendet werden (die "**Benchmark-Verordnung**") in Kraft getreten, die seit dem 1. Januar 2018 in allen Teilen anwendbar ist. Die Benchmark-Verordnung könnte sich wesentlich auf Schuldverschreibungen auswirken, die auf eine Benchmark bezogen sind, einschließlich der folgenden Umstände:

- ein Satz oder ein Index der als Benchmark qualifiziert wird, kann nicht als solcher gemäß der Benchmark Verordnung (vorbehaltlich anwendbarer Übergangsvorschriften) verwendet werden, wenn der für die Benchmark verantwortliche Administrator keine Zulassung oder Registrierung hat oder wenn der Administrator seinen Sitz in einer Nicht-EU-Jurisdiktion hat, die nicht die Voraussetzungen der "Gleichwertigkeit" (Art. 30 Benchmark-Verordnung) erfüllt, der Administrator bis zu einer solchen Entscheidung nicht "anerkannt" (Art. 32 Benchmark-Verordnung) ist oder die Benchmark nicht "übernommen" (Art. 33 Benchmark-Verordnung) wurde. In einem solchen Fall könnte dies, abhängig von der verwendeten Benchmark und den anwendbaren Anleihebedingungen, Auswirkungen auf die Schuldverschreibungen haben; und
- die Methodik oder andere Bedingungen der betroffenen Benchmark könnten verändert werden, um die Anforderungen der Benchmark Verordnung zu erfüllen und diese Veränderungen könnten zu einer Erhöhung oder Verringerung der Benchmark Rate oder des Benchmark Niveaus führen, könnten die Volatilität der veröffentlichten Rate oder des Niveaus beeinflussen und könnten Auswirkungen auf die Schuldverschreibungen haben, einschließlich einer in das Ermessen der Berechnungsstelle gestellten Bestimmung der relevanten Rate.

Zusätzlich zu der oben beschriebenen Benchmark-Verordnung existieren zahlreiche weitere Vorschläge, Initiativen und Untersuchungen, welche Auswirkungen auf Benchmarks haben könnten. Jede Umsetzung einer dieser möglichen Reformvorschläge könnte dazu führen, dass sich die Art der Verwaltung von Benchmarks verändert, was dazu führen könnte, dass diese sich anders als in der Vergangenheit entwickeln. Benchmarks könnten vollkommen verschwinden oder es könnten sich Konsequenzen ergeben, die derzeit nicht vorhersagbar sind. Sollte eine Benchmark eingestellt werden oder aus sonstigen Gründen nicht länger verfügbar sein, wird der Zinssatz für variable verzinsten Schuldverschreibungen

welche an diese Benchmark geknüpft sind für die relevanten Zeiträume im Einklang mit den "Fall-Back" Bestimmungen für diese Schuldverschreibungen bestimmt werden. Die könnte zur Folge haben, dass dieselbe Rate bis zum Endfälligkeitsdatum dieser variablen verzinsten Schuldverschreibungen angewendet wird, was im Ergebnis aus der variablen Verzinsung eine feste Verzinsung machen würde.]

- Unabhängige Rating-Agenturen werden die Schuldverschreibung möglicherweise mit einem Rating versehen. Sollten die Rating Agenturen die Kriterien für die Beurteilung dieser Wertpapiere in der Zukunft verändern und sich daraus eine Ratingverschlechterung der Schuldverschreibungen ergeben, könnte sich dies negativ auf den Marktwert der Schuldverschreibungen auswirken.
- Sollte sich die Kreditwürdigkeit der Emittentin oder der Gruppe verschlechtern oder sollten die Marktteilnehmer zur Einschätzung gelangen, dass sich die Kreditwürdigkeit von Unternehmen im Allgemeinen oder von Schuldnern im selben Marktsegment wie die Emittentin bzw. die Gruppe im speziellen erheblich verschlechtert hat, könnte dies den Marktwert der Schuldverschreibungen senken.
- Die Investmentaktivitäten von bestimmten Investoren unterliegen gesetzlichen oder sonstigen regulatorischen Bestimmungen oder unterliegen der Aufsicht oder der Regulierung durch bestimmte Kontrollinstanzen. Aus diesem Grunde sollte jeder potentielle Investor seine Rechtsberater konsultieren.

Besondere Risiken im Zusammenhang mit einem möglichen Investment

- Transaktionskosten könnten zu einer Reduzierung der tatsächlichen Rendite der Schuldverschreibungen im Vergleich zur angegebenen Rendite führen.
- Sollte ein Darlehen zur Finanzierung des Kaufs der Schuldverschreibungen aufgenommen werden und die Emittentin im Folgenden in Bezug auf Zahlungen aus den Schuldverschreibungen in Verzug geraten oder sich der Marktwert der Schuldverschreibungen erheblich verringern, müsste ein Anleihegläubiger nicht nur den potentiellen Verlust seines Investments hinnehmen, sondern auch das Darlehen einschließlich Zinsen zurückzahlen.
- Die effektive Rendite der Schuldverschreibungen könnte durch den Einfluss von auf das Investment in die Schuldverschreibung erhobenen Steuern verringert werden.
- **Finanztransaktionssteuer:** Die Europäische Kommission hat die Einführung einer allgemeinen Finanztransaktionssteuer in Belgien, Deutschland, Estland, Griechenland, Spanien, Frankreich, Italien, Österreich, Portugal, Slowenien und der Slowakei (die "**Teilnehmenden Mitgliedsstaaten**") vorgeschlagen. Im Dezember 2015 ist Estland aus der Gruppe der Teilnehmenden Mitgliedsstaaten ausgeschieden. Die vorgeschlagene Finanztransaktionssteuer könnte den Handel (einschließlich Sekundärmarkt-Transaktionen) mit den Schuldverschreibungen unter bestimmten Bedingungen betreffen. Die Finanztransaktionssteuer kann zusätzliche Kosten für Transaktionen mit den Schuldverschreibungen für den Investor hervorrufen. Der Vorschlag zur Finanztransaktionssteuer wird allerdings derzeit noch zwischen den (noch) Teilnehmenden Mitgliedstaaten verhandelt und der Umfang einer solchen Steuer ist bisher

unsicher. Weitere EU-Mitgliedstaaten werden sich möglicherweise noch für eine Teilnahme entscheiden. Darüber hinaus sind derzeit sowohl das Ob und der Zeitpunkt der Beschlussfassung über die Einführung der Finanztransaktionssteuer wie auch der Zeitpunkt der erstmaligen Anwendung der Finanztransaktionssteuer auf Geschäfte mit Schuldverschreibungen noch ungewiss.

Punkt	Abschnitt E – Angebot	
E.2b	Gründe für das Angebot und Zweckbestimmung der Erlöse, sofern diese nicht in der Gewinnerzielung und/oder der Absicherung bestimmter Risiken liegen	[●]
E.3	Beschreibung der Angebotskonditionen	[Gesamtnominalwert einfügen] [Angebotspreis einfügen] [Mindestübernahmebetrag einfügen] [Art des Vertriebs einfügen] [Beginn und Ende der Vertriebs- oder Zeichnungsfrist einfügen] [Übernahme oder Platzierung durch Platzeure oder Vertriebsstellen einfügen] [Andere oder weitere Bedingungen des Angebots einfügen]
E.4	Alle für die Emission/das Angebot wesentlichen, auch kollidierenden Interessen	[Nach Kenntnis der Emittentin bestehen bei den an der Emission beteiligten Personen keine Interessen, die für das Angebot bedeutsam sind, außer, dass bestimmte Platzeure und mit ihnen verbundene Unternehmen Kunden von und Kreditnehmer oder Kreditgeber der Emittentin und mit ihr verbundenen Unternehmen sein können. Außerdem sind bestimmte Platzeure an Investment Banking Transaktionen und/oder Commercial Banking Transaktionen mit der Emittentin beteiligt, oder könnten sich in Zukunft daran beteiligen, und könnten im gewöhnlichen Geschäftsverkehr Dienstleistungen für die Emittentin und mit ihr verbundene Unternehmen erbringen.] [Einzelheiten angeben]
E.7	Geschätzte Kosten, die den Anlegern von der Emittentin oder dem Anbieter in Rechnung gestellt werden	[Entfällt. Dem Anleger werden von der Emittentin oder dem Anbieter keine Ausgaben in Rechnung gestellt.] [●]

RISK FACTORS

The following is a description of risk factors in relation to Covestro AG and the Group. The realisation of any of the risks described below may affect the ability of Covestro AG and the Group to fulfil its obligations as Issuer and/or may adversely affect the market price of Notes and can lead to losses for the Noteholders if they sell Notes before they fall due for redemption. As a result, investors are exposed to the risk of losing their investment in whole or in part. Additional risks not currently known to Covestro AG or Covestro Group that are now immaterial may result in material risks in the future.

Words and expressions defined in the Terms and Conditions shall have the same meanings in this section.

Risks related to the Group's business and industry

The polymer industry is affected by economic factors including risks associated with volatile economic conditions.

General economic conditions affect the polymer industry, including the polyurethanes, polycarbonates and coatings, adhesives and sealants industry segments in which the Group operates. Deteriorating economic conditions, negative perceptions about economic conditions or a negative or uncertain economic outlook could result in a substantial decrease in demand for the Group's products and negatively impact capacity utilization, selling prices and volumes, hence affecting the Group's profit margins. Due to the Group's significant fixed cost base, a decrease in sales volume could have a material adverse impact on the Group's results of operations. If gross domestic product ("GDP") declines, the Group typically experiences a greater decline in sales. The economic environment may be negatively affected by volatile financial markets, rising interest rates, international or regional conflicts, political instability or unrest, epidemics, terrorism, natural disasters or other events.

The Group's results of operations are substantially dependent on regional economic conditions in Europe, the Middle East, Africa and Latin America excluding Mexico ("EMLA"), Asia and the Pacific ("APAC"), and the United States, Canada and Mexico ("NAFTA") and in certain emerging economies that are generally more volatile than developed markets.

Uncertain global economic factors and changes in GDP growth in key countries make it difficult for the Group to forecast demand trends for its products and its profitability. It can be difficult to accurately predict the development of factors affecting the industry segments, and negative developments could materially adversely affect the Group's business, financial condition, results of operations and prospects.

The Group is dependent on the development of its customers' end markets, in particular the automotive/transport, construction, wood/furniture, electrical/electronics and chemicals end markets, which are cyclical.

The Group is highly dependent on demand in the end markets in which the Group's customers operate, in particular the automotive/transport, construction, wood/furniture, electrical/electronics and chemicals end markets, which together account for a majority of the Group's total net sales. A smaller portion of the Group's total net sales are attributable to sales in the sports/leisure, cosmetics, health and other end markets. Since the Group's business is characterized by high fixed costs, any material decline in demand in one of the Group's core end markets that results in falling production volumes will decrease the Group's earnings.

The Group's end markets are cyclical in nature; however, the level of cyclicity differs by end market and region. The level of activity in the Group's end markets is generally affected by economic developments (including GDP growth and disposable income) as well as a wide range of other factors beyond the control of the Group and its customers.

Customers of chemical and polymer companies such as the Group typically adapt their procurement activities to the expected growth rates in their relevant end market. In an actual or expected economic downturn, customers try to reduce their working capital and their inventories, which can lead to a significant decline in the Group's sales volumes and net sales. In times of recovery, customers tend to increase their inventories, leading to increased demand for the Group's products.

The Group bases its projections of future developments in supply and demand in each of the end markets upon which it is dependent on publicly available sources and internal estimates. Such future market developments, including expected net sales and results of operations, are difficult to forecast because of the cyclical nature of the end markets and other factors beyond the Group's control. Furthermore, the Group's results of operations are highly correlated with volume, prices, raw material and energy costs as well as production capacity utilization within the polyurethanes and polycarbonates segments of the polymer industry and of its production facilities, all of which are difficult to

project and could materially adversely affect the Group's ability to predict future financial results and plan capital expenditures accurately. A decline in demand in any of the Group's end markets, even during periods of strong general economic conditions, may materially adversely affect the Group's business, financial condition, results of operations and prospects.

The polymer industry is characterized by periods of supply/demand imbalances due to production overcapacity that will result in periodic downward pressure on prices and short-term price volatility.

Historically, the markets for most of the Group's products have experienced alternating periods of tight supply, causing prices and profit margins to increase, followed by periods of significant capacity additions, resulting in oversupply and declining prices and profit margins. The cycles often occur on short notice and are in part caused by the capacity additions of new world-scale production facilities or the expansion of existing production facilities, which are necessary to create or sustain economies of scale, and the decline of industry-wide utilization rates that often follows capacity additions.

Any oversupply may lead to a decline in capacity utilization rates of the entire industry and, in particular, the Group, which may negatively impact profit margins due to the high fixed cost base of production facilities. The materially adverse effects of supply and demand imbalances can be significantly exacerbated by economic conditions.

The Group expects that competitors from developed as well as emerging economies will continue to add production capacity. In addition, the Group has planned to increase its production of certain products in the short term.

Moreover, the construction of new production facilities, or the expansion of capacity at existing production facilities, often begins years in advance of that capacity entering operation. Accordingly, there is a risk that such new capacity eventually enters operation when economic conditions are weak which may further depress prices and profit margins. The materially adverse effects of supply and demand imbalances can be significantly exacerbated by economic conditions.

In addition, other factors largely beyond the Group's control, such as the actual or perceived changes in levels of supply and demand, the availability and cost of substitute materials and inventory maintained by competitors, all influence product prices and may lead to short-term price volatility and a downward pressure on prices, which may ultimately decrease the Group's margins. Levels of supply in the industry segments that outpace demand for products, such as those produced by the Group, can materially adversely affect the Group's ability to generate profit and materially adversely affect the Group's business, financial condition, results of operations and prospects.

Fluctuations in the prices of raw materials may have a material adverse effect on the Group's results of operations.

Raw materials constitute a large proportion of the Covestro Group's total production costs. In consequence, the Group has significant exposure to fluctuations in the prices of raw materials. The Group's primary raw materials are petrochemical derivatives, such as benzene and phenol, propylene oxide, toluene, acetone, hexamethylenediamine ("HDA"). The volatility in the prices the Group has to pay for raw materials, which generally change on a monthly basis, makes it challenging to manage product pricing and pass the increases on to customers. The extent of the impact of price fluctuations on the Group's net sales and results of operations depends primarily on whether the Group is able to pass on increases in raw material prices to its customers through higher selling prices without significant delays or to maintain its selling prices despite decreases in raw material prices. The Group's ability to do so primarily depends on the conditions of supply and demand in the industry and resulting industry capacity utilization as well as competition. Oversupply and low utilization of the production capacity in the industry have affected and will continue to affect the Group's ability to pass on increases in raw material prices to its customers, which negatively affects the Group's margins. An unfavourable balance between supply and demand or decreasing demand and utilization of production capacity in the industry will reduce the Group's ability to maintain its selling prices or to delay decreases in its selling prices despite decreases in raw material prices.

As the Group's primary raw materials are petrochemical derivatives, their prices are typically determined based on the price of crude oil, which generally creates the floor for prices of petrochemical derivatives, and the supply and demand dynamics for the relevant raw material. Political instabilities, wars or other conflicts with oil producing or refining countries could negatively affect the supply of oil and result in a significant increase in prices for oil and petrochemical derivatives.

The Group purchases raw materials primarily pursuant to long-term framework agreements with suppliers with defined volumes, which generally require the Group to purchase certain volumes monthly at a price determined at the beginning of each month. In addition, the Group has entered into some take-or-pay supply agreements, which

require the Group to pay for a raw material irrespective of whether the Group actually takes delivery of that raw material.

Increases in the prices of raw materials that cannot be passed on to customers through corresponding increases in selling prices or otherwise be compensated for will result in reduced margins. Even if the Group is able to pass on raw material price increases to customers, the increase in selling prices may result in decreased demand and lower sales volume as customers reduce their purchases or shift to substitute products.

The Group is dependent on the availability of certain raw materials, and any disruptions in the supply or logistics chain may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's production processes are dependent on the availability and timely delivery of raw materials, including petrochemical derivatives, intermediates and other materials needed for its production, including additives, carbon monoxide and chlorine. The continuous nature of the Group's production processes, the desire to keep inventories at a minimum and the difficulty of storing hazardous, gaseous, bulky and/or packed materials increase the importance of a well-functioning supply and logistics chain.

Any significant disruptions in the Group's logistics chain that transports its raw materials and certain of its by-products within the integrated production platforms is likely to result in production interruptions, a loss of customers, damage claims and significant downstream consequences. In addition, if the Group exits a site with a production platform that is integrated with a third party, the Group may incur substantial additional costs related to obligations to such a party.

If certain of the Group's suppliers or logistics partners are unable or unwilling to meet their contractual obligations under existing agreements, the Group may be forced to pay higher prices to obtain the necessary raw materials from other sources and it may not be able to increase prices for its products to offset the higher raw materials costs.

If certain raw materials become unavailable within a geographic region from which they are currently sourced, then the Group may not be able to obtain suitable or cost-effective substitutes. The raw materials used by the Group may become unavailable due to regulatory restrictions related to various factors including transportation and the environment and health and safety, and no suitable or cost-effective alternative raw materials may be available. The inability to obtain suitable or cost-effective raw materials may require the Group to close certain production operations, entire production facilities or product lines, which in turn may result in a shortfall in the Group's production of certain chemical intermediates and by-products that it consumes internally. In consequence, the Group may be required to purchase such substances from third-parties at a significantly higher cost or close certain other production operations. Certain customers of the Group may be materially dependent on the Group's products and may seek an alternative supplier or hold the Group liable for its inability to supply its products at agreed quantities and times.

Any disruptions in the Group's supply or logistics chain could materially adversely affect the Group's business, financial condition, results of operations and prospects.

Volatility in energy prices and factors impacting energy supply and prices could have a material adverse effect on the Group's business.

The Group requires large quantities of energy from various sources for use in its production operations, the most important of which are electricity, natural gas and steam. The Group's energy costs are affected by various factors, including the availability of supplies of particular sources of energy, energy prices and regulatory decisions. The prices for electricity and steam under the Group's supply agreements are generally driven by the price of the fossil fuel used for the electricity and steam production, which is generally either natural gas or coal. In the past, prices for natural gas and coal have been volatile. Such volatility may increase as a result of political instability. The Group's main production facilities are located in China, the United States and Germany and are therefore subject to the developments regarding energy prices in these countries, such as governmental influence on the pricing mechanics or regulation to promote the usage of renewable energies.

Any significant increase in energy prices, transportation costs, grid fees or taxes associated with the supply of energy would increase the Group's operating costs and, thus, may negatively affect its results of operations if it is unable to pass the increased costs on to customers. Any inability or delay in passing on increases in energy costs to the Group's customers or any interruption or shortage of energy supply may materially adversely affect the Group's business, financial condition, results of operations and prospects. The competitiveness of the Group's production facilities in EMLA, APAC and NAFTA depends on whether the Group has access to energy at competitive rates. Significant increases in energy prices in certain regions that the Group is unable to pass on to customers, may result in a loss of

competitiveness of any of the Group's production facilities in such regions, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group operates in a highly competitive industry and faces competition from large, well established producers as well as new entrants across each of the regions in which the Group operates, who may each compete more effectively than the Group and materially adversely affect the Group's profitability.

The Group operates in a highly competitive landscape characterized by significant regional differences in terms of the importance of factors such as selling prices, products, product properties, quality, logistics, availability, reliability and innovation. The Group competes against large international producers as well as smaller regional producers.

Some competitors of the Group, mainly in emerging economies, may supply certain products below global prices and, thereby, compel the Group to lower its prices, which could materially adversely affect the Group's margins and profitability. Several factors can influence the price at which a competitor is willing to supply its products, including access to favourably priced raw materials and government subsidies to which the Group does not have access. Furthermore, state owned or state subsidized competitors may take actions such as adding capacity and lowering their prices to a level below that which is profitable for the Group regardless of their production cost and prices.

The Group's ability to maintain or increase its profitability is dependent upon its ability to offset decreases in the prices and margins of its products by improving production efficiency and volumes sold, shifting to customized products with higher margins and improving existing products and their applications through innovation, all of which competitors may do better and more cost efficiently than the Group. Competitors may be more successful at meeting the product characteristics required by customers and producing more cost effectively. Going forward, price competition with respect to a larger portion of the Group's products may become more intense, forcing the Group to lower its prices.

Competition may also increase due to new entrants or companies that consolidate operations and thereby achieve greater scale. Some of the Group's competitors have or may develop greater production capacity than the Group and may have greater financial resources. Those competitors may also be able to maintain significantly greater operating and financial flexibility than the Group. As a result, those competitors may be better able to withstand volatility within the polymer industry, changes in the prices of raw materials and energy and adverse economic conditions. The Group may also experience increased competition from companies that offer products based on alternative materials, technologies and processes that may be more competitive or better in terms of price or performance, causing the Group to lose customers, which could result in a decline in its sales and volumes sold and, in turn, could materially adversely affect the Group's business, financial condition, results of operations and prospects. Any inability to compete effectively could have an adverse effect on the Group's profitability.

The Group may be unable to successfully execute its strategy for achieving profitable growth, and therefore, may grow much less than expected, if at all.

The Group is executing a number of strategic initiatives designed to achieve profitable growth. The anticipated benefits from these strategic initiatives are based on several assumptions and projections that may prove to be inaccurate.

The Group may not be able to successfully implement these strategies and realize any of the expected benefits, including growth targets and cost savings, it aims to achieve or it may be more costly to do so than the Group currently anticipates. A variety of risks could cause the Group not to realize some or all of the targeted benefits. These risks include, among others, delays in the anticipated timing of key implementing measures (e.g., capacity expansion investment projects) or difficulties in implementing its asset optimization and general cost saving measures for any reason including, shortage of engineering capabilities or conditions imposed by regulatory authorities. Moreover, the Group's continued implementation of its strategic initiatives may disrupt its operations and performance.

As a result, there can be no assurance that the Group will be able to successfully execute its strategy and achieve profitable growth. If, for any reason, the benefits the Group realizes are less than expected or the implementation of its strategy adversely affects its operations or costs more or takes longer than the Group expects, or if assumptions and projections prove inaccurate, the Group's business, financial condition, results of operations and prospects may be materially adversely affected.

With limited exceptions, the Group generally does not have long-term agreements with its customers, and the loss of a significant number of customers could materially adversely affect its sales and profitability.

The Group generally does not have long-term agreements with its customers and customers may choose to obtain products similar to those produced by the Group from the Group's competitors at short notice. Customers have consolidated their operations in certain geographic areas and any other consolidation of a customer's operations from one region to another may result in the loss of that customer. In addition, significant levels of customer consolidation may enable customers to exert substantial pricing pressure on the Group. The negative effects set out above may be amplified in those regions where the Group is required to pay for raw materials due to long-term supply agreements with defined volumes or, in exceptional cases, with take-or-pay obligations despite the change in customer demand. If, as a result, demand for the Group's products declines, it may be required to decrease its production volumes while not able to reduce the raw material purchase to the optimal level, which could materially adversely affect its business, financial condition, results of operations and prospects.

The Group's business may be affected by its inability to meet its customers' requirements in terms of product quality and specifications.

As many of the Group's products are critical to, or enhance the performance of, its customers' applications and products, many customers rely on the Group for products and services that meet their specifications and quality requirements. The Group's differentiated polyurethane raw materials and systems, polycarbonates, and coatings, adhesives, sealants and other specialties raw materials are produced to meet customers' requirements. Any failure by the Group's products to meet customers' requirements or expectations in terms of quality, performance or otherwise may result in reputational harm, customers reducing the volume of orders they place with the Group or having to replace products at the Group's expense.

The Group's customers typically have high standards of product quality and detailed product specifications, and require that the Group is a registered supplier of the relevant chemical or that the chemical has been approved for use in the intended application. The Group's quality control systems and in-process production controls provide for regular inspection of its products. However, there can be no assurance that the Group's products will meet agreed upon specifications or quality requirements, will not contain impurities or will not be mistakenly comingled with other products. If the Group fails to detect such quality deficiencies or otherwise delivers products that do not meet its customers' requirements, the Group may be required to deliver replacement products at the Group's expense or pay damages. Such failures could also result in reputational harm and customers placing orders for lower volumes with the Group or terminating their relationship with the Group, which could also have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Financial difficulties and any related problems of the Group's customers could have a material adverse effect on its business.

Volatile global economic conditions may materially adversely affect the Group's customers' access to the capital and liquidity with which they maintain their inventories, production levels and product quality, causing them to raise prices or lower production levels or to increase pressure to procure raw materials at lower prices or on adjusted payment terms. During periods of economic volatility and periods of heightened competition in end markets, the Group's customers may experience financial difficulties, including insolvency, restructurings and liquidations. In jurisdictions where insolvency laws and practices may vary, the Group may experience difficulty collecting receivables from insolvent customers as unpaid debts are generally not covered by credit insurance. Difficulties faced by the Group's customers could adversely affect the prices at which the Group can sell its products and/or lead the Group to extend trade credit to customers, thereby reducing the Group's cash flows. A significant adverse change in a customer relationship or in a customer's financial position could cause the Group to limit or discontinue business with that customer, require it to assume more credit risk relating to that customer's receivables and/or limit its ability to collect accounts receivable from that customer and could materially adversely affect the Group's business, financial condition, results of operations and prospects.

Production at the Group's facilities may be subject to planned and unplanned production interruptions, which could have a material impact on its ability to produce products for sale or maintain business operations and therefore, may materially adversely affect its business.

The Group operates multiple and complex technical processes, which may be subject to breakdowns, inefficiencies, operational human errors, sabotage and technical failures that may interrupt production operations or delay a resumption of production following a plant modification or a turnaround. Any material disruption at any of the

Group's production facilities, in particular the Group's facilities with large production capacity, could impair its ability to use its facilities, have a material impact on its ability to produce products for sale or maintain business operations.

Production disruptions may be caused by several factors including natural disasters, weather, severe pandemic/epidemic, supply disruptions - particularly from sole-source suppliers or the unanticipated unavailability of one of the Group's reusable by-products - strikes, transportation interruption, government regulation, political unrest or terrorism, or internal reasons, such as fires, equipment failure, unplanned maintenance, operational human errors or other production problems.

Disruptions at one or more of the Group's production facilities, at any of the Group's suppliers' fence-to-fence production facilities or at the Group's owned and operated infrastructure, may also interrupt production further up or down the production chain and lead to a decrease in volumes and sales, potential loss of customers and damage claims by customers. Adequate spare parts and maintenance services may not be available in a timely manner to secure the continuation of the operations. If disruptions occur, alternative facilities with sufficient capacity or capabilities may not be available (or may be located in another region), may be characterized by substantially higher costs or may take significant time to start production. Moreover, long-term production disruptions may cause the Group's customers to seek alternative sources of supply, which could exacerbate any adverse effects experienced by the Group. Material disruptions at any of the Group's production facilities could materially adversely affect the Group's business, financial condition, results of operations and prospects.

While the Group has defined operation recovery plans that are intended to allow it to recover from natural disasters or other events that could disrupt its operations, it cannot provide assurances that its plans would fully protect it from all such disasters or events. In addition, insurance may not adequately compensate the Group from any losses incurred as a result of natural or other disasters. In areas prone to frequent natural or other disasters, insurance may become increasingly expensive or not available at all. Any failure to ensure continuous production, due to failures in planning or due to unforeseen events, could result in a loss of business and customers and materially adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's production processes and operations are subject to the inherent hazards and other risks associated with chemical processing, production, storage, and transportation.

The Group's production processes and operations are subject to the hazards and risks associated with chemical processing, production and the related storage and transportation by the Group or its subcontractors. The Group's production processes rely on hazardous substances such as chlorine, phosgene, carbon monoxide, phenol, ethylene oxide, propylene oxide, isocyanates and the corresponding amines, which can present major risks to the health and safety of workers, neighbouring populations and the environment. Other potential hazards associated with chemical production and operations include accidents, explosions, fires, inclement weather, transport risks, terrorist attacks, natural disasters, mechanical failure, transportation interruptions, remediation, pipeline leaks and ruptures, storage tank leaks, chemical spills, discharges or releases of toxic or hazardous substances or gases and other risks. These hazards could expose workers, suppliers, the community and others to toxic chemicals and other hazards, contaminate property and the environment, damage property, result in personal injury or death, lead to an interruption, relocation or suspension of operations and materially adversely affect the productivity and profitability of a particular production facility or the Group's business operations as a whole, and result in governmental enforcement, regulatory shutdowns, the imposition of government fines and penalties and claims brought by governmental entities or third parties. The occurrence of any such event, which is not entirely preventable despite the application of a high standard of care, could be seriously detrimental to the Group's reputation and harm the Group's ability to obtain or maintain its existing licenses or its key commercial, regulatory, and governmental relationships. In addition, the Group uses contractors, over whom the Group has little control, who may perform duties on behalf of the Group in a manner that may cause harm to the health and safety of other workers, neighbouring populations and the environment. The costs associated with any of these events may be substantial and could exceed or otherwise not be covered by the Group's insurance coverage. Each of these scenarios could materially adversely affect the Group's business, financial condition, results of operations and prospects.

If the Group is unable to sell, store, re-utilize or dispose of certain raw materials and by-products that it produces or acquires from third-parties, it may be required to limit or reduce its overall production levels and could also be materially adversely affected if the prices at which the Group sells certain raw materials and by-products decline.

The Group's operations are dependent on its ability to sell, store, re-utilize or otherwise dispose of certain raw materials and by-products of the Group's production processes such as styrene monomers, caustic soda and hydrochloric acid. To a large extent, the Group either sells the by-products resulting from one production step or uses

them in the production of further individual products, often at the same location, by using an integrated production structure or disposes of them. Cost efficient operations of many of the Group's production facilities are dependent in part on the sales price or the costs in connection with disposing of the by-products including the availability of waste water disposal facilities as well as waste incinerators, and on the re-utilization levels thereof. The inventory expense related to storing hazardous and bulky materials, such as certain raw materials and the Group's by-products may be significant. Such inventories may ultimately become obsolete or decline in value, thereby adversely affecting the Group's earnings.

There can be no assurance that the Group will be able to sell, store, re-utilize or dispose of raw materials or by-products in the future. In addition, the Group may have historically had the ability to sell such raw materials or by-products at prices that may not be available in the future which may result in a decline in the Group's sales. The Group's ability to sell raw materials and by-products and the prices at which the Group is able to sell them, can have a material impact on the Group's net sales. The demand and prices for some of these raw materials and by-products, in particular styrene monomers, have historically been volatile and may continue to be volatile, which may affect the Group's results of operations. In the event that the Group is unable to sell such by-products, it may be required to reduce its production levels at all or some of its production facilities, invest in new treatment processes or incur substantial costs in connection with disposing of these by-products, which may have a material adverse effect on its business, financial condition, results of operations and prospects.

Any failure to successfully develop new, improved, or more cost-effective materials, production processes and technologies, or delays in development, may lead to the Group's products becoming superseded and could reduce the Group's future sales and profitability.

The Group depends on its continued ability to develop new, improved, or more cost-effective materials for end market applications, methods of production, technologies, and to successfully commercialize and distribute products.

The trend towards commoditization and standardization in major parts of the Group's industry segments has increased the importance of research and development in supporting profitability, particularly in terms of cost-efficient production technologies. Furthermore, the Group must offer ever more specialized or better performance products that are intended to offer higher value to customers while managing production costs in order to achieve satisfactory margins.

The Group may be unable to develop new methods or technologies to gain additional efficiencies in its production processes in the future, and its products may not perform as well as anticipated, which may decrease the profitability of some or all of the Group's products. If the Group's competitors develop better and more cost-efficient production technologies, the value of the Group's proprietary production technologies and its competitiveness in the market could be significantly reduced. The Group's ability to compete effectively also depends to a significant extent on its continuous ability to manage its cost base and its competitors may be more successful than it is in achieving or maintaining a competitive cost base by lowering their production costs.

The Group may also not be successful in expanding or improving its product portfolio or may lack the expertise or financial resources to develop new products. In addition, competitors may develop new materials with more favourable properties or which comply more effectively with government regulations for content or production, or may improve existing products in a similar manner. Competitors may also develop materials with similar characteristics that can be produced at lower costs relative to the Group. Further, the risk of technological substitution of the use of products, which the Group currently provides, by other products provided by competitors could have a material adverse effect on the Group's business. If the Group is unable to provide end market relevant products or to otherwise maintain its competitive position, it may lose customers to its competitors. The Group expects that its competitors will continue to develop and introduce new and enhanced products, which could cause a decline in customer acceptance of the Group's products. An inability to compete effectively could have a material adverse effect on its business, financial condition, result of operations and prospects.

The Group may commit errors or misjudgements in its planning and misallocate resources, for instance, by developing materials, methods or technologies that require large investments in research and development and capital expenditure but that are not commercially viable. Any failure to successfully develop new, improved, or more cost-effective materials, production processes and technologies, or delays in development may lead to the Group's products or technologies becoming outdated, which could cause impairments and could reduce the Group's future sales. Any material failures in the Group's research and development processes could materially adversely affect the Group's business, financial condition, results of operations and prospects.

The Group is likely to incur costs in connection with the construction, modernization, maintenance, repair or expansion of production facilities, which may prove more costly than budgeted, require a longer shut down period and ultimately may lead to production capacity constraints.

Production facilities and infrastructure require a significant amount of investment to maintain, repair, modernize and expand. The Group has dedicated and will continue to dedicate significant expenditures to the maintenance of its production facilities.

Scheduled maintenance and intermittent repairs may disrupt production processes and interfere with the ordinary operation of production facilities and infrastructure. Investments relating to scheduled maintenance and intermittent repairs may also prove more costly than budgeted, require longer shut down periods than planned, and may ultimately lead to production capacity constraints. At times the contractors the Group uses to perform maintenance or repairs at the Group's facilities or infrastructure may prove more costly than expected, may not be available or may only be available with reduced resources. In addition, costs anticipated in connection with the maintenance of the Group's facilities or infrastructure may significantly increase at production facilities that operate at high capacity utilization levels for extended periods of time.

The mechanisms the Group uses to manage the risk of delays and cost overruns may prove insufficient. Any unanticipated costs in connection with the construction, modernization, maintenance, repair or expansion of production facilities may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group relies on the proper functioning of its computer and data processing systems and a larger-scale malfunction could result in material disruptions to its business.

The Group relies primarily on globally and locally functioning information technology systems across its operations, including for management, supply chain and financial information and various other processes and transactions. Information technology system failures, network disruptions or breaches of security could materially disrupt its operations, cause material delays or cancellations of customer orders or impede the production or shipment of products, processing of transactions or reporting of financial results. An attack on or other problems with the Group's systems could also result in the disclosure of proprietary information about its business or confidential information concerning its customers or employees, which could result in significant damage to its business and its reputation.

The Group has put in place security measures designed to protect against the misappropriation or corruption of its systems, intentional or unintentional disclosure of confidential information, or disruption of its operations. However, these security measures may prove ineffective or insufficient. Any breach of the Group's security measures could result in unauthorized access to and misappropriation of its information, corruption of data or disruption of operations or transactions, any of which could materially adversely affect the Group's business, financial condition, results of operations and prospects.

The Group could be required to expend significant amounts to respond to unanticipated information technology issues. The Group may not have been able and may not be able to effectively implement measures that will protect against all of the significant risks to its information technology systems. Failure to implement these measures that could protect against all significant risks could materially adversely affect the Group's business, financial condition, results of operations and prospects.

Increased obligations and expenses related to the Group's post-employment benefit plans could negatively affect the Group's financial condition and results of operations.

The Group has obligations to current and former employees related to pensions and other post-employment benefits in Germany and a number of other countries. Changes in relevant measurement parameters such as interest rates, mortality and salary increase rates may raise the present value of the Group's pension obligations. This may lead to increased costs in connection with the Group's pension plans, diminish equity due to the recognition of actuarial losses or put pressure on the Group's credit rating. A large proportion of the Group's pension and other post-employment benefit obligations are covered by plan assets including fixed-income securities, shares, real estate and other investments. Declining or even negative returns on these investments may adversely affect the future fair value of plan assets. Both of these effects may negatively impact the development of equity, and may require additional payments by the Group. Also, future changes in certain legal environments, especially in local regulation, may in the future have negative effects on the Group's results and may also trigger the necessity for additional payments by the Group.

The Group may not be able to recruit or retain qualified employees, senior executives and other key members of management in the future, which could disrupt the Group's business.

Skilled and engaged employees, in particular chemists, engineers, senior executives and other key members of management, are essential to the Group's success. There is strong competition among companies for highly qualified personnel, particularly in countries with high levels of employment and in emerging economies such as those in APAC. If the Group is unable to create its own employer brand and/or recruit and retain a sufficient number of qualified employees, senior executives and other members of management, the Group's development could suffer significant adverse consequences.

The Group depends on good relations with its employees, unions and employee representatives to avoid business disruptions, implement restructurings, amend existing collective agreements and facilitate the negotiation of reasonable and fair wages, as well as other key working conditions.

Personnel expenses make up a significant portion of the Group's costs. Employees have traditionally been unionized, particularly in Germany and elsewhere in Europe. Some of the Group's employees in NAFTA, APAC and elsewhere are also organized in country-specific organizations. The Group regularly conducts, or is involved in, negotiations with labour union representatives and other employee representative bodies, such as works councils, and is obliged to comply with various collective agreements, such as collective bargaining agreements and works council agreements. Any failure by the Group or the employers' association of which it is a part to negotiate salaries, wages, and other key employment conditions that are reasonable and fair in the Group's perspective could materially adversely affect the Group's business, financial condition, results of operations and prospects. In addition, the successful implementation of restructurings is possible only if both a viable agreement with the Group's employees and their representatives and an agreement on any necessary amendment to existing works council agreements can be reached. Any material industrial action could adversely affect the Group's business, financial condition, results of operations and prospects.

Changes in foreign exchange rates could have material adverse effects on the Group's results of operations.

Foreign currency risks for the Group result from exchange rate changes of financial and operational booked exposure (including receivables and payables) as well as from planned operational exposure. The exposures include raw materials and/or the sales of products priced in other currencies than the functional currency of the operating subsidiary. Unfavourable exchange rates may lead to higher costs or lower sales than expected at the time of signing the contract and may reduce margins.

The Group's reporting currency is the Euro. However, the Group conducts its business in a large number of countries across the globe and in several international currencies. In terms of the Group's results of operations, the U.S. dollar and the Chinese renminbi are the most important foreign currencies. Any change in exchange rates between foreign currencies and the Euro affects the Group's reported results of operations and assets and liabilities when the results of those subsidiaries are translated into Euro for reporting purposes. Unfavourable fluctuations in the values of the currencies in which the Group's international subsidiaries' financial statements are prepared against the Euro could have a material negative impact on the Group's future consolidated financial statements.

The exposure to exchange rate volatility could materially adversely affect the Group's business, financial condition, results of operations and prospects.

The terms of the Group's existing debt financings as well as credit market conditions, changes in interest rates and declines in credit ratings may restrict the Group's financial and operational flexibility.

Some of the financing agreements the Group has entered into with banks, other financial institutions or other creditors contain restrictions, undertakings, warranties, limitations as to further financing, covenants and definitions of events of default that may reduce the Group's financial and operational flexibility. Through cross-default clauses, the breach of covenants or other obligations of one or more financing agreements may lead to a default under other financing agreements. Any such restrictions contained in the Group's financing arrangements could also have a material adverse effect on its ability to react to changes in its business environment and its ability to incur additional debt to fund future liquidity requirements or re-financing. If the Group cannot meet its repayment obligations, it may have to pursue financial restructuring, which may be achieved only at increased cost or not at all and could materially adversely affect the Group's business, financial condition, results of operations and prospects.

Interest rate fluctuations could increase the interest expense on any outstanding floating interest debt of the Group, the cost of new financing and the valuation of the Group's defined benefit obligations. Furthermore, a downgrade in

the ratings of the Group or the debt securities of the Group could result in increased interest and other financial expenses related to future borrowings of the Group and could restrict the Group's access to additional capital or financing.

The Group's failure to protect its intellectual property and other proprietary information may materially adversely affect its business.

The Group's success depends to a significant degree upon its ability to protect, preserve and enforce its intellectual property and other proprietary information. However, the Group may be unable to prevent third parties from using its intellectual property and other proprietary information without its authorization or independently developing intellectual property that is similar to or competes with the Group's, particularly in those countries where the laws do not protect proprietary rights to the same degree as in Germany, the European Union or the United States. Any inability by the Group to effectively prevent the unauthorized use of its intellectual property and other proprietary information by others could reduce or eliminate any competitive advantage it has developed, cause it to lose sales or otherwise harm its business. If it becomes necessary for the Group to initiate litigation to protect its proprietary rights, any proceedings could be burdensome and costly, and the Group may not prevail.

The failure of the Group to protect its processes, product know-how, apparatuses, technology, trade secrets or proprietary know-how or the failure of adequate legal remedies for related actions could materially adversely affect the Group's business, financial condition, results of operations and prospects.

The Group may inadvertently infringe on the intellectual property rights of third parties and could be required to pay substantial damages and/or be enjoined from using or selling the infringing products or technology.

The Group continually seeks to improve its business processes and develop new production technologies and new products and applications. Many of its competitors have a substantial amount of intellectual property that the Group must continually strive to avoid infringing. Although it is the Group's policy and intention not to infringe valid patents of which it is aware, the Group cannot provide assurances that its processes and products and other activities do not and will not infringe issued patents (whether present or future) or other intellectual property rights belonging to others. The Group could be liable for infringement of intellectual property rights of third parties or could experience supply and production restrictions and disruptions as a result of actual or alleged infringements of intellectual property rights. The Group may also be subject to indemnity claims by its customers and business partners arising out of claims of their alleged infringement of the patents, trademarks and other intellectual property rights of third parties in connection with their use of the Group's products.

The Group may have to obtain third-party licenses to gain access to technology, which could entail considerable costs. The Group may be unable to acquire licenses that it will need for its future business with the appropriate scope, under acceptable conditions or at all. In addition, licenses the Group currently holds may not continue to be effective, and the Group may be prevented from making or marketing products.

Intellectual property litigation often is expensive and time-consuming, regardless of the merits of any claim, and the Group's involvement in such litigation could divert its management's attention from operating its business. Moreover, if the Group is sued for infringement and loses, the Group could be required to pay substantial damages and/or be enjoined from using or selling the infringing products or technology. Failure to avoid infringement of the intellectual property held by third parties or disputes related to intellectual property could materially adversely affect the Group's business, financial condition, results of operations and prospects.

The Group may not have validly acquired intellectual property rights from its present or former employees and cooperation partners such as customers and research organizations in the past and potentially may not always validly acquire them in the future.

It is possible that the Group's present or former employees' and cooperation partners' intellectual property rights may not have been validly claimed by the Group. Present or former employees and cooperation partners could continue to hold rights to their intellectual property and may demand the registration of intellectual property rights solely in their name and may also claim damages. In such cases, the Group may not be able to use the relevant intellectual property because the inventor may obtain an injunction prohibiting use. Furthermore, it is also possible that current or former employees and cooperation partners may have claims to inventor remuneration that must be fulfilled or that have not been completely fulfilled. In addition, it is possible that cooperation partners may have claims with respect to inventions made within the scope of cooperation. The realization of any of these risks could materially adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's growth strategy contemplates business integrations and/or future acquisitions and divestments that the Group may not execute successfully.

The Group continuously evaluates opportunities for growth and change. These initiatives may involve making acquisitions, entering into partnerships, divesting assets and creating new financial structures—any of which could require a significant investment and subject it to new kinds of risks. The Group's failure to timely and effectively integrate and develop past and future acquisitions may materially adversely affect its results. If expected synergies are not fully realized, commitments are imposed or restructurings or integrations are more costly than initially anticipated, this may result in lower than expected results of operations and impaired goodwill. Anticipated synergies may not materialize and liabilities that are unknown at the time of the acquisition may also materialize and as a result the purchase price may later prove to have been too high. Acquisitions, in particular, may expose the Group to liabilities that are unknown at the time of the acquisition and which the Group may be unable to settle effectively such as legacy tax claims, claims from former employees and claims for breach of contract. In addition, the acquired company may not perform according to the Group's expectations or may fail. The Group may incur indebtedness to finance future initiatives. It could also issue additional shares of the Group or its subsidiaries to finance such initiatives. If the Group's strategies for growth and change are not successful, it could face increased financial pressure, such as increased cash flow demands, reduced liquidity and diminished access to financial markets and the equity value of its businesses could be diluted.

Although the Group's current and expected liquidity needs are covered in the medium term, the Group may require additional financial resources to fund any strategy for growth in the medium to long term, which may be difficult to obtain, or may result in higher costs and additional covenants.

The implementation of strategies for growth and change may create additional risks for the Group, including problems with effective integration of operations or separation of divested assets, diversion of management time and attention away from existing operations, requiring capital investment that could otherwise be used for the operation and growth of its existing businesses, disruptions to important business relationships, increased operating costs, usage of limited investment and other baskets under its debt covenants, difficulties due to lack of or limited prior experience in any new markets it may enter and difficulties in realizing projected efficiencies, synergies and cost savings, which could materially adversely affect the Group's business, financial condition, results of operations and prospects.

The Group may fail to realize anticipated benefits from joint ventures and may be unable to exit a joint venture in a timely manner or without penalty.

The Group has entered into, and may continue to enter into, joint ventures for a variety of reasons including to gain access to end markets, relevant know-how or to raw materials on preferential terms.

In some cases, the relevant partners provide or may provide a major portion of the capital investment for a project and/or provide raw or other materials, real estate, or other services. In the corresponding agreements, the Group may agree with the joint venture partners or the joint ventures to provide raw or other materials or to perform certain services for the project. If the Group fails to fulfil, or if a partner alleges that the Group failed to fulfil, its obligations under these contracts, either in whole or in part, the consequences may be claims for damages, contractual penalties, or termination of the joint venture by the partner or by the joint venture.

The success of a joint venture requires that the respective partners constructively pursue the same goals and may therefore be jeopardized or impaired due to a deadlock with or a breach of contract by, a partner, the joint venture, or through other unforeseen events. The Group may lack sufficient control over, and information regarding, its joint venture partners and must, to a certain extent, rely on their integrity. This is especially true for joint ventures in regions where the Group is a new entrant. Illegal or unethical activities by the joint venture partner may have negative consequences for the Group's reputation and may result in legal disputes, fines or other adverse consequences. In addition, technology and know-how may also be revealed or required to be revealed to joint venture partners and, particularly in countries with comparatively less stringent intellectual property protection, these partners may use this technology and know-how for their own purposes outside the scope of the venture. Non-competition and exclusivity undertakings in joint venture agreements may prevent the Group from rendering services or producing, marketing and distributing the relevant products for its own account in certain areas. Moreover, the Group may not be able to exit a joint venture in a timely manner, on acceptable terms, or at all, and such an action may be subject to the written approval of the joint venture partner, the Group's acquiring full ownership of the joint venture or rights of first offer.

To the extent such joint venture has been consolidated in the past, the Group may not be able to deconsolidate the joint venture. In the event of the loss of a joint venture partner, the Group may be required to make a compensation

payment to such partner, and considerable resources may need to be invested in a new partnership. Alternatively, the Group may decide to exit a particular venture, in which case it may not be able to recover the investments it has made. In addition, conflicts with its partners or the failure of one of its joint ventures or joint undertakings could lead to the loss of the respective investment or financial penalties and prevent the Group from implementing its strategy. In many cases, joint venture agreements are subject to foreign laws, the effects of which is in some instances difficult to predict. Potential disputes with joint venture partners may fall under the jurisdiction of foreign courts or arbitral tribunals, which might lead to unforeseen obstacles or results. The realization of one or more of the above factors could materially adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's international presence, complex group structure, competitive environment and large customer accounts create risks of illegal business practices and it must rely on a compliance system to prevent irregularities in its business activities.

The Group's significant global footprint across APAC, EMLA and NAFTA, its competitive environment and number of customer accounts create risks of illegal business practices, which could lead to sanctions from national or supranational authorities such as the European Commission, reputational damage or other risks. Furthermore, the Group's operations are located across many countries, and its size and complex group structure may lead to inefficiencies, inconsistent application of Group wide compliance and management standards and inadequate or delayed internal reporting to Covestro AG as publicly listed company. Although the Group maintains a compliance program—including a compliance management system—throughout the Group to mitigate legal compliance risks such as corruption, breaches of foreign trade law or violations of antitrust laws, violations of the relevant laws and regulations may result in criminal or civil sanctions, including material monetary fines, penalties and other costs against the Group or its employees, and may have a material adverse effect on its business.

A compliance program is expensive to operate and maintain, and may prevent the Group from acting as rapidly as it otherwise could in pursuit of potentially profitable business opportunities or entering into some ventures. In addition, the complexities of such a program may require certain processes that are not completed in accordance with an imposed time frame and, therefore, lead the Group to forgo certain beneficial opportunities.

These risks, if they materialize, could materially adversely affect the Group's business, financial condition, results of operations and prospects.

The international nature of the Group's business exposes it to substantial changes in economic, political and social conditions and related risks that may be detrimental to its business and have a material adverse effect on the Group's prospects.

The Group sells its products worldwide and has a global production platform across countries, including emerging economies. Many of the agreements that the Group enters in connection with customers and suppliers are subject to foreign laws, the effects of which are in some instances difficult to predict. The general conditions in some of the countries in which the Group has production operations or into which it supplies products are different from, and the general economic, political and legal environment may be less stable than, those in Western Europe and North America. In particular, the Group's operations and its growth in emerging economies require it to respond to rapid changes in conditions within legal and regulatory systems that are less developed and less well enforced than those in Western Europe and North America, which often has consequences on the prevailing political and social conditions. There is a risk that changes in these frameworks may materially adversely affect the Group's business environment. International operations are also at risk of being adversely affected by a variety of trade barriers, limits on the repatriation of profits, tariffs and exchange controls. Furthermore, processes of law may vary from country to country and the Group may experience difficulty enforcing agreements. The Group may face difficulties in managing sales, research and development operations and post-sales logistics and support across the regions in which it operates. The Group's overall success depends, in part, on its ability to succeed under a variety of different conditions. The Group may fail to develop and implement policies and strategies that are effective in each region and country in which it operates and such failure could materially adversely affect the Group's business, financial condition, results of operations and prospects.

Conflicts, military action, terrorist attacks, and general instability throughout the world could materially adversely affect the Group's business.

Conflicts, military action and terrorist attacks have precipitated economic instability and turmoil in the economies of some countries in which the Group operates, sells its products or on which the industry is particularly dependent such as energy-producing nations. Instability and turmoil, particularly in, or affecting, such countries, may lead to plant disruptions or result in raw material supply constraints, cost increases or an inability of the Group to conduct its

business. The uncertainty and economic disruption resulting from hostilities, military action and acts of terrorism may impact any or all of the Group's facilities and operations or those of its suppliers or customers. Accordingly, any conflict, military action or terrorist attack could severely impact the supply of the Group's raw materials, sales, production operations and logistics, could lead to a loss of markets and could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group may be forced to make write-downs or additional impairments, in particular on tangible assets that reduce the value of the Group.

The Group is active in an industry that requires significant investments in its production facilities. Any such property, plant and equipment associated with the Group's operations and recorded on the balance sheet, as well as the existing intangibles including goodwill make the Group susceptible to impairments. Assets with a determined useful life are amortized accordingly on a straight-line basis over a period of up to 30 years. An impairment test is performed if there is an indication of possible impairment. Goodwill and other intangible assets are tested for impairment on an annual basis or in case of an indication of possible impairment. If the carrying amount of an asset or asset group may not be recoverable, impairment losses may be recorded in accordance with applicable accounting standards. Impairment charges could become necessary in the future if, for example, the Group's prospects deteriorate such that the carrying amounts of its assets are no longer recoverable under applicable accounting rules. According to applicable accounting rules the Group has to perform quantitative testing for all cash generating units. Since the Group utilizes a discounted cash flow methodology to calculate the fair value of its cash generating units, continued weak demand for a specific product line, oversupply in the industry, and high raw material prices could result in impairment. Accordingly, any impairment test requiring the write-down or additional impairment could materially adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's reputation is one of its key assets and if it is harmed, the Group's business and results of operations may suffer.

The Group is exposed to the risk of negative publicity, press speculation and potential or actual legal proceedings concerning its business, which may harm its reputation. The development of a negative social perception for the chemical industry in general or the processes or products of the Group in particular could also have a negative impact on the reputation of the Group. The incorrect use and handling of the Group's products by third parties can also harm the Group's reputation. In addition, concerns about product safety and environmental protection could influence public perceptions regarding the Group's products and operations, the viability of certain products, its reputation, and the ability to attract and retain employees. Any significant damage to the Group's reputation could cause existing customers to terminate their relationship with the Group or prevent it from winning new contracts. Such general concerns may also lead to the increased scrutiny of authorities and more restrictive legislation. Any of these negative effects could materially adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's business is subject to many operational risks for which it may not be adequately insured.

The Group believes that Covestro AG and its subsidiaries have reasonable insurance protection, to the extent customary in the industry. However, such insurance does not cover all risks associated with the operation of its business that could potentially lead to interruptions of its business operations or to it incurring significant costs, or with its production processes and the related use, storage and transportation of hazardous and non-hazardous raw materials, products and wastes in or from its production facilities or its distribution centres. In addition, the Group is exposed to legal liabilities such as environmental and product liability which may also not be fully covered by insurance. While the Group has purchased what it deems to be insurance coverage customary in the industry, such coverage is subject to limitations or exclusions, deductible and maximum limits of insurance. The Group is potentially at additional risk if one or more of the insurance companies it uses became insolvent. Additionally, severe disruptions in the financial markets could materially adversely impact the ratings and consequential financial strength of some insurers. Future downgrades in the ratings of several insurers could materially adversely impact both the availability of appropriate insurance coverage and its cost. In the future, the Group may not be able to obtain coverage at current levels, if at all, and its premiums may increase significantly on coverage that it maintains, which may have a material adverse effect on its business, financial condition, results of operations and prospects.

The amount of debt that the Group has incurred could materially adversely affect the Group's business.

The amount of debt that the Group has incurred could significantly affect the Group and the Group's investors: The Group may be required to use a substantial portion of the Group's cash flow from operations to make interest payments on this debt, which in turn reduces the cash flow available to fund capital expenditures and other corporate

purposes and to grow the Group's business. As a consequence, the Group's vulnerability to generally adverse economic and industry conditions as well as the risk of a future downgrade of the Group's credit rating could increase. Further, future debt costs could increase and limit at the same time the future availability of debt financing, limiting the Group's ability to borrow additional funds as needed or take advantage of business opportunities as they arise. This could also limit the Group's flexibility in planning for, or reacting to, changes in the Group's business and the industry. The Group could consequently be placed at a competitive disadvantage to the Group's competitors that may not be as highly leveraged.

In addition, the Group's actual cash requirements in the future may be greater than expected. The Group's cash flow from operations may not be sufficient to repay all of the outstanding debt, and the Group may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to refinance the debt.

The amount of debt that the Group has incurred may limit the flexibility of the Group to respond to future events and could materially adversely affect the Group's business, financial condition, results of operations and prospects.

Risks related to legal, regulatory and tax matters

Legal and regulatory changes in the jurisdictions in which it operates and trades may have an adverse effect on the Group.

Due to the international nature of its business, the Group must comply with, and is affected by, a large number of different legal and regulatory frameworks, including tax laws. There is a risk that changes in these frameworks may materially adversely affect the Group's legal and regulatory environment. The risks faced by the Group include, but are not limited to:

- foreign currency control regulations and other regulations related to exchange rates and foreign currencies (such as the abandonment of exchange rate pegs);
- changes in laws and regulations, in particular related to environment, health and safety;
- measures to counter foreign trade imbalances such as foreign direct investment controls and export controls;
- restrictions on the ability to repatriate funds from subsidiaries;
- restrictions on the ability to own or operate subsidiaries or acquire new businesses in certain countries, including rules on local ownership of businesses;
- differences in legal and administrative systems, which could lead to insufficient protection of intellectual property, impair the Group's ability to enforce contracts or jeopardize its ability to collect accounts receivables and other claims outstanding;
- nationalizations; and
- imposition of withholding or other taxes and transfer pricing regulations.

The materialization of any of these risks could severely impact the Group's sourcing, sales, production operations and logistics, could lead to a loss of customers and access to customers, know-how and tangible and intangible property, and could have material adverse effects on its business, net assets, financial condition, and results of operations.

The costs of complying with changing environmental, health and safety regulatory requirements could negatively impact the Group's financial results.

The Group uses large quantities of hazardous substances, generates hazardous wastes and emits wastewater and air pollutants in its production operations. Consequently, its operations are subject to extensive environmental, health and safety ("EHS") laws, regulations, rules and ordinances at the supranational, national and local level in multiple jurisdictions across APAC, EMLA and NAFTA. EHS regulations apply to most of the Group's activities and the Group must dedicate substantial resources to complying with them. The Group's cost of compliance with EHS regulations is part of its operating cost and, ultimately, must be covered by the prices at which the Group is able to sell its products.

In addition, the Group's suppliers are subject to EHS regulations that may impact their ability to supply the Group with the raw materials it needs. The inability to obtain certain raw materials may require the Group to close certain production operations, entire production facilities or product lines. The Group's products are also used in a variety

of end markets such as automotive/transport, construction, electrical/electronics and furniture that have specific regulatory requirements such as those relating to human safety or recycling that may impact the demand for the Group's products in those end markets.

Many EHS regulations have become more stringent over time and the trend is likely to continue, especially as societal concerns regarding the safe use of chemicals and their products in commerce, as well as their potential impact on health and the environment are likely to manifest themselves in more stringent regulatory intervention. Several countries in which the Group operates have instituted EHS regulations attempting to increase the protection and security of chemical plants, which could result in higher operating costs. In addition, many EHS regulations require the Group to hold operating permits for its production facilities, which are subject to periodic renewal and, in circumstances of noncompliance, may be subject to operating restrictions, revocation or fines. The necessary permits may not be issued or continue in effect, and any issued permits may contain more stringent limitations that restrict the Group's operations or that require further expenditures to meet additional requirements imposed by permits.

Compliance with more stringent EHS regulations will likely increase the Group's operating costs including costs related to the transportation and storage of raw materials and finished products, as well as the costs of storage and disposal of waste. The Group's capital expenditures and costs relating to the implementation of EHS regulations will fluctuate due to factors that are out of the Group's control, such as the timing of the promulgation and enforcement of specific standards which impose requirements on the Group's operations. Capital expenditures and costs beyond those currently anticipated may therefore be required under existing or future EHS regulations. Accordingly, EHS regulations may cause the Group to incur significant unanticipated losses, costs or liabilities, which could reduce its profitability. In addition, laws and regulations may be newly imposed or amended on short notice, becoming more stringent in a short period of time. The Group may incur substantial costs, including penalties, fines, damages, criminal or civil sanctions and remediation costs, experience interruptions in its operations, or be required to cease operations in certain locations for failure to comply with these laws or permit requirements.

Changes in EHS regulations in jurisdictions where the Group produces and sells its products could also lead to a decrease in demand for its products. Concerns about product safety and environmental protection could influence public perception of the Group's products and operations, the viability of some or all of its products, its reputation, and the ability to attract and retain employees. Further to regulatory changes, health and safety concerns could increase the costs incurred by the Group's customers to use its products and otherwise limit the use of the Group's products, which could lead to decreased demand for these products. Such a decrease in demand would have a materially adverse effect on the Group's business and results of operation.

Given the diversification and global operations of the Group's business, there is an elevated risk that the Group may not comply with all applicable laws, regulations or permits in all the jurisdictions in which it operates. The significant number of EHS regulations differs across jurisdictions and results in a complex regulatory environment with which the Group must continually comply.

Moreover, even if the Group is in compliance with regulatory and permit requirements, the actions or regulatory non-compliance of other companies may lead to industry-wide investigations by regulatory authorities that could interrupt some or all of the Group's production operations for significant periods. The costs of complying with changing EHS regulations and the liabilities including penalties, fines, damages, criminal or civil sanctions and remediation costs the Group may incur for failing to adequately comply with applicable EHS regulations could materially adversely affect the Group's business, financial condition, results of operations and prospects.

Regulatory requirements to reduce emissions of greenhouse gases could have an adverse effect on the Group's results of operations.

Globally, the Group's operations are increasingly subject to regulations that seek to reduce emissions of greenhouse gases ("GHGs"), such as carbon dioxide and methane, laughing gas (N₂O), which may be contributing to changes in the earth's climate.

Regulatory actions may increase the Group's operating costs. Some European production facilities are required to participate in the European trading scheme for GHGs. Currently, Covestro is facing increasing cost for certificates. The Group anticipates that price increases of carbon dioxide certificates within the EU's trading system for GHGs will lead to an increase in operating costs (especially for steam and power consumption), which could materially adversely affect the Group. In addition, there is an expectation of national (German) measures for climate protection focussed on the transformation of the energy supply system. This may lead to increasing operating costs. Finally, China has gained experience from seven regional cap-and-trade programs and is developing a national system based

on its experiences. To the extent that these cap-and-trade programmes impose compliance obligations upon the Group's operations, they may increase the Group's operating costs.

Additional future regulation of GHGs could occur pursuant to future international treaty obligations, regulatory changes under national or local law in multiple jurisdictions or regional adoption of GHG regulatory schemes, or any combination of the foregoing or otherwise. Potential consequences of such regulations include capital costs to modify operations as necessary to meet GHG emission limits and additional energy costs, as well as direct compliance costs. Currently, however, it is not possible to estimate the likely financial impact of potential future regulation on any of the Group's production facilities, its products or its business. Regulatory requirements to reduce emissions of GHGs could materially adversely affect the Group's business, financial condition, results of operations and prospects.

The Group may be subject to losses due to liabilities or lawsuits related to contaminated land that it owns or operates or arising out of environmental damage or personal injuries associated with exposure to chemicals, the release of chemicals or other hazardous substances.

Many of the Group's sites have an extensive history of industrial operations, storage and related activities and some of the Group's buildings have in the past contained and may still contain asbestos or other harmful substances. In addition, the Group owns a large number of industrial sites containing, in some cases, pre-existing contamination requiring securing or remediation and the associated costs often cannot be estimated. The Group has been and is likely in the future to be liable for the costs of investigating and cleaning up or stabilizing environmental contamination on or from its properties or at off-site locations where it transported, disposed of or arranged for the disposal or treatment of hazardous materials and waste or from disposal activities that predated its purchase of its businesses. The Group may therefore incur additional costs and expenditures beyond those currently anticipated to address all such known and unknown situations under existing and future EHS regulations. In some countries in which the Group operates, the Group may also be exposed to claims for damages, penalties, operating restrictions or the revocation of permits to operate its sites.

In addition, the Group faces the risk that individuals could seek damages for personal injury due to exposure to chemicals or other hazardous substances at its production facilities or other business sites, chemicals or other hazardous substances that have been released from its production facilities or other business sites, chemicals or other hazardous substances otherwise owned or controlled by the Group, or chemicals or other hazardous substances that allegedly migrated from products containing the Group's products. Risks are inherent in the industry segments, particularly risks associated with safety, health and the environment. The Group is subject to numerous laws in the national and local jurisdictions in which it operates relating to the management of workplace risks associated with highly hazardous chemicals. Failure to comply with such laws could subject the Group to both civil and criminal penalties, which could affect its product sales, reputation and profitability. The Group may be subject to claims with respect to workplace exposure, workers' compensation and other health and safety matters.

The environmental liabilities at any particular production facility could increase as a result of, among other things, changes in laws and regulations, modifications to the site's investigation and remediation plans, unanticipated construction problems, identification of additional areas or quantities of contamination, increases in labor, equipment and technology costs, significant changes in the financial condition of the Group or other responsible parties and the outcome of any related legal and administrative proceedings to which the Group may become a party. Any increase in liability may be found to be outside the scope of the indemnity provided by the Bayer Group to the Group in the separation related agreements, resulting in increased costs payable by the Group. It is not possible for the Group to reasonably estimate the amount and timing of all future expenditures related to environmental or other contingent matters. Accruals for environmental matters are recorded by the Group when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on current law and existing technologies.

Liabilities or lawsuits related to contaminated land that the Group owns or operates or arising out of environmental damage or personal injuries associated with exposure to chemicals and the release of chemicals or other hazardous substances may materially adversely affect the Group's business, reputation, financial condition, results of operations and prospects.

The Group is exposed to ongoing litigation and other legal and regulatory actions and risks in the course of its business, and could incur significant liabilities and substantial legal fees.

The Group is subject to litigation and other legal and regulatory actions in the ordinary course of business. The results of litigation and other legal and regulatory actions cannot be predicted with certainty. The Group cannot guarantee that the results of current or future proceedings will not materially harm its business, reputation or brands, nor can it

guarantee that it will not incur losses in connection with current or future legal proceedings that exceed any provisions it may have set aside with respect to such proceedings or that exceed any applicable insurance coverage.

If any disputes, litigation or other legal or regulatory actions are resolved against the Group, it could incur significant liabilities or materially adversely affect the Group's business, reputation, financial condition, results of operations and prospects.

The Group may be liable for damages based on product liability claims brought against it or its customers or may be accused of having sold harmful products.

Many of the Group's products provide critical performance attributes to customers' products, which are in turn sold to consumers. If a product fails to perform in a manner consistent with quality specifications, a customer could seek replacement of the product or damages for costs incurred as a result of the product failing to perform as designed and marketed. The sale of these products may also give rise to product liability claims or other claims based on damage caused by the Group's products. If a consumer were to bring a product liability claim with respect to a product that contains the Group's products, the Group could be named as a defendant in that claim or could become subject to separate litigation brought by one of its customers. A successful claim or series of claims against the Group could cause reputational harm and could result in a loss of customers.

In addition, the Group's product portfolio contains some substances that are harmful to human health. Other products of the Group that are not currently considered harmful to human health may be discovered to be harmful to human health in the future, which could lead to liability claims. In addition, the Group's products, once integrated into consumer end products, may also be found to be harmful as medical knowledge about health risks related to exposure evolves. Any allegation of harm caused by a product of the Group may significantly negatively affect the Group's reputation. Any threatened or actual future claims for damages based on product liability could significantly harm the Group's reputation and, in turn, could materially adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's business may suffer from trading sanctions and embargoes.

In the past the United States, the EU and the United Nations have increased their imposition of various export control regulations, sanctions and embargoes on trading with certain countries. Given the global nature of the Group's activities and operations, the Group conducts business with customers in countries that are subject to such export control regulations, embargoes, sanctions or other forms of trade restrictions. In case of non-compliance with such export control regulations, embargoes, sanctions or other forms of trade restrictions, civil or criminal penalties, including substantial monetary fines, may be imposed and/or other adverse financial consequences that could materially adversely affect the Group's business, financial condition, results of operations and prospects are possible. Furthermore, new or tightened export control regulations, sanctions, embargos or other forms of trade restrictions imposed on countries in which the Group does business may result in a curtailment of its existing business in such countries and require it to amend and adapt its policies accordingly. The cutback on the Group's activities in sanctioned countries may also expose it to customer claims and other actions. This may have a negative impact on the Group's business, financial condition, results of operations and prospects. In addition, competitors, distributors, suppliers and customers may not be able to comply with or may be otherwise affected by trading sanctions and embargoes. This may materially adversely impact the reputation of the Group and its products and in turn the Group's business.

The Group's tax burden could increase, in particular, as a result of tax audits, reassessments by the competent authorities and potential changes in applicable tax laws.

As an international group operating in multiple jurisdictions, the Group is subject to laws and regulations on tax levies and other charges or contributions in many countries throughout the world, which often do not provide clear-cut or definitive guidance. The tax charge included in the financial statements is the Group's best estimate of the due tax. There is a degree of uncertainty regarding the final tax liability for any period until completion of tax audits by the relevant authorities.

In connection with the separation from the Bayer Group, the Group is responsible for and has also agreed to indemnify certain companies of the Bayer Group, in particular, against additional tax liabilities arising from risks relating to transfer pricing adjustments and the unintended maintenance of permanent establishments, each in connection with activities of the MaterialScience business.

Reassessments of taxes, changes to tax laws, rules and regulations, including changes in the interpretation or implementation of tax laws, rules and regulations by domestic or foreign governmental bodies, could affect the Group in substantial and unpredictable ways. Such reassessments and changes could subject the Group to additional compliance costs and tax liabilities, which could materially adversely affect the Group's business, financial condition, results of operations and prospects.

The Group operates in a significant number of jurisdictions, which contributes to the volatility of its effective tax rate. Changes in tax laws or the interpretation of tax laws in the jurisdictions in which it operates may affect its effective tax rate. National and international adverse tax developments could thus materially adversely affect the Group's business, financial condition, results of operations and prospects.

There can be no assurance that the Group will be able to keep, obtain, renew or maintain all necessary licenses, certificates, approvals and permits for its operations.

The Group, including its production facilities, infrastructure, products and waste disposal, is subject to various licenses, certificates, approvals and permits in different foreign jurisdictions. There can be no assurance that the Group will be able to keep, obtain, renew or maintain its licenses, certificates, approvals and permits upon their expiration. In addition, licenses, certificates, approvals and permits currently held by the Group may be challenged in court by third parties. The introduction of any new and/or more stringent laws, regulation, licenses, certificates, approvals and permits requirements relevant to the Group's business operations may incur significant additional investment and maintenance costs to fulfil new regulatory requirements or may preclude it from continuing with its existing operation at some or all of its production facilities or may limit or prohibit it from expanding its business. In addition, relevant regulatory authorities may not grant licenses, certificates, approvals and permits as quickly as anticipated, which may result in project delays or the Group's production facilities laying idle for significant periods of time. The Group's inability to keep, obtain, renew or maintain all necessary licenses, certificates, approvals and permits needed for its operations could materially adversely affect the Group's business, financial condition, results of operations and prospects.

Risks related to the Group's separation from the Bayer Group

The Group may be required to indemnify Bayer AG against possible tax claims

In connection with a Contribution, Indemnification and Post-Formation Agreement between Bayer AG and Covestro AG dated September 17, 2015 arrangements were made to settle possible claims for taxes. These arrangements may result in corresponding cash outflows at Covestro Group.

Furthermore, the Covestro Group may be required to indemnify Bayer AG against possible U.S. tax claims. Covestro LLC (formerly Bayer MaterialScience LLC) is an indirect wholly owned subsidiary of Covestro AG. Prior to Covestro AG's acquisition of its indirect ownership of the shares of Covestro LLC and in furtherance of the separation of the MaterialScience division from other Bayer business divisions, the MaterialScience division in the United States was reorganized such that ownership of Covestro LLC was transferred in a series of transactions that were intended to enable Bayer Corporation and Covestro LLC to operate as independent companies. In connection with the separation, Bayer Corporation distributed the stock of Covestro LLC to Bayer US Holding LP, Bayer US Holding LP distributed the stock of Covestro LLC to Bayer Worldwide Investments BV, and Bayer Worldwide Investments BV distributed the stock of Covestro LLC to Bayer AG in transactions that were intended to be tax-free for U.S. federal income tax purposes (the "**Distributions**"). Bayer Corporation received opinions of tax counsel as to the tax-free nature of the Distributions. Notwithstanding receipt by Bayer Corporation of the opinions of tax counsel, the U.S. Internal Revenue Service (the "**IRS**") could assert that the Distributions do not qualify for tax-free treatment for U.S. federal income tax purposes. If the IRS were successful in taking this position, Bayer Corporation and Bayer US Holding LP could be subject to significant U.S. federal income tax liability. In addition, the Distributions would be taxable to Bayer Corporation if the Distributions were later determined to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire directly or indirectly stock representing a 50% or greater interest in Covestro LLC. For this purpose, direct or indirect acquisitions of the stock of Covestro LLC within the period beginning two years before the Distributions and ending two years after the Distributions are generally presumed to be part of such a plan, although this presumption is rebuttable.

Pursuant to the tax sharing agreement between Bayer AG, Bayer US Holding LP, Bayer Corporation, Covestro LLC and Covestro Deutschland AG dated December 31, 2014 as amended by an amendment agreement dated September 16, 2015 (the "**Tax Sharing Agreement**") Covestro LLC has agreed to indemnify Bayer US Holding LP and its affiliates against tax-related liabilities, if any, caused by the failure of the Distributions to qualify as tax-free transactions if the failure to so qualify is attributable to actions by Covestro Deutschland AG, Covestro LLC or its

affiliates after the Distributions, including actions that are inconsistent with the representations and covenants provided in connection with the opinions of tax counsel issued in connection with the Distributions. In addition, pursuant to the tax covenants agreement dated September 17, 2015, between Bayer AG, Bayer US Holding LP, Bayer Corporation, and Covestro AG (the "**Tax Covenants Agreement**"), Covestro AG agreed (i) to compensate Bayer AG in the amount resulting from tax-related liabilities caused by the failure of the Distributions to qualify as tax-free transactions (if the breach of the restrictions imposed on Covestro AG causes such tax-related liabilities) or (ii) to indemnify Bayer AG and its affiliates, as well as their respective directors, officers and employees, and hold them harmless from and against any tax-related liabilities caused by the failure of the Distributions to qualify as tax-free transactions (unless Covestro AG can prove that (x) an action of Bayer AG or any of its affiliates did cause such tax-related liabilities or (y) such tax-related liabilities would have been triggered even if Covestro AG had not breached the restrictions imposed on it). If the failure of the Distributions to qualify for tax-free treatment is for any reason for which none of Bayer AG, Bayer US Holding LP (and its affiliates), Covestro AG, Covestro Deutschland AG or Covestro LLC (and its affiliates) is responsible, each of Bayer US Holding LP and Covestro LLC has agreed in the Tax Sharing Agreement to be responsible for 50% of the tax-related liabilities arising from the failure of the Distributions to qualify as tax-free transactions. Covestro LLC's indemnification obligations to Bayer US Holding LP and its affiliates are not limited in amount or subject to any cap and Covestro AG's indemnification obligations to Bayer AG and its affiliates is under some circumstances subject to a cap agreed with Bayer AG. The amount to be indemnified by Covestro LLC and/or Covestro AG could be significant notwithstanding the cap that is applicable in some circumstances.

Risk Factors relating to the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine whether or not the Notes represent a suitable investment in light of that investor's own circumstances. The Notes are only suitable for sophisticated investors that:

- (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 Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, 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 Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; 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.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Early Redemption by the Issuer

At the Issuer's option, the Notes may be redeemed prior to the Maturity Date at par plus accrued interest if, as a result of a future change of the laws applicable in Germany the Issuer will be obliged to pay Additional Amounts.

If provided for in any Final Terms for a particular Series of Notes, the Notes may be redeemed prior to the Maturity Date (i) at the option of the Issuer on any Call Redemption Date or (iii) at the option of the Issuer at the Make-Whole Redemption Amount, or (iii) at the option of the issuer upon occurrence of a transaction related event, or (iv) for a minimal outstanding principal amount. If the Notes of any Series are redeemed earlier than expected by a Noteholder, a Noteholder is exposed to the risk that due to the early redemption his investment will have a lower than expected yield and to the risks connected with any reinvestment of the cash proceeds received as a result of the early redemption. The redemption amount may be lower than the then prevailing market price of and the purchase price

for the Notes paid by the Noteholder for the Notes so that the Noteholder in such case would not receive the total amount of the capital.

Notes issued at a substantial discount or premium

The market values of Notes issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest-bearing securities.

No limitation on issuing debt

There is no restriction on the amount of liabilities which the Issuer may issue. The Issuer and its subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties. If the Issuer's financial condition were to deteriorate, the relevant Noteholders could suffer direct and materially adverse consequences, including (if so specified in the relevant Final Terms) suspension, deferral or cancellation of interest and, if the Issuer were liquidated (whether voluntarily or involuntarily), loss by the relevant Noteholders of their entire investment.

Amendments to the Terms and Conditions by resolution of the Noteholders

The Terms and Conditions may be amended by the Issuer with consent of the Noteholders by way of a majority resolution in a Noteholders Meeting or by a vote not requiring a physical meeting (*Abstimmung ohne Versammlung*) as described in Sections 5 et seq. of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*, "SchVG"), the Issuer may subsequently amend the Terms and Conditions with the consent of the majority of Noteholders as described in § 14 of the Terms and Conditions, which amendment will be binding on all Noteholders of the relevant Series of Notes, even on those who voted against the change.

Therefore, 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 of a particular Series of Notes, certain rights of such Noteholder against the Issuer under the Terms and Conditions may be amended or reduced or even cancelled, which may have significant negative effects on the value of the Notes and the return from the Notes.

The Noteholders may by majority resolution provide for the appointment or dismissal of a joint representative. If a joint representative is appointed a Noteholder may be deprived of its individual right to pursue and enforce a part or all of its rights under the Terms and Conditions against the Issuer, such right passing to the Noteholders' joint representative who is then exclusively responsible to claim and enforce the rights of all the Noteholders.

Market risks

Market volatility and other factors

The trading market for debt securities may be volatile and may be adversely impacted by many events.

The market for debt securities is influenced by economic and market conditions in Germany and, to varying degrees, by market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in Germany, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes or that economic and market conditions will not have any other adverse effect.

No active trading market

An active trading market for the Notes may not develop.

There can be no assurance that an active trading market for the Notes will develop or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected.

The Issuer or its affiliates are entitled to buy and sell the Notes for their own account or for the account of others, and to issue further Notes. Such transactions may favourably or adversely affect the price development of the Notes. If additional and competing products are introduced in the markets, this may adversely affect the value of the Notes.

Exchange rate risk, exchange controls and redenomination risk

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

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

In the case of any Notes for which the redenomination clause is applicable, the Specified Currency of the Series may be redenominated (in whole but not in part) to the New Currency if the relevant member state of the European Monetary Union identified by the Final Terms redenominates its public debt to a currency other than the Euro (the "**New Currency**"). An investor could become newly exposed to the exchange rate risks and risk of exchange controls described above by such redenomination.

Interest rate risks for Fixed Rate Notes

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes. Noteholders are exposed to the risk that the price of such Notes may fall because of changes in the market yield. While the nominal interest rate (i.e. the coupon) of the Notes is fixed, the market yield typically changes on a daily basis. As the market yield changes, the price of the Notes changes in the opposite direction. If the market yield increases, the price of the Notes falls. If the market yield falls, the price of the Notes increases. Noteholders should be aware that movements of the market yield can adversely affect the price of the Notes and can lead to losses for the Noteholders.

Noteholders should also be aware that the market yield has two components, namely the risk free rate and the credit spread. The credit spread is reflective of the yield that investors require in addition to the yield on a risk free investment of equal tenor as a compensation for the risks inherent in the Notes. The credit spread changes over time and can decrease as well as increase for a large number of different reasons. The market yield of the Notes can change due to changes of the credit spread, the risk free rate, or both.

In addition, Noteholders are exposed to reinvestment risk with respect to proceeds from coupon payments or early redemptions by the issuer. If the market yield (or market spread respectively) declines, and if Noteholders want to invest such proceeds in comparable transactions, Noteholders will only be able to reinvest such proceeds in comparable transactions at the then prevailing lower market yields (or market spreads respectively).

Interest rate risks for Floating Rate Notes

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having a longer term with fixed interests.

Since the Margin, if any, is fixed at issuance of the Notes, Noteholders are subject to the risk that the Margin does not reflect the spread that investors require in addition to the relevant reference interest rate as a compensation for the risks inherent in the Notes ("market spread"). The market spread typically changes on a daily basis. As the market spread changes, the price of the Note changes in the opposite direction. A decrease of the market spread has a positive impact on the price of the Note, an increase of the market spread has a negative impact on the price of the Note. However, the price of the Notes is subject to changes in the market spread, changes in the reference interest rate or both. Noteholders should be aware that movements of the market spread can adversely affect the price of the Notes and can lead to losses for the Noteholders.

In addition, Noteholders are exposed to reinvestment risk with respect to proceeds from interest payments or any early redemptions by the Issuer. If the market yield (or market spread respectively) declines, and if Noteholders want to invest such proceeds in comparable transactions, Noteholders will only be able to reinvest such proceeds in comparable transactions at the then prevailing lower market yields (or market spreads respectively).

Risks associated with the reform of interest rate benchmarks

The Euro Interbank Offered Rate ("**EURIBOR**") and other interest rates or other types of rates and indices which are deemed "benchmarks" (each a "**Benchmark**" and together, the "**Benchmarks**") have become the subject of regulatory scrutiny and recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such Benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a Benchmark.

International proposals for reform of Benchmarks include the European Council's regulation (EU) 2016/1011 of June 8, 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "**Benchmark Regulation**") which is fully applicable since January 1, 2018.

The Benchmark Regulation could have a material impact on Notes linked to a Benchmark, including in any of the following circumstances:

- a rate or index which is a Benchmark may only be used if its administrator obtains authorisation or is registered and in case of an administrator which is based in a non-EU jurisdiction, if the administrator's legal benchmark system is considered equivalent (Art. 30 Benchmark Regulation), the administrator is recognised (Art. 32 Benchmark Regulation) or the Benchmarks is endorsed (Art. 33 Benchmark Regulation) (subject to applicable transitional provisions). If this is not the case, Notes linked to such Benchmarks could be impacted; and
- the methodology or other terms of the Benchmark could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could have an impact on the Notes, including Calculation Agent determination of the rate.

Interest amounts payable under floating rate Notes issued under the Programme are calculated by reference to (i) EURIBOR which is provided by the European Money Markets Institute ("**EMMI**") or (ii) the London Interbank Offered Rate ("**LIBOR**") which is provided by ICE Benchmark Administration Limited ("**IBA**"). As at the date of this Base Prospectus, IBA does appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**Benchmark Regulation**"). As at the date of this Base Prospectus, EMMI does not appear on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation. As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply, such that EMMI is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

If a Benchmark were to be discontinued or otherwise unavailable, the rate of interest for floating rate Notes which are linked to such Benchmark will be determined for the relevant period by the fall-back provisions applicable to such Notes, which in the end could result in the same rate being applied until maturity of the floating rate Notes, effectively turning the floating rate of interest into a fixed rate of interest.

In addition to the aforementioned Benchmark Regulation, there are numerous other proposals, initiatives and investigations which may impact Benchmarks.

Following the implementation of any such potential reforms, the manner of administration of Benchmarks may change, with the result that they may perform differently than in the past, or Benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, on July 27, 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

Any changes to a Benchmark as a result of the Benchmark Regulation or other initiatives, could have a material adverse effect on the costs of refinancing a Benchmark or the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements. Although it is uncertain whether or to what extent any of the above-mentioned changes and/or any further changes in the administration or method of determining a Benchmark could have an effect on the value of any Notes linked to the relevant Benchmark, investors should be aware that any changes to a relevant Benchmark may have a material adverse effect on the value of any Notes linked to such Benchmark.

Credit ratings may not reflect all risks and may be subject to change at all times

One or more independent credit rating agencies may assign credit ratings to the Notes.

The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Rating agencies may also change their methodologies for rating securities in the future. If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes.

The market value of the Notes could decrease if the creditworthiness of the Covestro Group worsens

If the likelihood that the Issuer will be in a position to fully perform all obligations under the Notes when they fall due decreases, for example, because of the materialisation of any of the risks regarding the Covestro Group or Covestro AG, the market value of the Notes will suffer. In addition, even if the likelihood that the Issuer will be in 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 Covestro 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 this risk. Under these circumstances, the market value of the Notes will decrease.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Special investment risks

Transaction costs

An actual yield on the Notes may be reduced from the stated yield by transaction costs.

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of Notes (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

Noteholders must further take into account that upon sales or purchases of Notes prior to an interest payment date (depending on their type and features), respectively, no accrued interest might be paid or charged, as the case may be.

Margin lending

Margin lending, where it is permitted, can materially increase the risk to a Noteholder of non-performance of the Notes.

If a loan is used to finance the acquisition of the Notes and the Notes subsequently go into default, or if the trading price diminishes significantly, the Noteholder not only has to face a potential loss on its investment, but it will also have to repay the loan and pay interest thereon. This may significantly increase the risk of a loss. Investors should not assume that they will be able to repay the loan or pay interest thereon from the profits of a transaction. Instead,

investors should assess their financial situation prior to an investment, as to whether they are able to pay interest on the loan, or to repay the loan on demand, even if they may suffer losses instead of realising gains.

Tax impact of the investment

An effective yield on the Notes may be diminished by the tax impact on an investment in the Notes.

Payments of interest on the Notes, or profits realised by the Noteholder upon the sale or repayment of the Notes, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. The tax impact on Noteholders generally in Germany is described below, see "*TAXATION – Federal Republic of Germany*". However, the tax impact on an individual Noteholder may differ from the situation described for Noteholders generally.

All investors are advised to contact their own tax advisors for advice on the tax impact of an investment in the Notes. Examples of taxation risks that investors should consider together with their advisors include the risk of double taxation (in Germany and their home jurisdiction) and uncertainties as to financial transaction tax.

Financial Transactions Tax ("FTT")

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**"). In December 2015 Estonia withdrew from the group of states willing to introduce the FTT. The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt. Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State. However, the FTT proposal remains subject to negotiation between the (still) Participating Member States and its adoption and the scope of any such tax is uncertain. Additional EU member states may decide to participate.

Prospective investors should consult their own tax advisers in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Notes.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the EUR 5,000,000,000 Debt Issuance Programme (the "**Programme**"), Covestro AG (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "**Notes**") to one or more of the following Dealers: BofA Securities Europe SA, Deutsche Bank Aktiengesellschaft, Citigroup Global Markets Europe AG, Citigroup Global Markets Limited, J.P. Morgan Securities plc, Société Générale, Merrill Lynch International, UniCredit Bank AG and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue ("**Dealer of the Day**") or on an ongoing basis (together, the "**Dealers**").

Deutsche Bank Aktiengesellschaft acts also as arranger in respect of the Programme (the "**Arranger**").

The aggregate principal amount of Notes outstanding will not at any time exceed EUR 5,000,000,000 (or the equivalent in other currencies) (the "**Programme Amount**"). The Issuer may increase the Programme Amount in accordance with the terms of the Dealer Agreement (as defined below) from time to time.

Notes issued under the Programme may be issued either: (1) pursuant to this Base Prospectus and associated Final Terms; or (2) pursuant to a Specific Prospectus (as defined below); or (3) in relation to Notes not publicly offered in, and not admitted to trading on a regulated market of, any member state of the European Economic Area in such form as agreed between the Issuer, the relevant Dealer(s) and, if relevant for the Fiscal Agent (as defined below), the Fiscal Agent.

"**Specific Prospectus**" means any prospectus prepared by the Issuer in relation to Notes issued under the Programme and having terms not contemplated by the Base Prospectus as Option I or Option II, which may incorporate by reference certain parts of the Base Prospectus and which constitutes a prospectus for the purposes of Article 5.3 or 5.4, as the case may be, of the Prospectus Directive, including any documents which are from time to time incorporated by reference in the Specific Prospectus, as such Specific Prospectus is amended, supplemented or replaced from time to time.

Deutsche Bank Aktiengesellschaft will act as fiscal agent (the "**Fiscal Agent**") and paying agent (the "**Paying Agent**").

The Notes will be issued in series (each a "**Series**"). Each Series may be issued in tranches (each a "**Tranche**") being intended to be interchangeable with all other Notes of the same Series issued on the same or different issue dates. The specific terms of each Tranche issued under this Base Prospectus (which, save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche, will be identical to the terms of all other Tranches of the same Series) will be set out in the relevant final terms for such Tranche (the "**Final Terms**").

Notes may be distributed by way of public offer or private placements and, in each case, on a syndicated or non-syndicated basis. The method of distribution of each Tranche will be stated in the relevant Final Terms. The Notes may be offered to qualified and non-qualified investors.

The *Commission de Surveillance du Secteur Financier* (the "**CSSF**") of the Grand Duchy of Luxembourg in its capacity as competent authority (the "**Competent Authority**") under the Prospectus Directive has approved this Base Prospectus as a base prospectus within the meaning of Art. 5(4) of the Prospectus Directive pursuant to article 7 of the Luxembourg Prospectus Law. By approving this Base Prospectus, CSSF gives no undertaking as to the economic and financial soundness of the operation or the quality or solvency of the Issuer.

Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange (the "**Official List**") and to be admitted to trading on the Luxembourg Stock Exchange's regulated market "Bourse de Luxembourg", appearing on the list of regulated markets issued by the European Commission) and may be made on any other regulated market in a Member State (a "**Regulated Market**") of the European Economic Area ("**EEA**"). The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**"). However, Notes may be listed on any other stock exchange or may be unlisted as specified in the relevant Final Terms.

The Notes may be offered to the public in the Grand Duchy of Luxembourg (Luxembourg). The Issuer has requested the CSSF in its capacity as Competent Authority under Luxembourg Prospectus Law to provide the competent authorities in Germany, Austria and The Netherlands with a certificate of approval attesting that this Base Prospectus has been drawn up in accordance with the Luxembourg Prospectus Law. The Issuer may request the CSSF to provide competent authorities in additional host member states within the European Economic Area with such notification.

Under the Luxembourg Prospectuses Law, prospectuses relating to money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities are not subject to the approval provisions of Part II of such law.

The offer and distribution of any Notes of any Tranche in jurisdictions other than Luxembourg will be subject to selling restrictions, including those for the United States, the European Economic Area and the United Kingdom. See "*Subscription and Sale*" below.

The Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

If the Final Terms in respect of any Notes include a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2016/97/EU (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**").

Issuances of Notes under the Programme will be made pursuant to Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.

Each Tranche of Notes will be represented on issue by a temporary global note (each a "**Temporary Global Note**"). Interests in a Temporary Global Note will be exchangeable, in whole or in part, for interest in a permanent global note (each a "**Permanent Global Note**") on or after the date 40 days after the later of the commencement of the offering and the relevant issue date (the "**Exchange Date**"), upon certification as to non-U.S. beneficial ownership. The Notes are intended to be held in a manner, which would allow Eurosystem eligibility. Therefore, the Global Notes will be deposited on the issue date either (i) in classical global note form with Clearstream Banking AG, Frankfurt am Main or (ii) in new global note form with a common safekeeper for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system. It does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria applicable from time to time.

The Notes will be freely transferable in accordance with the rules and regulations of the relevant Clearing System.

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Final Terms save that the minimum denomination of the Notes will be, if in euro, EUR 1,000, and, if in any currency other than euro, an amount in such other currency at least equivalent to EUR 1,000 at the time of the issue of Notes. Subject to any applicable legal or regulatory restrictions, and requirements of relevant central banks, Notes may be issued in euro or any other currency.

Notes will be issued with such maturities as may be agreed between the Issuer and the relevant Dealer(s), subject to such minimum or maximum maturities as may be allowed or required from time to time by any laws, regulations and directives applicable to the Issuer or the relevant currency.

The principal amount of the Notes, the currency, the interest payable in respect of the Notes, if any, the issue price (which may be at par or at a discount to, or premium over, par) and maturities of the Notes which are applicable to a particular Series and, if applicable, Tranche will be set out in the relevant Final Terms.

Notes of any Tranche may be issued at a price (the "**Issue Price**") equal to their principal amount or at a discount or premium to their principal amount. The Issue Price for the Notes of any Tranche issued on a syndicated basis will be determined at the time of pricing on the basis of a yield which will be determined on the basis of the orders of the investors which are received by the Dealers during the offer period. Orders will specify a minimum yield and may only be confirmed at or above such yield. The resulting yield will be used to determine the Issue Price all to correspond to the yield.

The Notes issued under this Base Prospectus will be issued as fixed or floating rate Notes.

The yield for Notes with fixed interest rates will be calculated by the use of the International Capital Market Association ("**ICMA**") method, which determines the effective interest rate of notes taking into account accrued interest on a daily basis.

ISSUE PROCEDURES

General

The Issuer and the relevant Dealer(s) will agree on the terms and conditions applicable to each particular Series and Tranche of Notes (the "**Conditions**"). The Conditions will be constituted by the relevant set of Terms and Conditions set forth below in the Base Prospectus as further specified by the relevant Final Terms as described below.

Options for sets of Terms and Conditions

A separate set of Terms and Conditions applies to each type of Notes, as set forth below. The Final Terms provide for the Issuer to choose between the following Options:

- Option I – Terms and Conditions for Notes with fixed interest rates; and
- Option II – Terms and Conditions for Notes with floating interest rates.

Documentation of the Conditions

The Issuer may document the Conditions of an individual issue of Notes in either of the following ways:

- The Final Terms shall be completed as set out therein. The Final Terms shall determine which of the Option I or Option II, including certain further options contained therein, respectively, shall be applicable to the individual Series and Tranche of Notes by replicating the relevant provisions and completing the relevant placeholders of the relevant set of Terms and Conditions as set out in the Base Prospectus in the Final Terms. The replicated and completed provisions of the set of Terms and Conditions alone shall constitute the Conditions which will be attached to each global note representing the Notes of the relevant Tranche. This type of documentation of the Conditions will be required where the Notes are publicly offered, in whole or in part, or are to be initially distributed, in whole or in part, to non-qualified investors.
- Alternatively, the Final Terms shall determine which of Option I or Option II and of the respective further options contained therein are applicable to the individual issue by referring to the relevant provisions of the relevant set of Terms and Conditions as set out in the Base Prospectus only. The Final Terms will specify that the provisions of the Final Terms and the relevant set of Terms and Conditions as set out in the Base Prospectus, taken together, shall constitute the Conditions. Each global note representing a particular Tranche of Notes will have the Final Terms and the relevant set of Terms and Conditions as set out in the Base Prospectus attached.

Determination of Options / Completion of Placeholders

The Final Terms shall determine which of the Option I or Option II shall be applicable to the individual issue of Notes. Each of the sets of Terms and Conditions of Option I or Option II contains also certain further options (characterised by indicating the respective optional provision through instructions and explanatory notes set out in square brackets within the text of the relevant set of Terms and Conditions as set out in the Base Prospectus) as well as placeholders (characterised by square brackets which include the relevant items) which will be determined by the Final Terms as follows:

Determination of Options

The Issuer will determine which options will be applicable to the individual issue either by replicating the relevant provisions in the Final Terms or by reference of the Final Terms to the respective sections of the relevant set of Terms and Conditions as set out in the Base Prospectus. If the Final Terms do not refer to an alternative or optional provision or such alternative or optional provision is not replicated therein it shall be deemed to be deleted from the Terms and Conditions.

Completion of Placeholders

The Final Terms will specify the information with which the placeholders in the relevant set of Terms and Conditions will be completed. In the case the provisions of the Final Terms and the relevant set of Terms and Conditions, taken together, shall constitute the Conditions, the relevant set of Terms and Conditions shall be deemed to be completed by the information contained in the Final Terms as if such information were inserted in the placeholders of such provisions.

All instructions and explanatory notes and text set out on the side or in square brackets in the relevant set of Terms and Conditions and any footnotes and explanatory text in the Final Terms will be deemed to be deleted from the Terms and Conditions.

Language of the Conditions

As to the language of the respective Terms and Conditions the Issuer may elect to draft the Conditions either in the German language with an English translation, with the German being the controlling language, or in the English language only.

TERMS AND CONDITIONS OF THE NOTES

Anleihebedingungen der Schuldverschreibungen

Deutsche Fassung der Anleihebedingungen

Die Anleihebedingungen für die Schuldverschreibungen (die "**Anleihebedingungen**") sind nachfolgend in zwei Optionen aufgeführt:

Option I umfasst den Satz der Anleihebedingungen, der auf Tranchen von Schuldverschreibungen mit fester Verzinsung Anwendung findet.

Option II umfasst den Satz der Anleihebedingungen, der auf Tranchen von Schuldverschreibungen mit variabler Verzinsung Anwendung findet.

Der Satz von Anleihebedingungen für jede dieser Optionen enthält bestimmte weitere Optionen, die entsprechend gekennzeichnet sind, indem die jeweilige optionale Bestimmung durch Instruktionen und Erklärungen entweder links von dem Satz der Anleihebedingungen oder in eckigen Klammern innerhalb des Satzes der Anleihebedingungen bezeichnet wird.

In den Endgültigen Bedingungen wird die Emittentin festlegen, welche der Option I oder Option II (einschließlich der jeweils enthaltenen bestimmten weiteren Optionen) für die einzelne Emission von Schuldverschreibungen Anwendung findet, indem entweder die betreffenden Angaben wiederholt werden oder auf die betreffenden Optionen verwiesen wird.

Soweit die Emittentin zum Zeitpunkt der Billigung des Basisprospektes keine Kenntnis von bestimmten Angaben hat, die auf eine einzelne Emission von Schuldverschreibungen anwendbar sind, enthält dieser Basisprospekt Leerstellen in eckigen Klammern, die die maßgeblichen durch die Endgültigen Bedingungen zu vervollständigenden Angaben enthalten.

Die Bestimmungen dieser Anleihebedingungen gelten für diese Schuldverschreibungen so, wie sie durch die Angaben der beigefügten endgültigen Bedingungen (die "**Endgültigen Bedingungen**") vervollständigt werden. Die Leerstellen in den auf die Schuldverschreibungen anwendbaren Bestimmungen dieser Anleihebedingungen gelten als durch die in den Endgültigen Bedingungen enthaltenen Angaben ausgefüllt, als ob die Leerstellen in den betreffenden Bestimmungen durch diese Angaben ausgefüllt wären; alternative oder wählbare Bestimmungen dieser Anleihebedingungen, deren Entsprechungen in den Endgültigen Bedingungen nicht ausgefüllt oder die gestrichen sind, gelten als aus diesen Anleihebedingungen gestrichen; sämtliche auf die Schuldverschreibungen nicht anwendbaren Bestimmungen dieser Anleihebedingungen (einschließlich der Anweisungen, Anmerkungen und der Texte in eckigen Klammern) gelten als aus diesen Anleihebedingungen gestrichen, so dass die Bestimmungen der Endgültigen Bedingungen Geltung erhalten. Kopien der Endgültigen Bedingungen sind kostenlos bei der bezeichneten Geschäftsstelle der Emissionsstelle erhältlich; bei nicht auf Veranlassung der Emittentin an einer Börse notierten Schuldverschreibungen sind Kopien der betreffenden Endgültigen Bedingungen allerdings ausschließlich für die Anleihegläubiger solcher Schuldverschreibungen erhältlich.

Im Fall, dass die Endgültigen Bedingungen, die für eine einzelne Emission anwendbar sind, nur auf die weiteren Optionen verweisen, die im Satz der Anleihebedingungen der Option I oder Option II enthalten sind, ist folgendes anwendbar:

Terms and Conditions of the Notes

English language version

The Terms and Conditions of the Notes (the "**Terms and Conditions**") are set forth below for two options:

Option I comprises the set of Terms and Conditions that applies to Tranches of Notes with fixed interest rates.

Option II comprises the set of Terms and Conditions that applies to Tranches of Notes with floating interest rates.

The set of Terms and Conditions for each of these Options contains certain further options, which are characterised accordingly by indicating the respective optional provision through instructions and explanatory notes set out either on the right of, or in square brackets within, the set of Terms and Conditions.

In the Final Terms, the Issuer will determine whether Option I or Option II including certain further options contained therein, respectively, shall apply with respect to an individual issue of Notes, either by replicating the relevant provisions or by referring to the relevant options.

To the extent that upon the approval of the Base Prospectus the Issuer has no knowledge of certain items which are applicable to an individual issue of Notes, this Base Prospectus contains placeholders set out in square brackets which include the relevant items that will be completed by the Final Terms.

The provisions of these Terms and Conditions apply to the Notes as completed by the terms of the final terms which are attached hereto (the "**Final Terms**"). The blanks in the provisions of these Terms and Conditions which are applicable to the Notes shall be deemed to be completed by the information contained in the Final Terms as if such information were inserted in the blanks of such provisions; alternative or optional provisions of these Terms and Conditions as to which the corresponding provisions of the Final Terms are not completed or are deleted shall be deemed to be deleted from these Terms and Conditions; all provisions of these Terms and Conditions which are inapplicable to the Notes (including instructions, explanatory notes and text set out in square brackets) shall be deemed to be deleted from these Terms and Conditions, as required to give effect to the terms of the Final Terms. Copies of the Final Terms may be obtained free of charge at the specified office of the Fiscal Agent provided that, in the case of Notes which are not listed on any stock exchange at the initiative of the Issuer, copies of the relevant Final Terms will only be available to the Noteholders of such Notes.

In the case the Final Terms applicable to an individual issue only refer to the further options contained in the set of Terms and Conditions for Option I or Option II the following applies:

OPTION I
Anleihebedingungen für
festverzinsliche Schuldverschreibungen

- § 1 **Währung, Festgelegte Stückelung, Form**
- (a) *Währung; Festgelegte Stückelung.* Die Covestro AG, Leverkusen (die "**Emittentin**") begibt Schuldverschreibungen (die "**Schuldverschreibungen**") in [*Festgelegte Währung*] (die "**Festgelegte Währung**") im Gesamtnennbetrag von [*Festgelegte Währung*] [*Betrag*], eingeteilt in Schuldverschreibungen in der festgelegten Stückelung von je [*Festgelegte Währung*] [*Betrag*] (die "**Festgelegte Stückelung**").
- (b) *Form.* Die Schuldverschreibungen lauten auf den Inhaber.
- (c) *Vorläufige Globalurkunde – Austausch.* Die Schuldverschreibungen sind zunächst in einer vorläufigen Globalurkunde (die "**Vorläufige Globalurkunde**") ohne Zinsscheine verbrieft.
- Die Vorläufige Globalurkunde wird insgesamt oder teilweise und unentgeltlich am oder nach dem Tag, der 40 Tage nach dem Tag der Begebung der Schuldverschreibungen, frühestens jedoch 40 Tage nach dem Tag des Beginns des Angebots liegt, gegen Nachweis über das Nichtbestehen wirtschaftlichen U.S.-Eigentums im Sinne des U.S.-Rechts (*non-U.S. beneficial ownership*) in der in der Vorläufigen Globalurkunde vorgesehenen Form, für den Inhaber von Schuldverschreibungen gegen eine dauerhafte Globalurkunde (die "**Dauer-Globalurkunde**") (die Vorläufige Globalurkunde und die Dauer-Globalurkunde jeweils auch eine "**Globalurkunde**") ohne Zinsscheine ausgetauscht. Ein Recht der Anleihegläubiger (wie nachstehend definiert) auf Ausgabe und Lieferung von Einzelurkunden oder Zinsscheinen besteht nicht.
- (d) *Clearingsystem.* Die Vorläufige Globalurkunde und die Dauer-Globalurkunde werden solange von einem Clearingsystem oder im Auftrag eines Clearingsystems verwahrt, bis sämtliche Verpflichtungen der Emittentin aus den Schuldverschreibungen erfüllt sind.

"Clearingsystem" bezeichnet [bei mehr als einem Clearing System ist folgendes anwendbar: jeweils] folgendes: [Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Bundesrepublik Deutschland ("**Clearstream, Frankfurt**")] [,] [und] [Clearstream Banking S.A., 42 Avenue JF Kennedy, 1855 Luxemburg, Großherzogtum Luxemburg, ("**Clearstream, Luxemburg**")] [und] [Euroclear Bank SA/NV, Boulevard du Roi Albert II, 1210 Brüssel, Belgien, ("**Euroclear**")] [(Clearstream, Luxemburg und Euroclear jeweils ein "**ICSD**" und zusammen die "**ICSDs**")] sowie jeder Funktionsnachfolger.

Die Vorläufige Globalurkunde und die Dauer-Globalurkunde tragen jeweils die eigenhändigen Unterschriften von zwei Vertretungsberechtigten der Emittentin sowie

Im Fall von Schuldverschreibungen, die in Form einer Classi-

OPTION I
Terms and Conditions that apply to
Fixed Rate Notes

- § 1 **Currency, Specified Denomination, Form**
- (a) *Currency; Specified Denomination.* The Notes are issued by Covestro AG, Leverkusen (the "**Issuer**") in [*Specified Currency*] (the "**Specified Currency**"), in the aggregate principal amount of [*Specified Currency*] [*amount*], divided into notes in the specified denomination of [*Specified Currency*] [*amount*] (the "**Specified Denomination**") each (the "**Notes**").
- (b) *Form.* The Notes are issued in bearer form.
- (c) *Temporary Global Note – Exchange.* The Notes are initially represented by a temporary global Note (the "**Temporary Global Note**") without interest coupons.
- The Temporary Global Note will be exchangeable, in whole or in part and free of charge, on or after the day that is 40 days after the later of the commencement of the offering and the date of issue of the Notes for a permanent global Note (the "**Permanent Global Note**") (the Temporary Global Note and the Permanent Global Note, each a "**Global Note**") without interest coupons upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Note. The right of the Noteholders (as defined below) to require the issue and delivery of definitive notes or interest coupons is excluded.
- (d) *Clearing System.* Each of the Temporary Global Note and the Permanent Global Note will be held in custody by or on behalf of a Clearing System until all obligations of the Issuer under the Notes have been satisfied.

"Clearing System" means [if more than one Clearing System the following applies: each of] the following: [Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Federal Republic of Germany ("**Clearstream, Frankfurt**")] [,] [and] [Clearstream Banking S.A., 42 Avenue JF Kennedy, 1855 Luxembourg, Grand Duchy of Luxembourg, ("**Clearstream, Luxemburg**")] [and] [Euroclear Bank SA/NV, Boulevard du Roi Albert II, 1210 Brussels, Belgium, ("**Euroclear**")] [(Clearstream, Luxembourg and Euroclear each an "**ICSD**" and together the "**ICSDs**")] and any successor in such capacity.

The Temporary Global Note and the Permanent Global Note shall each bear the manual signatures of two duly authorised officers of the

In the case of Notes intended to be issued in the Classical Global Note

cal Global Note ausgegeben werden, gilt folgendes:

Im Fall von Schuldverschreibungen, die in Form einer New Global Note ausgegeben werden, gilt folgendes:

die eigenhändige Unterschrift eines Kontrollbeauftragten der Emissionsstelle.

Die Schuldverschreibungen werden in Form einer New Global Note ("NGN") ausgegeben und von einem gemeinsamen Wertpapierverwahrer (*common safekeeper*) im Namen beider ICSDs verwahrt.

Der Gesamtnennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen entspricht dem jeweils in den Registern beider ICSDs eingetragenen Gesamtbetrag. Die Register der ICSDs (unter denen man die Register versteht, die jeder ICSD für seine Kunden über den Betrag ihres Anteils an den Schuldverschreibungen führt) sind schlüssiger Nachweis über den Gesamtnennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen, und eine zu diesen Zwecken von einem ICSD jeweils ausgestellte Bestätigung mit dem Nennbetrag der so verbrieften Schuldverschreibungen ist ein schlüssiger Nachweis über den Inhalt des Registers des jeweiligen ICSD zu diesem Zeitpunkt.

Bei Rückzahlung oder einer Zinszahlung bezüglich der durch die Globalurkunde verbrieften Schuldverschreibungen bzw. bei Kauf und Entwertung der durch die Globalurkunde verbrieften Schuldverschreibungen stellt die Emittentin sicher, dass die Einzelheiten über Rückzahlung, Zahlung bzw. Kauf und Entwertung bezüglich der Globalurkunde *pro rata* in die Register der ICSDs eingetragen werden und dass nach dieser Eintragung vom Gesamtnennbetrag der in die Register der ICSDs aufgenommenen und durch die Globalurkunde verbrieften Schuldverschreibungen der Gesamtnennbetrag der zurückgezahlten bzw. gekauften und entwerteten Schuldverschreibungen abgezogen wird.

Bei Austausch eines Anteils von ausschließlich durch eine Vorläufige Globalurkunde verbrieften Schuldverschreibungen wird die Emittentin sicherstellen, dass die Einzelheiten dieses Austauschs *pro rata* in die Aufzeichnungen der ICSDs aufgenommen werden.

Die Vorläufige Globalurkunde und die Dauer-Globalurkunde tragen jeweils die eigenhändigen Unterschriften von zwei Vertretungsberechtigten der Emittentin sowie die eigenhändige Unterschrift eines Kontrollbeauftragten der Emissionsstelle und die eigenhändige Unterschrift eines bevollmächtigten Vertreters des gemeinsamen Wertpapierverwahrers.

(e) *Anleihegläubiger*. Den Inhabern von Schuldverschreibungen ("**Anleihegläubiger**") stehen Miteigentumsanteile oder vergleichbare andere Rechte an der Globalurkunde zu, die gemäß anwendbarem Recht und den

Issuer as well as the manual signature of an authentication officer of the Fiscal Agent.

The Notes are issued in new global note ("NGN") form and are kept in custody by a common safekeeper on behalf of both ICSDs.

The aggregate principal amount of Notes represented by the Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customers' interest in the Notes) shall be conclusive evidence of the aggregate principal amount of Notes represented by the Global Note and, for these purposes, a statement issued by an ICSD stating the principal amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

On any redemption or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note the Issuer shall procure that details of such redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered *pro rata* in the records of the ICSDs and, upon any such entry being made, the aggregate principal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled.

On an exchange of a portion only of the Notes represented by a Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered *pro rata* in the records of the ICSDs.

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 the Fiscal Agent and the manual signature of an authorised officer of the common safekeeper.

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

form, the following applies:

In the case of Notes intended to be issued in the New Global Note form, the following applies:

Bestimmungen und Regeln des Clearingsystems übertragen werden können.

§ 2 Status und Negativerklärung

(a) *Status.* 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 zumindest gleichrangig sind, soweit zwingende gesetzliche Bestimmungen nichts anderes vorschreiben.

(b) *Negativerklärung.* Die Emittentin verpflichtet sich, solange Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle Beträge an Kapital und Zinsen der Emissionsstelle zur Verfügung gestellt worden sind, für Kapitalmarktverbindlichkeiten (wie nachstehend definiert) oder Schuldscheindarlehen nach dem Tag der Begebung der Schuldverschreibungen kein dingliches Sicherungsrecht ("Sicherungsrecht") am eigenen Vermögen zu bestellen, ohne die Anleihegläubiger zur gleichen Zeit und im gleichen Rang an einem solchen Sicherungsrecht teilhaben zu lassen, mit der Maßgabe, dass diese Verpflichtung keine Anwendung findet, falls die Emittentin Sicherungsrechte folgender Art bestellt, übernimmt oder bestehen lässt:

- (i) Sicherungsrechte, die auf einem Vermögensgegenstand zum Zeitpunkt des Erwerbs durch die Emittentin lasten;
- (ii) Sicherungsrechte, die nach anwendbarem Recht zwingend vorgeschrieben sind oder Voraussetzung für die Gewährung staatlicher Genehmigungen sind; und

In Bezug auf von der Emittentin begebene asset-backed Emissionen, schließen die im ersten Satz dieses § 2(b) benutzten Worte "Vermögen", "Kapitalmarktverbindlichkeit" und "Schuldscheindarlehen" nicht Vermögensgegenstände, Kapitalmarktverbindlichkeiten und Schuldscheindarlehen der Emittentin ein,

- (i) solange das Vermögen, das derartige Emissionen deckt, zusammen €1.000.000.000 nicht übersteigt; oder
- (ii) die im Einklang mit den Gesetzen und den International Financial Reporting Standards, wie sie in der EU anzuwenden sind, ("IFRS") nicht in der Bilanz der Emittentin ausgewiesen werden müssen und darin auch nicht ausgewiesen werden.

"Kapitalmarktverbindlichkeiten" bedeutet jede Verpflichtung zur Rückzahlung aufgenommen Gelder in der Form von oder verbrieft durch Schuldverschreibungen oder ähnliche(n) Wertpapiere(n) mit einer ursprünglichen Laufzeit von mehr als einem Jahr, die an einer Wertpapierbörse oder in einem over-the-counter Wertpapiermarkt notiert, eingeführt oder gehandelt werden oder dort

§ 2 Status and Negative Pledge

(a) *Status.* The obligations under the Notes constitute unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and at least *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, save for any obligations required to be preferred by law.

(b) *Negative pledge.* The Issuer undertakes, as long as Notes are outstanding but only up to the time all amounts of principal and interest have been provided to the Fiscal Agent, not to provide after the issue date of the Notes any security interest *in rem* ("**Security Interest**") upon its assets for any Capital Market Indebtedness (as defined below) or Schuldscheinloans without at the same time letting the Noteholders share *pari passu* in such Security Interest; provided, however, that this undertaking shall not be applicable in the event the Issuer shall create, assume or suffer to exist Security Interests of the following character:

- (i) any Security Interest existing on property at the time of the acquisition thereof by the Issuer;
- (ii) any Security Interest which is mandatory according to applicable laws or required as prerequisite for governmental approvals; and

In respect of asset-backed securitizations originated by the Issuer, the expressions "assets", "Capital Market Indebtedness" and "*Schuldscheinloans*" as used in the first sentence of this § 2(b) do not include assets, Capital Market Indebtedness and Schuldscheinloans of the Issuer

- (i) if the assets backing such securitizations do not in aggregate exceed €1,000,000,000; or
- (ii) which, pursuant to the requirements of law and International Financial Reporting Standards as adopted by the European Union ("**IFRS**"), need not, and are not, reflected in the Issuer's balance sheet.

"**Capital Market Indebtedness**" shall mean any obligation for the repayment of borrowed money represented by bonds, notes, debentures or any similar securities which are or are capable of being quoted, listed or traded on any stock exchange or over-the-counter securities market or which are otherwise publicly traded or

notiert, eingeführt oder gehandelt werden können oder die anderweitig öffentlich gehandelt werden oder gehandelt werden sollen.

intended to be publicly traded, having an original maturity of more than one year.

§ 3 Zinsen

§ 3 Interest

- (a) *Zinssatz und Zinszahlungstage.* Die Schuldverschreibungen werden bezogen auf ihre Festgelegte Stückelung ab dem [Verzinsungsbeginn einfügen] (der "**Verzinsungsbeginn**") (einschließlich) bis zum Endfälligkeitstag (ausschließlich) verzinst.

- (a) *Rate of interest and Interest Payment Dates.* The Notes bear interest on their Specified Denomination from and including [insert Interest Commencement Date] (the "**Interest Commencement Date**") to but excluding the Maturity Date.

Die Schuldverschreibungen werden mit jährlich [Zinssatz einfügen] % verzinst. Die Zinsen sind nachträglich an jedem Zinszahlungstag zahlbar.

The Notes bear interest at the rate of [insert rate of interest] per cent. *per annum*, such interest being payable in arrear on each Interest Payment Date.

"**Zinszahlungstag**" bezeichnet den [Zinszahlungstag(e) einfügen] eines jeden Jahres, erstmals den [ersten Zinszahlungstag einfügen].

"**Interest Payment Date**" means [insert Interest Payment Date(s)] in each year, commencing on [insert first Interest Payment Date].

Im Falle einer kurzen oder langen ersten Zinsperiode gilt folgendes:

Die erste Zinszahlung beläuft sich auf [anfänglichen Bruchteilszinsbetrag je Festgelegter Stückelung einfügen] je Festgelegter Stückelung.

The first payment of interest will amount to [insert initial Broken Interest Amount per Specified Denomination] per Specified Denomination.

In case of a short or long first coupon the following applies:

Sofern der Endfälligkeitstag kein Zinszahlungstag ist, gilt folgendes:

Die Zinsen für den Zeitraum ab dem [den letzten dem Endfälligkeitstag vorausgehenden Zinszahlungstag einfügen] (einschließlich) bis zum Endfälligkeitstag (ausschließlich) belaufen sich auf [abschließenden Bruchteilszinsbetrag je Festgelegter Stückelung einfügen] je Festgelegter Stückelung und sind nachträglich am Endfälligkeitstag zahlbar.

Interest in respect of the period from and including [insert Interest Payment Date preceding the Maturity Date] to but excluding the Maturity Date will amount to [insert final Broken Interest Amount per Specified Denomination] per Specified Denomination, such interest being payable in arrear on the Maturity Date.

If the Maturity Date is not an Interest Payment Date, the following applies:

- (b) *Zinstagequotient.* Zinsen für einen beliebigen Zeitraum (ausgenommen ist ein etwaiger Zeitraum, für den ein Bruchteilszinsbetrag festgelegt ist) werden auf der Grundlage des Zinstagequotienten berechnet.

- (b) *Day Count Fraction.* If interest is required to be calculated for any period of time (other than any period of time for which a broken interest amount has been fixed), such interest shall be calculated on the basis of the Day Count Fraction.

"**Zinstagequotient**" bezeichnet bei der Berechnung des Zinsbetrages für einen beliebigen Zeitraum (ab dem ersten Tag dieses Zeitraums (einschließlich) bis zum letzten Tag dieses Zeitraums (ausschließlich)) (der "**Zinsberechnungszeitraum**"):

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last day of such period) (the "**Calculation Period**"):

Wenn die "Actual / Actual (ICMA)" Methode anwendbar ist, gilt folgendes:

- (i) wenn der Zinsberechnungszeitraum der Feststellungsperiode entspricht, in die er fällt, oder kürzer als diese ist, die Anzahl von Tagen in dem Zinsberechnungszeitraum dividiert durch das Produkt aus (A) der Anzahl von Tagen in der betreffenden Feststellungsperiode und (B) der Anzahl der Feststellungsperioden, die üblicherweise in einem Jahr enden; und
- (ii) wenn der Zinsberechnungszeitraum länger als eine Feststellungsperiode ist, die Summe aus
- (A) der Anzahl der Tage in dem betreffenden Zinsberechnungszeitraum, die in die Feststellungsperiode fallen, in der der

- (i) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Periods normally ending in any year; and
- (ii) if the Calculation Period is longer than one Determination Period, the sum of:
- (A) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product

If "Actual / Actual (ICMA)" applies, the following applies:

	<p>Zinsberechnungszeitraum beginnt, dividiert durch das Produkt aus (1) der Anzahl der Tage in der betreffenden Feststellungsperiode und (2) der Anzahl der Feststellungsperioden, die üblicherweise in einem Jahr enden; und</p> <p>(B) die Anzahl der Tage in dem betreffenden Zinsberechnungszeitraum, die in die nachfolgende Feststellungsperiode fallen, dividiert durch das Produkt aus (1) der Anzahl der Tage in der betreffenden Feststellungsperiode und (2) der Anzahl der Feststellungsperioden, die üblicherweise in einem Jahr enden.</p> <p>Dabei gilt folgendes:</p> <p>"Feststellungstermin" bezeichnet jeden [Feststellungstermin(e) einfügen];</p> <p>"Feststellungsperiode" bezeichnet jeden Zeitraum ab einem Feststellungstermin (einschließlich), der in ein beliebiges Jahr fällt, bis zum nächsten Feststellungstermin (ausschließlich).</p>	<p>of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and</p> <p>(B) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year</p> <p>Where:</p> <p>"Determination Date" means each [insert Determination Date(s)];</p> <p>"Determination Period" means each period from and including a Determination Date in any year to but excluding the next Determination Date.</p>	
<p>Wenn die "Actual / Actual (ISDA)" Methode anwendbar ist, gilt folgendes:</p>	<p>die tatsächliche Anzahl der Tage im Zinsberechnungszeitraum dividiert durch 365 (oder, falls ein Teil dieses Zinsberechnungszeitraumes in ein Schaltjahr fällt, die Summe aus (A) der tatsächlichen Anzahl der Tage in dem Teil des Zinsberechnungszeitraums, die in das Schaltjahr fallen, dividiert durch 366 und (B) die tatsächliche Anzahl der Tage in dem Teil des Zinsberechnungszeitraums, die nicht in ein Schaltjahr fallen, dividiert durch 365).</p>	<p>the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period not falling in a leap year divided by 365).</p>	<p>If "Actual / Actual (ISDA)" applies, the following applies:</p>
<p>Wenn die "Actual / 365 (Fixed)" Methode anwendbar ist, gilt folgendes:</p>	<p>die tatsächliche Anzahl der Tage im Zinsberechnungszeitraum dividiert durch 365.</p>	<p>the actual number of days in the Calculation Period divided by 365.</p>	<p>If "Actual / 365 (Fixed)" applies, the following applies:</p>
<p>Wenn die "Actual / 360" Methode anwendbar ist, gilt folgendes:</p>	<p>die tatsächliche Anzahl der Tage im Zinsberechnungszeitraum dividiert durch 360.</p>	<p>the actual number of days in the Calculation Period divided by 360.</p>	<p>If "Actual / 360" applies, the following applies:</p>
<p>Wenn die "30 / 360" oder "360 / 360" oder Bond Basis Methode an-</p>	<p>die Anzahl der Tage im Zinsberechnungszeitraum dividiert durch 360, (wobei die Anzahl der Tage auf Grundlage eines Jahres von 360 Tagen mit 12 Monaten je 30 Tagen zu berechnen ist, (es sei denn, (A) der letzte Tag des Zinsberechnungszeitraums fällt</p>	<p>the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (A) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day</p>	<p>If "30 / 360" or "360 / 360" or Bond Basis applies, the</p>

wendbar ist, gilt folgendes:

auf den 31. Tag eines Monats, während der erste Tag des Zinsberechnungszeitraums weder auf den 30. noch auf den 31. Tag eines Monats fällt; in diesem Fall ist der Monat des letzten Tages des Zinsberechnungszeitraums nicht als ein auf 30 Tage gekürzter Monat zu behandeln; oder (B) der letzte Tag des Zinsberechnungszeitraums fällt auf den letzten Tag des Monats Februar; in diesem Fall ist der Monat Februar nicht als ein auf 30 Tage verlängerter Monat zu behandeln).

other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (B) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

following applies:

Wenn die "30E / 360" oder "Eurobond Basis" Methode angewendet wird, gilt folgendes:

die Anzahl der Tage im Zinsberechnungszeitraum, dividiert durch 360 (dabei ist die Anzahl der Tage auf der Grundlage eines Jahres von 360 Tagen mit 12 Monaten zu 30 Tagen zu ermitteln, und zwar ohne Berücksichtigung des Datums des ersten oder letzten Tages des Zinsberechnungszeitraumes).

the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period).

If "30E / 360" or "Eurobond Basis" applies, the following applies:

- (c) *Ende des Zinslaufs.* Der Zinslauf der Schuldverschreibungen endet an dem Ende des Tages, der dem Tag vorausgeht, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht zurückzahlt, endet die Verzinsung des ausstehenden Nennbetrags der Schuldverschreibungen nicht am Tag vor dem Fälligkeitstag, sondern erst an dem Ende des Tages, der dem Tag der tatsächlichen Rückzahlung der Schuldverschreibungen vorausgeht. Der jeweils geltende Zinssatz wird gemäß diesem § 3 bestimmt. Weitergehende Ansprüche der Anleihegläubiger bleiben unberührt.

- (c) *Cessation of Interest Accrual.* The Notes shall cease to bear interest from the end of the day preceding their due date for redemption. If the Issuer fails 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 end of the day preceding the actual redemption of the Notes. The applicable rate of interest will be determined in accordance with this § 3. This does not affect any additional rights that might be available to the Noteholders.

§ 4 Rückzahlung

- (a) *Rückzahlung bei Endfälligkeit.* Soweit nicht zuvor bereits insgesamt oder teilweise zurückgezahlt oder angekauft und eingezogen, werden die Schuldverschreibungen zu ihrer festgelegten Stückelung an dem [Endfälligkeitstag einfügen] (der "Endfälligkeitstag") zurückgezahlt.
- (b) *Vorzeitige Rückzahlung wegen des Eintritts eines Gross-up-Ereignisses.*

Sofern ein Gross-up-Ereignis (wie nachstehend definiert) eintritt, ist die Emittentin berechtigt, die Schuldverschreibungen (insgesamt, jedoch nicht nur teilweise) durch Kündigungserklärung gemäß § 4(d) jederzeit mit Wirkung zu dem in der Kündigungserklärung gemäß § 4(d) festgelegten Kündigungstag zur vorzeitigen Rückzahlung zu kündigen. Wenn die Emittentin ihr Kündigungsrecht gemäß Satz 1 ausübt, ist die Emittentin verpflichtet, jede Schuldverschreibung an dem in der Bekanntmachung festgelegten Kündigungstag zu ihrer festgelegten Stückelung zuzüglich der bis zum festgelegten Kündigungstag (ausschließlich) aufgelaufenen Zinsen zurückzuzahlen.

Eine solche Kündigungserklärung darf nicht früher als 90 Tage vor dem Tag erfolgen, an dem die Emittentin erstmals verpflichtet wäre, Zusätzliche Beträge (wie in § 6 definiert) zu zahlen.

§ 4 Redemption

- (a) *Redemption at maturity.* To the extent not previously redeemed in whole or in part, or purchased and cancelled the Notes shall be redeemed at their Specified Denomination on [insert Maturity Date] (the "Maturity Date").
- (b) *Early redemption following a Gross up Event.*

If a Gross up Event (as defined below) occurs, the Issuer may, upon giving a notice of redemption in accordance with § 4(d), call the Notes for early redemption (in whole but not in part) at any time with effect on the redemption date specified in the notice in accordance with § 4(d). If the Issuer exercises its call right in accordance with sentence 1, the Issuer shall redeem each Note at its Specified Denomination together with interest accrued to but excluding the redemption date specified in the notice on the redemption date specified in the notice.

No such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be for the first time obliged to pay any Additional Amounts (as defined in § 6).

Ein "Gross-up-Ereignis" tritt ein, wenn der Emittentin ein Gutachten einer anerkannten Anwaltskanzlei vorliegt (und die Emittentin der Emissionsstelle eine Kopie davon gibt), aus dem hervorgeht, dass die Emittentin aufgrund einer an oder nach dem Tag der Begebung der ersten Tranche der Schuldverschreibungen in Kraft tretenden Änderung oder Klarstellung der Gesetze, Verordnungen oder sonstigen Vorschriften des Staats, in dem die Emittentin steuerlich ansässig ist, einer seiner Gebietskörperschaften oder einer seiner zur Erhebung von Steuern berechtigten Behörden oder sonstigen Stellen (einschließlich des Falles, dass die betreffende Änderung oder Klarstellung rückwirkend Anwendung findet), oder aufgrund einer Änderung der Auslegung oder Anwendung, oder aufgrund einer erstmaligen Auslegung oder Anwendung dieser Gesetze, Verordnungen oder sonstigen Vorschriften durch eine gesetzgebende Körperschaft, ein Gericht oder eine Behörde (einschließlich des Erlasses von Gesetzen sowie der Bekanntmachung von Entscheidungen eines Gerichts oder einer Behörde) verpflichtet ist oder verpflichtet sein wird, Zusätzliche Beträge gemäß § 6 auf die Schuldverschreibungen zu zahlen, und die Emittentin diese Verpflichtung nicht abwenden kann, indem sie Maßnahmen ergreift, die sie nach Treu und Glauben für zumutbar und angemessen hält.

A "Gross up Event" will occur if an opinion of a recognised law firm has been delivered to the Issuer (and the Issuer has provided the Fiscal Agent with a copy thereof) stating that, as a result of any change in, or amendment or clarification to, the laws, regulations or other rules of the Issuer's country of domicile for tax purposes, any of its political subdivisions or any authority or any other agency of or in such country having power to tax (including in case any such change, amendment or clarification has retroactive effect), or as a result of any change in, or amendment or clarification to, the interpretation or application, or as a result of any interpretation or application made for the first time, of any such laws, regulations or other rules by any legislative body, court or authority (including the enactment of any legislation and the publication of any decision of any court or authority), which change or amendment becomes effective on or after the date of issue of the first tranche of the Notes, the Issuer has or will become obliged to pay Additional Amounts pursuant to § 6 on the Notes, and that obligation cannot be avoided by the Issuer taking such measures it (acting in good faith) deems reasonable and appropriate.

(c) [Keine vorzeitige Rückzahlung nach Wahl der Emittentin] [Vorzeitige Rückzahlung nach Wahl der Emittentin].

(c) [No early redemption at the option of the Issuer] [Early redemption at the option of the Issuer].

Falls die Emittentin kein Recht hat, die Schuldverschreibungen nach § 4(c) vorzeitig zurückzahlen, gilt folgendes:

Die Emittentin ist nicht berechtigt, die Schuldverschreibungen vor dem Endfälligkeitstag zurückzuzahlen, außer nach Maßgabe von § 4(b).

The Issuer is not entitled to call the Notes prior to the Maturity Date, otherwise than provided in § 4(b).

If Notes are not subject to early redemption pursuant to § 4(c), the following applies:

Falls die Emittentin das Recht hat, die Schuldverschreibungen nach eigener Wahl zum Make-Whole Rückzahlungsbetrag vorzeitig zurückzahlen, gilt folgendes:

[(i)] Die Emittentin ist berechtigt, die Schuldverschreibungen (insgesamt und nicht nur teilweise) durch Kündigungserklärung gemäß § 4(d) jederzeit mit Wirkung zu dem in der Kündigungserklärung gemäß § 4(d) festgelegten Kündigungstag zur vorzeitigen Rückzahlung zu kündigen. Wenn die Emittentin ihr Kündigungsrecht gemäß Satz 1 ausübt, ist die Emittentin verpflichtet, jede Schuldverschreibung an dem in der Kündigungserklärung gemäß § 4(d) festgelegten Rückzahlungstag zu ihrem Make-Whole Rückzahlungsbetrag zuzüglich der bis zum Rückzahlungstag (ausschließlich) aufgelaufenen Zinsen zurückzuzahlen.

[(i)] The Issuer may, upon giving a notice of redemption in accordance with § 4(d), call the Notes for early redemption (in whole but not in part) at any time with effect on the redemption date specified in the notice in accordance with § 4(d). If the Issuer exercises its call right in accordance with sentence 1, the Issuer shall redeem each Note at its Make-Whole Redemption Amount together with interest accrued to but excluding the redemption date specified in the notice in accordance with § 4(d) on the redemption date specified in the notice in accordance with § 4(d).

If Notes are subject to early redemption at the option of the Issuer at the Make-Whole Redemption Amount, the following applies:

Der "Make-Whole Rückzahlungsbetrag" je Schuldverschreibung entspricht dem höheren von:

The "Make-Whole Redemption Amount" per Note shall be the higher of:

- (i) der Festgelegten Stückelung; oder
- (ii) dem Abgezinsten Marktwert.

Der Make-Whole Rückzahlungsbetrag wird von der Berechnungsstelle berechnet.

Der "**Abgezinsten Marktwert**" ist die Summe aus

- (a) dem auf den Rückzahlungstag abgezinsten Wert des Nennbetrags der zurückzuzahlenden Schuldverschreibung, der ansonsten am Fälligkeitstag fällig werden würde; und
- (b) den jeweils auf den Rückzahlungstag abgezinsten Werten der verbleibenden Zinszahlungen, die ansonsten an jedem Zinszahlungstag nach dem Rückzahlungstag bis zum Fälligkeitstag (einschließlich) fällig werden würden (ausschließlich etwaiger, bis zum Rückzahlungstag (ausschließlich) aufgelaufener Zinsen).

Die Berechnungsstelle errechnet den Abgezinsten Marktwert gemäß der Marktkonvention auf einer Grundlage, die der Berechnung von Zinsen gemäß § 3 entspricht, wobei sie die Benchmark-Rendite zuzüglich [**Prozentsatz einfügen**]% zugrunde legt.

Die "**Benchmark-Rendite**" bezeichnet die am Rückzahlungs-Berechnungstag bestehende Rendite der entsprechenden [**einfügen: [Euro-Referenz-Anleihe der Bundesrepublik Deutschland] [andere Referenzanleihe]**] unter Angabe folgender Einzelheiten: ISIN oder andere Wertpapierkennung, wie gegen 12:00 Uhr mittags [(Frankfurter Zeit)] [andere relevante Zeitzone] an diesem Tag auf der Bloomberg Seite [ISIN] Govt HP (unter Nutzung der Einstellung "Last Yield to Convention" und der Preisquelle ["FRNK"] [andere relevante Preisquelle]) abgelesen, oder wie von einer anderen, durch die Berechnungsstelle festgelegten, Quelle hergeleitet oder veröffentlicht] oder sollte die Rendite zu diesem Zeitpunkt nicht verfügbar sein, bezeichnet die Benchmark-Rendite eine ersetzende Referenzanleihe, die von der Berechnungsstelle festgesetzt wird, die jeweils mit einer Laufzeit, die mit der verbleibenden Restlaufzeit der Schuldverschreibung bis zum Fälligkeitstag vergleichbar ist, und die im Zeitpunkt der Auswahlentscheidung und entsprechend der üblichen

- (i) the Specified Denomination; or
- (ii) the Present Value.

The Make-Whole Redemption Amount shall be calculated by the Calculation Agent.

The "**Present Value**" will be the sum of

- (a) the Specified Denomination to be redeemed which would otherwise become due on the Maturity Date, discounted to the redemption date; and
- (b) the remaining interest payments which would otherwise become due on each Interest Payment Date falling after the redemption date to and including the Maturity Date (excluding any interest accrued to but excluding the redemption date), each discounted to the redemption date.

The Calculation Agent will calculate the Present Value in accordance with market convention on a basis which is consistent with the calculation of interest as set out in § 3, using the Benchmark Yield plus [**insert percentage**] %.

The "**Benchmark Yield**" means the yield at the Redemption Calculation Date of the corresponding [**insert [euro denominated benchmark debt security of the Federal Republic of Germany] [other relevant benchmark]**] specifying the following details: ISIN or other securities code, as observed at around noon [(Frankfurt time)] [other relevant time] on such date on Bloomberg page [ISIN] Govt HP (using the setting "Last Yield to Convention" and using the pricing source ["FRNK"] [other source as relevant]), or as derived or published by such other source as determined by the Calculation Agent), and if such yield is not available at that time the Benchmark Yield shall be the yield of a substitute benchmark security chosen by the Calculation Agent, in each case as having a maturity comparable to the remaining term of the Note to the Maturity Date, that would be used at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Maturity Date.

Finanzmarktpraxis zur Preisbestimmung bei Neuemissionen von Unternehmensanleihen mit einer bis zum Fälligkeitstag der Schuldverschreibung vergleichbaren Laufzeit verwendet werden würde.

"**Rückzahlungs-Berechnungstag**" ist der sechste Geschäftstag vor dem Tag, an dem die Schuldverschreibungen gemäß diesem § 4(c)(i) zurückgezahlt werden.

"**Redemption Calculation Date**" means the sixth Business Day prior to the date on which the Notes are redeemed in accordance with this § 4(c)(i).

Falls die Emittentin das Recht hat, die Schuldverschreibungen nach eigener Wahl an Call-Rückzahlungstag(e) vorzeitig zurückzahlen, gilt folgendes:

[(ii)] Die Emittentin ist berechtigt, die Schuldverschreibungen (insgesamt und nicht nur teilweise) durch Kündigungserklärung gemäß § 4(d) mit Wirkung zu dem/ den Call-Rückzahlungstag(en) zur vorzeitigen Rückzahlung zu kündigen. Wenn die Emittentin ihr Kündigungsrecht gemäß Satz 1 ausübt, ist die Emittentin verpflichtet, jede Schuldverschreibung an dem in der Kündigungserklärung gemäß § 4(d) festgelegten Call-Rückzahlungstag zu ihrem jeweiligen Call-Rückzahlungsbetrag zuzüglich der bis zu dem in der Kündigungserklärung gemäß § 4(d) festgelegten Call-Rückzahlungstag (ausschließlich) aufgelaufenen Zinsen zurückzahlen.

[(ii)] The Issuer may, upon giving a notice of redemption in accordance with § 4(d), call the Notes for early redemption (in whole but not in part) with effect on the Call Redemption Date(s). If the Issuer exercises its call right in accordance with sentence 1, the Issuer shall redeem each Note at its Call Redemption Amount together with interest accrued to but excluding the Call Redemption Date specified in the notice in accordance with § 4(d) on the Call Redemption Date specified in the notice in accordance with § 4(d).

If Notes are subject to early redemption at the option of the Issuer on Call Redemption Date(s), the following applies:

Call-Rückzahlungstag(e)

Call-Rückzahlungsbetrag

Call Redemption Date(s)

Call Redemption Amount(s)

[Call-Rückzahlungstag(e) einfügen]

[Call-Rückzahlungsbetrag/ beträge einfügen]

[insert Call Redemption Date(s)]

[insert Call Redemption Amount(s)]

Falls die Anleihegläubiger ebenfalls ein Recht haben, die Schuldverschreibungen vorzeitig zu kündigen, gilt folgendes:

Der Emittentin steht dieses Recht nicht in Bezug auf eine Schuldverschreibung zu, deren Rückzahlung bereits der Anleihegläubiger in Ausübung seines Rechts gemäß § 4(e) verlangt hat.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Noteholder thereof of its option to require the redemption of such Note in accordance with § 4(e).

If Notes are also subject to early redemption at the option of the Noteholders, the following applies:

Falls die Emittentin das Recht hat, die Schuldverschreibungen während einer Call-Rückzahlungsperiode nach eigener Wahl vorzeitig zurückzahlen, gilt folgendes:

[(iii)] Die Emittentin ist berechtigt, die Schuldverschreibungen (insgesamt und nicht nur teilweise) durch Kündigungserklärung gemäß § 4(d) mit Wirkung zu dem Call-Rückzahlungstag zur vorzeitigen Rückzahlung zu kündigen. Wenn die Emittentin ihr Kündigungsrecht gemäß Satz 1 ausübt, ist die Emittentin verpflichtet, jede Schuldverschreibung an dem Call-Rückzahlungstag zu ihrem jeweiligen Call-Rückzahlungsbetrag zuzüglich der bis zu dem Call-Rückzahlungstag (ausschließlich) aufgelaufenen Zinsen zurückzahlen.

[(iii)] The Issuer may, upon giving a notice of redemption in accordance with § 4(d), call the Notes for early redemption (in whole but not in part) with effect on the Call Redemption Date. If the Issuer exercises its call right in accordance with sentence 1, the Issuer shall redeem each Note at its Call Redemption Amount together with interest accrued to but excluding the Call Redemption Date on the Call Redemption Date.

If Notes are subject to early redemption at the option of the Issuer during Call Redemption Period, the following applies:

"Call-Rückzahlungstag" bezeichnet einen Geschäftstag innerhalb einer Call-Rückzahlungsperiode.

"Call Redemption Date" means each Business Day within the Call Redemption Period(s) as selected by the Issuer.

Call-Rückzahlungsperiode

[Call-Rückzahlungsperiode einfügen]

Call-Rückzahlungsbetrag

[Call-Rückzahlungsbetrag/beträge einfügen]

Call Redemption Period(s)

[insert Call Redemption Period(s)]

Call Redemption Amount(s)

[insert Call Redemption Amount(s)]

Falls die Anleihegläubiger ebenfalls ein Recht haben, die Schuldverschreibungen vorzeitig zu kündigen, gilt folgendes:

Der Emittentin steht dieses Recht nicht in Bezug auf eine Schuldverschreibung zu, deren Rückzahlung bereits der Anleihegläubiger in Ausübung seines Rechts gemäß § 4(e) verlangt hat.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Noteholder thereof of its option to require the redemption of such Note in accordance with § 4(e).

If Notes are also subject to early redemption at the option of the Noteholders, the following applies:

Falls die Emittentin das Wahlrecht hat, die Schuldverschreibungen vorzeitig bei Eintritt eines transaktionsbezogenen Ereignisses zum Ereignis-Wahlrückzahlungsbetrag zurückzahlen, gilt folgendes:

[(iv)] Die Emittentin ist berechtigt, die Schuldverschreibungen (insgesamt oder teilweise) durch eine Transaktions-Mitteilung gemäß den nachstehend aufgeführten Bedingungen und gemäß § 4(d) mit Wirkung zu dem Ereignis-Wahl-Rückzahlungstag zur vorzeitigen Rückzahlung zu kündigen. Wenn die Emittentin ihr Kündigungsrecht gemäß Satz 1 ausübt, ist die Emittentin verpflichtet, jede zurückzuzahlende Schuldverschreibung an dem Ereignis-Wahl-Rückzahlungstag zum Transaktions-Rückzahlungsbetrag zuzüglich der bis zum Ereignis-Wahl-Rückzahlungstag (ausschließlich) aufgelaufenen Zinsen zurückzuzahlen.

[(iv)] The Issuer may, upon giving a Transaction Trigger Notice in accordance with the requirements set out below and in accordance with § 4(d), call the Notes for early redemption (in whole or in part) with effect on the Trigger Call Redemption Date. If the Issuer exercises its call right in accordance with sentence 1, the Issuer shall redeem each Note to be redeemed at the Transaction Trigger Redemption Amount together with interest accrued to but excluding the Trigger Call Redemption Date on the Trigger Call Redemption Date.

If Notes are subject to early redemption at the option of the issuer upon occurrence of a transaction related event, the following applies:

"**Transaktion**" bezeichnet [Beschreibung der geplanten Transaktion für deren Finanzierung die Schuldverschreibungen begeben werden].

"**Transaction**" means [insert description of envisaged transaction for which the Notes are intended to be issued for refinancing purposes].

"**Transaktionskündigungsfrist**" bezeichnet den Zeitraum ab dem [Begebungstag einfügen] bis zum [Datum Ende des Zeitraums einfügen].

"**Transaction Notice Period**" means the period from [insert issue date] to [insert end of period date].

"**Transaktions-Mitteilung**" bezeichnet eine Mitteilung der Emittentin an die Anleihegläubiger gemäß § 4(d) und § 11 innerhalb der Transaktionskündigungsfrist, dass die Transaktion vor ihrem Abschluss beendet wurde oder dass die Transaktion aus irgendeinem Grund nicht durchgeführt wird oder dass die Emittentin öffentlich erklärt hat, dass sie nicht länger beabsichtigt, die Transaktion zu verfolgen. Die Transaktions-Mitteilung hat ferner den Ereignis-Wahl-Rückzahlungstag zu bezeichnen.

"**Transaction Trigger Notice**" means a notice to the Noteholders given in accordance with § 4(d) and § 11 within the Transaction Notice Period that the Transaction has been terminated prior to its completion or that the Transaction will not be settled for any reason whatsoever or that the Issuer has publicly stated that it no longer intends to pursue the Transaction. The Transaction Trigger Notice shall also specify the Trigger Redemption Date.

Die Emittentin kann auf ihr Recht zur vorzeitigen Kündigung der Schuldverschreibungen nach Eintritt eines der oben bezeichneten Ereignisse durch Bekanntmachung gemäß § 11 verzichten.

"Ereignis-Wahl-Rückzahlungsbetrag" je Schuldverschreibung ist gleich $[\bullet]$ % der festgelegten Stückelung.

"Ereignis-Wahl-Rückzahlungstag" bezeichnet den in der Transaktions-Mitteilung festgelegten Rückzahlungstag.

At any time the Issuer may waive its right to call the Notes for redemption following the occurrence of one of the events detailed above, by giving notice in accordance with § 11.

"Trigger Call Redemption Amount" per Note means $[\bullet]$ per cent. of the Specified Denomination.

"Trigger Call Redemption Date" means the redemption date specified in the Transaction Trigger Notice.

Falls die Anleihegläubiger ebenfalls ein Recht haben, die Schuldverschreibungen vorzeitig zu kündigen, gilt folgendes:

Der Emittentin steht dieses Recht nicht in Bezug auf eine Schuldverschreibung zu, deren Rückzahlung bereits der Anleihegläubiger in Ausübung seines Rechts gemäß § 4(e) verlangt hat.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Noteholder thereof of its option to require the redemption of such Note in accordance with § 4(e).

If Notes are also subject to early redemption at the option of the Noteholders, the following applies:

Falls die Emittentin das Recht hat, die Schuldverschreibungen wegen eines geringen ausstehenden Nennbetrags vorzeitig zurückzahlen, gilt folgendes:

[(v)] Sofern zu irgendeinem Zeitpunkt der Gesamtnennbetrag der ausstehenden Schuldverschreibungen auf 15 % oder weniger des Gesamtnennbetrages der Schuldverschreibungen der Serie, die ursprünglich ausgegeben wurden, fällt, ist die Emittentin berechtigt, die Schuldverschreibungen (insgesamt und nicht nur teilweise) durch Kündigungserklärung gemäß § 4(d) jederzeit mit Wirkung zu dem in der Kündigungserklärung gemäß § 4(d) festgelegten Kündigungstag zur vorzeitigen Rückzahlung zu kündigen. Wenn die Emittentin ihr Kündigungsrecht gemäß Satz 1 ausübt, ist die Emittentin verpflichtet, jede Schuldverschreibung an dem in der Kündigungserklärung gemäß § 4(d) festgelegten Rückzahlungstag zu ihrer festgelegten Stückelung zuzüglich der bis zum festgelegten Kündigungstag (ausschließlich) aufgelaufenen Zinsen zurückzuzahlen.

[(v)] If at any time the aggregate principal amount of the Notes outstanding is equal to or less than 15 per cent. of the aggregate principal amount of the Notes of the Series originally issued, the Issuer may, upon giving a notice of redemption in accordance with § 4(d), call the Notes for early redemption (in whole but not in part) at any time with effect on the redemption date specified in the notice in accordance with § 4(d). If the Issuer exercises its call right in accordance with sentence 1, the Issuer shall redeem each Note at its Specified Denomination together with interest accrued to but excluding the redemption date specified in the notice on the redemption date specified in the notice.

If Notes are subject to early redemption at the option of the Issuer for a minimal outstanding principal amount, the following applies:

(d) *Kündigungserklärung.* Die Emittentin hat die Kündigung der Schuldverschreibungen zur vorzeitigen Rückzahlung gemäß § 4(b) oder § 4(c) durch Veröffentlichung einer Bekanntmachung an die Anleihegläubiger gemäß § 11 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen zu erklären. Die Kündigung ist unwiderruflich, und in ihr wird bestimmt:

– genaue Bezeichnung der zur Rückzahlung anstehenden Serie, einschließlich der Wertpapierkennungen;

(d) *Notice.* The Issuer shall call the Notes for early redemption pursuant to § 4(b) or § 4(c) by publishing a notice to the Noteholders in accordance with § 11 subject to observing a notice period of not less than 30 nor more than 60 days which notice shall be irrevocable and shall specify:

– precise designation of the Series of Notes subject to redemption, including the securities codes;

<p>Falls die Emittentin das Wahlrecht hat, die Schuldverschreibungen vorzeitig bei Eintritt eines transaktionsbezogenen Ereignisses zum Ereignis-Wahlrückzahlungsbetrag zurückzahlen, gilt folgendes:</p>	<ul style="list-style-type: none"> - der betreffende Tag der vorzeitigen Rückzahlung; [und] - der betreffende Rückzahlungsbetrag, zu dem die Schuldverschreibungen vorzeitig zurückgezahlt werden, soweit dieser zum Zeitpunkt der Veröffentlichung der Kündigungserklärung schon feststeht[.]; und] - eine Erklärung, ob die Schuldverschreibungen ganz oder teilweise zurückgezahlt werden und im letzteren Fall den Gesamtnennbetrag der zurückzuzahlenden Schuldverschreibungen. <p>Wenn die Schuldverschreibungen nur teilweise zurückgezahlt werden, werden die betreffenden zurückzuzahlenden Schuldverschreibungen in Übereinstimmung mit den Regeln des betreffenden Clearingsystems ausgewählt.</p> <p>[Falls die Schuldverschreibungen in Form einer NGN begeben werden, ist folgendes anwendbar: Die teilweise Rückzahlung wird in den Registern von Clearstream, Luxemburg und Euroclear nach deren Ermessen entweder als Pool-Faktor oder als Reduzierung des Gesamtnennbetrags wiedergegeben.]</p>	<ul style="list-style-type: none"> - the applicable date of early redemption; [and] - the applicable redemption amount at which such Notes are to be redeemed early, if such applicable redemption amount has already been fixed on the date of the publication of the notice[.]; and] - whether the Notes will be redeemed in whole or in part and, if only in part, the aggregate principal amount of the Notes which are to be redeemed. <p>In the case of a partial redemption of Notes, the relevant Notes to be redeemed shall be selected in accordance with the rules of the relevant Clearing System.</p> <p>[In the case of Notes in NGN form the following applies: Such partial redemption shall be reflected in the records of Clearstream, Luxembourg and Euroclear as either a pool factor or a reduction in aggregate principal amount, at the discretion of Clearstream, Luxembourg and Euroclear.]</p>	<p>If Notes are subject to early redemption at the option of the issuer upon occurrence of a transaction related event, the following applies:</p>
<p>Falls die Emittentin das Recht hat, die Schuldverschreibungen nach eigener Wahl zum Make-Whole Rückzahlungsbetrag vorzeitig zurückzahlen, gilt folgendes:</p>	<p>Die Emittentin hat am Rückzahlungsberechnungstag unmittelbar nach Bestimmung des Make-Whole Rückzahlungsbetrags durch die Berechnungsstelle diesen den Anleihegläubiger durch Veröffentlichung einer Bekanntmachung gemäß § 11 bekannt zu machen.</p>	<p>The Issuer shall on the Redemption Calculation Date immediately after the Make-Whole Redemption Amount has been fixed by the Calculation Agent notify such Make-Whole Redemption Amount to the Noteholders in accordance with § 11.</p>	<p>If Notes are subject to early redemption at the option of the Issuer at the Make-Whole Redemption Amount, the following applies:</p>
	<p>Die Emittentin wird jeder Börse, an der die Schuldverschreibungen auf Veranlassung der Emittentin notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, umgehend Mitteilung über die Kündigung machen.</p>	<p>The Issuer will inform, if required by such stock exchange on which the Notes are listed at the initiative of the Issuer, such stock exchange as soon as possible of such redemption.</p>	
<p>Falls die Anleihegläubiger kein Recht haben, die vorzeitige Rückzahlung der Schuldverschreibungen zu verlangen, gilt folgendes:</p>	<p>(e) <i>[Keine vorzeitige] [Vorzeitige] Rückzahlung nach Wahl des Anleihegläubigers.</i></p> <p>Die Anleihegläubiger sind außer in Fällen des [falls die Schuldverschreibungen im Fall eines Kontrollwechsels vorzeitig kündbar sind, ist folgendes anwendbar: § 4(g) oder des] § 8 zu keinem Zeitpunkt berechtigt, von der Emittentin eine vorzeitige Rückzahlung der Schuldverschreibungen zu verlangen.</p>	<p>(e) <i>[No early] [Early] redemption at the option of a Noteholder.</i></p> <p>The Noteholders shall not be entitled to put the Notes for redemption otherwise than provided in [if the Notes are subject to Early Redemption as a result of a Change of Control the following applies: § 4(g) and] § 8 at any time.</p>	<p>If Notes are not subject to early redemption at the option of the Noteholders, the following applies:</p>
<p>Falls die Anleihegläubiger ein</p>	<p>(i) Die Emittentin hat eine Schuldverschreibung nach Wahl des Anleihegläubigers am/ an den Put</p>	<p>(i) The Issuer shall, at the option of the Noteholder, redeem such Note on the Put Redemption Date(s) at the relevant</p>	<p>If Notes are subject to early</p>

Recht haben, die vorzeitige Rückzahlung der Schuldverschreibungen zu verlangen, gilt folgendes:

Rückzahlungstag(en) zum jeweiligen Put-Rückzahlungsbetrag zuzüglich der bis zum Put-Rückzahlungstag (ausschließlich) aufgelaufenen Zinsen zurückzuzahlen.

Put Redemption Amount together with interest accrued to but excluding the Put Redemption Date.

redemption at the option of the Noteholders, the following applies:

Put-Rückzahlungstag(e)	Put-Rückzahlungsbetrag	Put Redemption Date(s)	Put Redemption Amount(s)
[Put-Rückzahlungstag(e) einfügen]	[Put-Rückzahlungsbetrag/ beträge einfügen]	[insert Put Redemption Date(s)]	[insert Put Redemption Amount(s)]

Dem Anleihegläubiger steht das Recht, die vorzeitige Rückzahlung zu verlangen, nicht in Bezug auf eine Schuldverschreibung zu, deren Rückzahlung die Emittentin zuvor gemäß § 4 verlangt hat.

The Noteholder may not exercise the option for early redemption in respect of any Note which is the subject of the prior exercise by the Issuer of its right to redeem such Note in accordance with § 4.

(ii) Um dieses Recht auszuüben, hat der Anleihegläubiger nicht weniger als 30 und nicht mehr als 60 Tage vor dem Put-Rückzahlungstag, an dem die betreffenden Schuldverschreibungen gemäß der Ausübungserklärung (wie nachstehend definiert) zurückgezahlt werden sollen, bei der bezeichneten Geschäftsstelle der Emissionsstelle während der normalen Geschäftszeiten eine ordnungsgemäß ausgefüllte Erklärung zur vorzeitigen Rückzahlung ("**Ausübungserklärung**"), wie sie von der bezeichneten Geschäftsstelle der Emissionsstelle erhältlich ist, zu hinterlegen. Die Ausübungserklärung hat anzugeben: (i) den Nennbetrag der Schuldverschreibungen, für die das Recht ausgeübt wird und (ii) die Wertpapierkennungen dieser Schuldverschreibungen (soweit vergeben). Die Rückzahlung der Schuldverschreibungen, für welche das Recht ausgeübt worden ist, erfolgt nur gegen Lieferung der Schuldverschreibungen an die Emittentin oder an deren Order. Die Ausübung des Rechts kann nicht widerrufen werden.

(ii) In order to exercise the option, the Noteholder must, not less than 30 nor more than 60 days before the Put Redemption Date on which such redemption is required to be made as specified in the Put Notice (as defined below), submit during normal business hours at the specified office of the Fiscal Agent a duly completed early redemption notice ("**Put Notice**") in the form available from the specified office of the Fiscal Agent. The Put Notice must specify (i) the principal amount of the Notes in respect of which such option is exercised, and (ii) the securities identification numbers of such Notes, if any. The Issuer shall only be required to redeem Notes in respect of which such option is exercised against delivery of such Notes to the Issuer or to its order. No option so exercised may be revoked or withdrawn.

(f) *Erwerb.*

Die Emittentin oder jede ihrer Tochtergesellschaften können jederzeit vorbehaltlich zwingender gesetzlicher Regelungen Schuldverschreibungen auf dem freien Markt oder anderweitig sowie zu jedem beliebigen Preis erwerben. Derartig erworbene Schuldverschreibungen können eingezogen, gehalten oder wieder veräußert werden.

(f) *Purchase.*

The Issuer or any of its subsidiaries may at any time and subject to mandatory provisions of law purchase Notes in the open market or otherwise and at any price. Such acquired Notes may be cancelled, held or resold.

Falls die Schuldverschreibungen im Fall eines Kontrollwechsels vorzeitig

(g) *Kontrollwechsel.*

Tritt (i) ein Kontrollwechsel ein und (ii) kommt es innerhalb des Kontrollwechselzeitraums zu einer Absenkung des Ratings und (iii) gibt die Rating Agentur, die für die Absenkung des Ratings verantwortlich ist, öffentlich bekannt

(g) *Change of Control.*

If there (i) occurs a Change of Control and (ii) within the Change of Control Period a Rating Downgrade occurs and (iii) the Rating Agency responsible for the Rating Downgrade announces publicly or confirms in writing to the

If the Notes are subject to Early Redemption as a result of a Change of Control the

kündbar sind, gilt folgendes:

oder bestätigt der Emittentin schriftlich, dass die Absenkung des Ratings, insgesamt oder teilweise, auf Grund des Kontrollwechsels erfolgte (zusammen, ein "**Rückzahlungsereignis**"), hat jeder Anleihegläubiger das Recht (sofern nicht die Emittentin, bevor die nachstehend beschriebene Rückzahlungsmitteilung gemacht wird, die Rückzahlung der Schuldverschreibungen nach § 4 (b) [oder (c)] angezeigt hat), die Rückzahlung seiner Schuldverschreibungen durch die Emittentin zum Nennbetrag zuzüglich der bis zum Rückzahlungstag (ausschließlich) aufgelaufenen Zinsen zu verlangen.

Für Zwecke dieses Wahlrechts:

Bedeutet "**Rating Agentur**" jede Ratingagentur von Moody's Investors Services ("**Moody's**") oder eine ihrer Nachfolgesellschaften oder jede andere Rating Agentur vergleichbaren internationalen Ansehens, wie von Zeit zu Zeit durch die Emittentin bestimmt;

Gilt eine "**Absenkung des Ratings**" in Bezug auf einen Kontrollwechsel als eingetreten, wenn (a) innerhalb des Kontrollwechselzeitraums ein vorher für die Emittentin oder die Schuldverschreibungen vergebenes Rating einer Rating Agentur (i) zurückgezogen oder (ii) von einem Investment Grade Rating (Baa3 von Moody's oder jeweils gleichwertig, oder besser) in ein non-Investment Grade Rating (Ba1 von Moody's oder jeweils gleichwertig, oder schlechter) geändert oder (iii) (falls das für die Schuldverschreibungen vergebene Rating einer Rating Agentur unterhalb des Investment Grade Ratings liegt) um einen ganzen Punkt (von Ba1 nach Ba2 von Moody's oder eine ähnliche Absenkung eines gleichwertigen Ratings) abgesenkt wird oder (b) zur Zeit des Kontrollwechsels kein Rating für die Schuldverschreibungen oder die Emittentin vergeben ist und keine Rating Agentur während des Kontrollwechselzeitraums ein Investment Grade Rating für die Schuldverschreibungen vergibt (es sei denn, die Emittentin ist trotz zumutbarer Anstrengungen innerhalb dieses Zeitraums nicht in der Lage, ein solches Rating zu erhalten, ohne dass dies seine Ursache im Kontrollwechsel hat);

Gilt ein "**Kontrollwechsel**" jedes Mal als eingetreten, wenn eine Person oder mehrere Personen (die "**relevante(n) Person(en)**"), die abgestimmt handeln, oder einer oder mehrere Dritte, die im 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) (i) mehr als 50 % des ausstehenden Grundkapitals der Emittentin oder (ii) eine solche Anzahl von Aktien der Emittentin hält bzw. halten oder erworben hat bzw. haben, auf die mehr als 50 % der Stimmrechte entfallen;

Ist der "**Kontrollwechselzeitraum**" der Zeitraum, der 120 Tage nach dem Eintritt eines Kontrollwechsels endet; und

Ist der "**Rückzahlungstag**" der siebte Tag nach dem letzten Tag des Rückzahlungszeitraums.

Issuer that such Rating Downgrade resulted, in whole or in part, from the occurrence of the Change of Control (together called a "**Put Event**"), each Noteholder will have the option (unless, prior to the giving of the Put Event Notice referred to below, the Issuer gives notice to redeem the Notes in accordance with § 4(b) [or (c)]) to require the Issuer to redeem that Note on the Optional Redemption Date at its principal amount together with interest accrued to but excluding the Optional Redemption Date.

For the purposes of such option:

"**Rating Agency**" means the rating agencies of Moody's Investors Services ("**Moody's**") or any of its successors or any other rating agency of equivalent international standing specified from time to time by the Issuer;

A "**Rating Downgrade**" shall be deemed to have occurred in respect of a Change of Control (a) if within the Change of Control Period any rating previously assigned to the Issuer or the Notes by any Rating Agency is (i) withdrawn or (ii) changed from an investment grade rating (Baa3 by Moody's, or its equivalent for the time being, or better) to a non-investment grade rating (Ba1 by Moody's, or its equivalent for the time being, or worse) or (iii) (if the rating assigned to the Notes by any Rating Agency shall be below an investment grade rating) lowered one full rating notch (from Ba1 to Ba2 by Moody's or such similar lower of equivalent rating) or (b) if at the time of the Change of Control, there is no 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 is unable to obtain such a rating within such period having used all reasonable endeavours to do so and such failure is unconnected with the occurrence of the Change of Control);

A "**Change of Control**" shall be deemed to have occurred at each time (whether or not approved by the Management Board or Supervisory Board of the Issuer) that any person or persons ("**Relevant Person(s)**") acting in concert 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 (i) more than 50 per cent. of the issued ordinary share capital of the Issuer or (ii) such number of the shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights;

"**Change of Control Period**" means the period ending 120 days after the occurrence of the Change of Control; and

The "**Optional Redemption Date**" is the seventh day after the last day of the Put Period.

following applies:

Sofort nachdem die Emittentin von einem Rückzahlungsereignis Kenntnis erlangt, wird die Emittentin den Anleihegläubigern gemäß § 11 Mitteilung vom Rückzahlungsereignis machen (eine "**Rückzahlungsmitteilung**"), in der die Umstände des Rückzahlungsereignisses sowie das Verfahren für die Ausübung des in diesem § 4 (g) genannten Wahlrechts angegeben sind.

Zur Ausübung dieses Wahlrechts muss der Anleihegläubiger während der normalen Geschäftsstunden innerhalb eines Zeitraums (der "**Rückzahlungszeitraum**") von 45 Tagen, nachdem die Rückzahlungsmitteilung veröffentlicht ist, eine ordnungsgemäß ausgefüllte und unterzeichnete Ausübungserklärung bei der angegebenen Niederlassung der Emissionsstelle einreichen (die "**Ausübungserklärung**"), die in ihrer jeweils maßgeblichen Form bei der angegebenen Niederlassung der Emissionsstelle erhältlich ist. Ein so ausgeübtes Wahlrecht kann nicht ohne vorherige Zustimmung der Emittentin widerrufen oder zurückgezogen werden.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a "**Put Event Notice**") to the Noteholders in accordance with § 11 specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the option set out in this §4(g).

In order to exercise such option, the Noteholder must submit during normal business hours at the specified office of the Fiscal Agent a duly completed option exercise notice ("**Exercise Notice**") in the form available from the specified office of the Fiscal Agent within the period (the "**Put Period**") of 45 days after a Put Event Notice is given. No option so exercised may be revoked or withdrawn without the prior consent of the Issuer.

§ 5 Zahlungen

- (a) *Zahlungen.* Die Zahlung von Kapital und Zinsen auf die Schuldverschreibungen erfolgt an das Clearingsystem oder an dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearingsystems. Die Zahlung von Zinsen auf Schuldverschreibungen, die durch eine Vorläufige Globalurkunde verbrieft sind, erfolgt nach ordnungsgemäßem Nachweis gemäß § 1(c).
- (b) *Zahlungsweise.* Sämtliche auf die Schuldverschreibungen zu leistende Zahlungen werden in der Festgelegten Währung geleistet. Den Anleihegläubigern werden keine Kosten oder Gebühren in Bezug auf diese Zahlungen auferlegt. Sämtliche Zahlungen stehen unter dem Vorbehalt geltender steuerlicher und sonstiger gesetzlicher Vorschriften, Richtlinien und Verordnungen oder Verträge denen sich die Emittentin, der Emissionsstelle oder eine Zahlstelle unterworfen haben. Vorbehaltlich § 6 ist die Emittentin nicht verpflichtet, zusätzliche Beträge als Ausgleich für irgendwelche Steuern oder Abgaben gleich welcher Art, die aufgrund solcher steuerlichen oder sonstigen gesetzlichen Vorschriften, Richtlinien oder Verordnungen oder Verträge auferlegt oder erhoben werden, an die Anleihegläubiger zu zahlen.
- (c) Die Emittentin wird durch Leistung der Zahlung an das Clearingsystem oder an dessen Order von ihrer Zahlungspflicht befreit.
- (d) *Geschäftstag.* Fällt der Fälligkeitstag einer Zahlung in Bezug auf eine Schuldverschreibung auf einen Tag, der kein Geschäftstag ist, dann hat der Anleihegläubiger keinen Anspruch auf Zahlung vor dem nächstfolgenden Geschäftstag am jeweiligen Geschäftsort. Der Anleihegläubiger ist nicht berechtigt, weitere

§ 5 Payments

- (a) *Payments.* Payment of principal and interest on the Notes shall be made to, or to the order of, the Clearing System for credit to the relevant account holders of the Clearing System. Payment of interest on Notes represented by a Temporary Global Note shall be made, upon due certification as provided in § 1(c).
- (b) *Manner of Payment.* Payments of any amounts due in respect of the Notes shall be made in the Specified Currency. No commission or expenses shall be charged to the Noteholders in respect of such payments. All payments will be subject to all applicable fiscal and other laws, directives and regulations or agreements to which the Issuer, the Fiscal Agent or any Paying Agent agree to be subject. Without prejudice to the provisions of § 6, the Issuer will not be obliged to pay to the Noteholders any additional amounts as compensation for any taxes or duties of whatever nature imposed or levied by such fiscal and other laws, regulations, directives or agreements.
- (c) The Issuer shall be discharged by payment to, or to the order of, the Clearing System.
- (d) *Business Day.* If the due 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 in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen.

Für diese Zwecke bezeichnet "**Geschäftstag**"

Falls die Festgelegte Währung nicht Euro ist, gilt folgendes:

einen Tag (außer einem Samstag oder Sonntag), an dem Geschäftsbanken und Devisenmärkte in [sämtliche relevanten Finanzzentren einfügen] Zahlungen abwickeln.

For these purposes, "**Business Day**" means a day which is

a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in [insert all relevant financial centres].

If the Specified Currency is not Euro, the following applies:

Falls die Festgelegte Währung Euro ist, gilt folgendes:

einen Tag (außer einem Samstag oder Sonntag), (i) an dem das Clearingsystem und (ii) das Trans-European Automated Real-time Gross settlement Express Transfer system 2 (TARGET) geöffnet sind, um Zahlungen abzuwickeln.

a day (other than a Saturday or a Sunday) on which both (i) the Clearing System, and (ii) the Trans-European Automated Real-time Gross settlement Express Transfer system 2 (TARGET) are open to effect payments.

If the Specified Currency is Euro, the following applies:

§ 6 Besteuerung

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge werden ohne Einbehalt oder Abzug von Steuern, Abgaben, Festsetzungen oder behördlicher Gebühren jedweder Art geleistet ("**Steuern**"), die von dem Staat, in dem die Emittentin steuerlich ansässig ist oder einer seiner Gebietskörperschaften oder zur Erhebung von Steuern berechtigten Behörden oder sonstigen Stellen auferlegt, erhoben, eingezogen, einbehalten oder festgesetzt werden, sofern nicht die Emittentin kraft Gesetzes oder einer sonstigen Rechtsvorschrift zu einem solchen Einbehalt oder Abzug verpflichtet ist. Sofern die Emittentin zu einem solchen Einbehalt oder Abzug verpflichtet ist, wird die Emittentin zusätzliche Beträge (die "**Zusätzlichen Beträge**") an die Anleihegläubiger zahlen, so dass die Anleihegläubiger die Beträge erhalten, die sie ohne den betreffenden Einbehalt oder Abzug erhalten hätten. Solche Zusätzlichen Beträge sind jedoch nicht zahlbar wegen solcher Steuern in Bezug auf Schuldverschreibungen,

- (a) von einer als Depotbank oder Inkassobeauftragter des Anleihegläubigers handelnden Person oder sonst auf andere Weise zu entrichten sind als dadurch, dass die Emittentin aus den von ihr zu leistenden Zahlungen von Kapital oder Zinsen einen Abzug oder Einbehalt vornimmt; oder
- (b) die wegen einer Verbindung des betreffenden Anleihegläubigers zu dem Staat, in dem die Emittentin steuerlich ansässig ist, die nicht nur aus der bloßen Inhaberschaft der Schuldverschreibungen besteht, einzubehalten oder abzuziehen sind; oder
- (c) die aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (ii) einer zwischenstaatlichen Vereinbarung, eines zwischenstaatlichen Abkommens oder einer zwischenstaatlichen Verständigung über deren Besteuerung, an der der Staat, in dem die Emittentin steuerlich ansässig ist oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung, Vereinbarung, Verständigung oder dieses Abkommen umsetzt oder befolgt, abzuziehen oder einzubehalten sind; oder
- (d) aufgrund einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der

§ 6 Taxation

All amounts to be paid in respect of the Notes will be paid free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by the Issuer's country of domicile for tax purposes or any political subdivision or any authority or any other agency of or in the Issuer's country of domicile for tax purposes that has power to tax, unless the Issuer is compelled by law to make such withholding or deduction. If the Issuer is required to make such withholding or deduction, the Issuer will pay such additional amounts (the "**Additional Amounts**") to the Noteholders as the Noteholders would have received if no such withholding or deduction had been required, except that no such Additional Amounts will be payable for any such Taxes in respect of any Note:

- (a) are payable by any person acting as custodian bank or collecting agent on behalf of a Noteholder, or otherwise in any manner which does not constitute a deduction or withholding by the Issuer from payments of principal or interest made by it; or
- (b) which are to be withheld or deducted by reason of the relevant Noteholder having some connection with the Issuer's country of domicile for tax purposes other than the mere holding of that Note; or
- (c) which are to be withheld or deducted pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty, agreement or understanding relating to such taxation and to which the Issuer's country of domicile for tax purposes 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, agreement or understanding; or
- (d) are payable by reason of a change in law that becomes effective more than 30 days after the

betreffenden Zahlung oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß § 11 wirksam wird.

Die Emittentin ist keinesfalls verpflichtet, Zusätzliche Beträge in Bezug auf einen Einbehalt oder Abzug von Beträgen zu zahlen, die gemäß Sections 1471 bis 1474 des U.S. Internal Revenue Code (in der jeweils geltenden Fassung oder gemäß Nachfolgebestimmungen), gemäß zwischenstaatlicher Abkommen, gemäß den in einer anderen Rechtsordnung in Zusammenhang mit diesen Bestimmungen erlassenen Durchführungsvorschriften oder gemäß mit dem Internal Revenue Service geschlossenen Verträgen von der Emittentin, der jeweiligen Zahlstelle oder einem anderen Beteiligten abgezogen oder einbehalten wurden ("FATCA-Steuerabzug") oder Anleger in Bezug auf einen FATCA-Steuerabzug schadlos zu halten.

§ 7 Vorlegung, Verjährung

- (a) *Vorlegungsfrist.* Die Vorlegungsfrist gemäß § 801 Absatz 1 Satz 1 BGB für fällige Schuldverschreibungen wird auf zehn Jahre verkürzt.
- (b) *Verjährungsfrist.* Die Verjährungsfrist für innerhalb der Vorlegungsfrist zur Zahlung vorgelegte Schuldverschreibungen beträgt zwei Jahre von dem Ende der betreffenden Vorlegungsfrist an.

§ 8 Kündigungsgründe für die Anleihegläubiger

- (a) Bei Eintritt und Fortdauer eines der nachstehenden Ereignisse kann ein Anleihegläubiger seine Schuldverschreibungen durch schriftliche Mitteilung an die Emittentin, die bei der Emittentin oder bei der Emissionsstelle abzugeben ist, kündigen, woraufhin seine Schuldverschreibungen sofort zu ihrer festgelegten Stückelung zuzüglich aufgelaufener Zinsen, ohne weitere Handlungen oder Formalitäten fällig werden:
 - (i) *Nichtzahlung.* Die Emittentin zahlt Zinsbeträge in Bezug auf die Schuldverschreibungen nicht innerhalb von 30 Geschäftstagen nach Fälligkeit; oder
 - (ii) *Nichterfüllung sonstiger wesentlicher Verpflichtungen.* Die Emittentin unterlässt die ordnungsgemäße Erfüllung irgendeiner sonstigen wesentlichen Verpflichtung aus den Schuldverschreibungen, und die Unterlassung dauert länger als 30 Tage fort, nachdem die Emissionsstelle hierüber eine Benachrichtigung von einem Anleihegläubiger erhalten hat; oder
 - (iii) *Cross Acceleration.* Eine (nicht im Rahmen der Schuldverschreibungen bestehende) Kapitalmarktverbindlichkeit der Emittentin wird infolge eines Kündigungsgrunds (unabhängig von der Bezeichnung) vor ihrer festgelegten Fälligkeit fällig und zahlbar (sei es durch Kündigung,

relevant payment becomes due, or is duly provided for and notice thereof is published in accordance with § 11, whichever occurs later.

In any event, the Issuer will have no obligation to pay Additional amounts deducted or withheld by the Issuer, the relevant Paying Agent or any other party ("FATCA Withholding") in relation to any withholding or deduction of any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service or indemnify any investor in relation to any FATCA Withholding.

§ 7 Presentation, Prescription

- (a) *Presentation.* The period for presentation of Notes due, as established in § 801(1) sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*), is reduced to ten years.
- (b) *Prescription.* The period for prescription for Notes presented for payment during the presentation period shall be two years beginning at the end of the relevant presentation period.

§ 8 Events of Default

- (a) If any of the events below occurs and is continuing than any Note may, by written notice addressed to the Issuer and delivered to the Issuer or, alternatively, the Fiscal Agent, be declared due and payable, whereupon such Note will become immediately due and payable at their Specified Denomination together with accrued interest without further action or formality:
 - (i) *Non-payment.* Failure by the Issuer to pay any amount of interest in respect of the Notes within 30 business days of the due date for payment of that amount; or
 - (ii) *Non-fulfilment of other material obligations.* The Issuer fails to duly perform any other material obligation arising under the Notes and any such failure continues for more than 30 days after the Fiscal Agent has received notice thereof from a Noteholder; or
 - (iii) *Cross Acceleration.* Any Capital Market Indebtedness of the Issuer (other than under the Notes) becomes due and payable prior to its specified maturity (whether by declaration, automatic acceleration or otherwise) as a result of an event of default (howsoever described), provided that the aggregate amount of Capital

	<p>Market Indebtedness amounts to at least EUR 100,000,000 (or its equivalent in other currencies); or</p>
<p>(iv) <i>Insolvenz etc.</i></p> <p>(A) die Emittentin gibt ihre Zahlungsunfähigkeit bekannt oder stellt ihre Zahlungen ein, oder</p> <p>(B) ein Gericht eröffnet ein Insolvenzverfahren gegen die Emittentin; oder</p> <p>(C) die Emittentin geht in die Liquidation oder wird abgewickelt oder aufgelöst (sofern dies nicht für die Zwecke oder als Folge eines Zusammenschlusses, einer Umstrukturierung oder Sanierung geschieht, bei dem bzw. der die Emittentin noch zahlungsfähig ist und bei dem bzw. der die fortführende Gesellschaft im Wesentlichen alle Vermögenswerte und Verpflichtungen der Emittentin übernimmt).</p>	<p>(iv) <i>Insolvency etc.</i></p> <p>(A) the Issuer announces its inability to meet its financial obligations (<i>Zahlungsunfähigkeit</i>) or suspends payments; or</p> <p>(B) a court opens insolvency proceedings against the Issuer; or</p> <p>(C) the Issuer enters into a winding up or dissolution and liquidation (other than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer).</p>
<p>(b) <i>Quorum</i>. In den Fällen von § 8(a)(i) bis (iv) wird eine Kündigung erst wirksam, wenn bei der Emissionsstelle Kündigungserklärungen von Anleihegläubigern von Schuldverschreibungen im Nennbetrag von mindestens 25 % der dann ausstehenden Schuldverschreibungen eingegangen sind. Die Wirkung einer solchen Kündigung entfällt, wenn die Anleihegläubiger dies binnen drei Monaten mit Mehrheit beschließen. Für den Beschluss über die Unwirksamkeit der Kündigung genügt die einfache Mehrheit der Stimmrechte, es müssen aber in jedem Fall mehr Anleihegläubiger zustimmen als gekündigt haben.</p>	<p>(b) <i>Quorum</i>. In the events specified in § 8(a)(i) to (iv), any notice declaring Notes due shall become effective only when the Fiscal Agent has received such notices from the Noteholders of at least 25 per cent. in principal amount of Notes then outstanding. Any such termination shall become ineffective if within three months the majority of the Noteholders so resolve. The resolution in relation to the ineffectiveness of a termination may be passed by simple majority of the voting rights, provided, however, that in each case there must be more Noteholders consenting to such resolution than Noteholders having terminated the Notes.</p>
<p>§ 9 Emissionsstelle, Zahlstelle(n) [und Berechnungsstelle]</p>	<p>§ 9 Fiscal Agent, Paying Agent(s) [and Calculation Agent]</p>
<p>(a) <i>Bestellung; bezeichnete Geschäftsstelle</i>. Die Emissionsstelle [,][und] die Zahlstelle [und die Berechnungsstelle] sind nachstehend mit den benannten anfänglichen Geschäftsstellen aufgeführt:</p> <p>"Emissionsstelle" und "Zahlstelle":</p> <p>Deutsche Bank Aktiengesellschaft Taunusanlage 12 60325 Frankfurt am Main Bundesrepublik Deutschland</p> <p>["Berechnungsstelle":</p> <p>[Conv-Ex Advisors Limited 30 Crown Place London EC2A 4EB Vereinigtes Königreich]]</p>	<p>(a) <i>Appointment, specified office</i>. The Fiscal Agent [,][and] the Paying Agent [and the Calculation Agent] and their respective initial specified offices are as follows:</p> <p>"Fiscal Agent" and "Paying Agent":</p> <p>Deutsche Bank Aktiengesellschaft Taunusanlage 12 60325 Frankfurt am Main Federal Republic of Germany</p> <p>["Calculation Agent":</p> <p>[Conv-Ex Advisors Limited 30 Crown Place London EC2A 4EB United Kingdom]]</p>

- (b) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit zusätzliche Zahlstellen (gemeinsam mit der vorgenannten Zahlstelle, die "**Zahlstellen**" und jede eine "**Zahlstelle**") zu benennen.

Die Emittentin behält sich ferner das Recht vor, die Ernennung der Emissionsstelle [,][und] der Zahlstellen [und der Berechnungsstelle] jederzeit anders zu regeln oder zu beenden.

Die Emittentin wird sicherstellen, dass jederzeit (i) eine Emissionsstelle [und eine Berechnungsstelle], (ii) eine Zahlstelle mit einer Geschäftsstelle in einer Stadt auf dem europäischen Festland und (iii) so lange die Schuldverschreibungen auf Veranlassung der Emittentin an einer Börse notiert werden, eine Zahlstelle mit einer benannten Geschäftsstelle an dem von der betreffenden Börse vorgeschriebenen Ort bestimmt ist. Die Emissionsstelle [,][und] etwaige Zahlstellen [und die Berechnungsstelle] behalten sich das Recht vor, jederzeit anstelle ihrer jeweils benannten Geschäftsstelle eine andere Geschäftsstelle in derselben Stadt zu bestimmen. Bekanntmachungen hinsichtlich aller Veränderungen im Hinblick auf die Emissionsstelle und etwaige Zahlstellen erfolgen unverzüglich durch die Emittentin gemäß § 11.

- (c) *Erfüllungsgehilfe(n) der Emittentin.* Die Emissionsstelle [,][und] die Zahlstelle(n) [und die Berechnungsstelle] handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber dem Anleihegläubiger; es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und dem Anleihegläubiger begründet.

Die Emissionsstelle [,][und] die Zahlstelle(n) [und die Berechnungsstelle] können den Rat eines oder mehrerer Rechtsanwälte oder anderer Sachverständiger einholen, deren Beratung oder Dienste sie für notwendig hält, und sich auf eine solche Beratung verlassen. Die Emissionsstelle [,][und] die Zahlstelle(n) [und die Berechnungsstelle] übernehmen keine Haftung gegenüber den Anleihegläubigern im Zusammenhang mit Handlungen, die in gutem Glauben im Einklang mit einer solchen Beratung getätigt, unterlassen oder geduldet wurden.

§ 10 Schuldnerersetzung

- (a) *Ersetzung.*

Die Emittentin ist jederzeit berechtigt, ohne Zustimmung der Anleihegläubiger, eine andere Gesellschaft, die direkt oder indirekt von der Emittentin kontrolliert wird ("Verbundene Unternehmen", wie in § 15 AktG definiert), als neue Emittentin für alle sich aus oder im Zusammenhang mit den Schuldverschreibungen ergebenden Verpflichtungen mit schuldbefreiender Wirkung für die Emittentin an die Stelle der Emittentin zu setzen (die "**Neue Emittentin**"), sofern

- (i) die Neue Emittentin sämtliche Verpflichtungen der Emittentin aus oder im Zusammenhang mit den

- (b) *Variation or termination of appointment.* The Issuer reserves the right at any time to appoint additional paying agents (together with the Paying Agent specified above, the "**Paying Agents**" and each a "**Paying Agent**").

The Issuer further reserves the right at any time to vary or terminate the appointment of the Fiscal Agent [,][and] any Paying Agent [and the Calculation Agent].

The Issuer will at all times maintain (i) a Fiscal Agent [and a Calculation Agent] (ii) a Paying Agent with a specified office in a continental European city and (iii) so long as the Notes are listed on a stock exchange at the initiative of the Issuer, a Paying Agent with a specified office in such city as may be required by the rules of the relevant stock exchange. The Fiscal Agent [,][and] any Paying Agent [and the Calculation Agent] reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of the Fiscal Agent or any Paying Agent will be given promptly by the Issuer to the Noteholders in accordance with § 11.

- (c) *Agent of the Issuer.* The Fiscal Agent [,][and] any Paying Agent(s) [and the Calculation Agent] act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for the Noteholder.

The Fiscal Agent [,][and] the Paying Agent(s) [and the Calculation Agent] may engage the advice or services of any lawyers or other experts whose advice or services it deems necessary and may rely upon any advice so obtained. Neither the Fiscal Agent nor the Paying Agent [nor the Calculation Agent] will incur any liability as against the Noteholders in respect of any action taken, or not taken, or suffered to be taken, or not taken, in accordance with such advice in good faith.

§ 10 Substitution

- (a) *Substitution.*

The Issuer may at any time, without the consent of the Noteholders, substitute for the Issuer any other company which is directly or indirectly controlled by the Issuer ("Affiliated Companies", as defined in Section 15 German Stock Corporation Act –*Aktiengesetz*), as new issuer (the "**New Issuer**") in respect of all obligations arising under or in connection with the Notes with the effect of releasing the Issuer of all such obligations, if:

- (i) the New Issuer assumes any and all obligations of the Issuer arising under or in connection with the Notes and, if

		<p>service of process <i>vis-à-vis</i> the New Issuer would have to be effected outside the Federal Republic of Germany, appoints a process agent within the Federal Republic of Germany;</p>
(ii)	(ii)	<p>the Issuer and the New Issuer have obtained all authorisations and approvals necessary for the substitution and the fulfilment of the obligations arising under or in connection with the Notes;</p>
(iii)	(iii)	<p>the New Issuer is in the position to pay to the Clearing System or to the Fiscal Agent in the Specified Currency and without deducting or withholding any taxes or other duties of whatever nature imposed, levied or deducted by the country (or countries) in which the New Issuer has its domicile or tax residence all amounts required for the performance of the payment obligations arising from or in connection with the Notes;</p>
(iv)	(iv)	<p>the Issuer unconditionally and irrevocably guarantees such obligations of the New Issuer under the Notes on terms which ensure that each Noteholder will be put in an economic position that is at least as favourable as that which would have existed if the substitution had not taken place;</p>
(v)	(v)	<p>the New Issuer has agreed to indemnify and hold harmless each Noteholder against any tax, duty, assessment or governmental charge imposed on such Noteholder in respect of such substitution; and</p>
(vi)	(vi)	<p>there shall have been delivered to the Fiscal Agent an opinion of lawyers of recognised standing to the effect that subparagraphs (i) to (v) above have been satisfied.</p>
(b) <i>Bezugnahmen.</i>	(b) <i>References.</i>	
(i)	(i)	<p>In the event of a substitution pursuant to § 10(a), any reference in these Terms and Conditions to the Issuer shall be a reference to the New Issuer.</p> <p>For the avoidance of doubt this shall apply only to the extent that the meaning and purpose of the relevant condition requires that the relevant reference shall continue to be a reference only to Covestro AG, or that the reference shall be to the New Issuer and Covestro AG, in relation to Covestro AG's obligations under the</p>
<p>Schuldverschreibungen übernimmt und, sofern eine Zustellung an die Neue Emittentin außerhalb der Bundesrepublik Deutschland erfolgen müsste, einen Zustellungsbevollmächtigten in der Bundesrepublik Deutschland bestellt;</p>		
<p>die Emittentin und die Neue Emittentin sämtliche für die Schuldnerersetzung und die Erfüllung der Verpflichtungen aus oder im Zusammenhang mit den Schuldverschreibungen erforderlichen Genehmigungen erhalten haben;</p>		
<p>die Neue Emittentin in der Lage ist, sämtliche zur Erfüllung der aufgrund der Schuldverschreibungen bestehenden Zahlungsverpflichtungen erforderlichen Beträge in der festgelegten Währung an das Clearingsystem oder die Emissionsstelle zu zahlen, und zwar ohne Abzug oder Einbehalt von Steuern oder sonstigen Abgaben jedweder Art, die von dem Land (oder den Ländern), in dem (in denen) die Neue Emittentin ihren Sitz oder Steuersitz hat, auferlegt, erhoben oder eingezogen werden;</p>		
<p>die Emittentin unbeding und unwiderruflich die Verpflichtungen der Neuen Emittentin aus den Schuldverschreibungen zu Bedingungen garantiert, die sicherstellen, dass jeder Anleihegläubiger wirtschaftlich mindestens so gestellt wird, wie er ohne die Ersetzung stehen würde;</p>		
<p>die Neue Emittentin sich verpflichtet hat, jeden Anleihegläubiger hinsichtlich solcher Steuern, Abgaben oder behördlichen Lasten freizustellen, die einem Anleihegläubiger bezüglich der Ersetzung auferlegt werden; und</p>		
<p>der Emissionsstelle ein oder mehrere Rechtsgutachten von anerkannten Rechtsanwälten vorgelegt werden, welche bestätigen, dass die Bestimmungen in den vorstehenden Unterabsätzen (i) bis (v) erfüllt wurden.</p>		
<p>Im Fall einer Schuldnerersetzung gemäß § 10(a) gilt jede Bezugnahme in diesen Anleihebedingungen auf die Emittentin als eine solche auf die Neue Emittentin.</p> <p>Klarstellend sei erwähnt, dass dies nur gilt, soweit sich nicht aus Sinn und Zweck der jeweiligen Bedingung ergibt, dass die Bezugnahme entweder weiterhin nur auf die Covestro AG erfolgen soll, oder dass die Bezugnahme auf die Neue Emittentin und gleichzeitig auch auf die Covestro AG, im Hinblick auf deren</p>		

Verpflichtungen aus der Garantie gemäß § 10(a)(iv) erfolgen soll.

- (ii) In § 8 gilt ein weiterer Kündigungsgrund als aufgenommen, der dann besteht, wenn die Garantie gemäß § 10(a)(iv) mit rechtskräftiger Entscheidung eines zuständigen Gerichts für nicht vollumfänglich wirksam erklärt wird, oder die Garantin einen Mangel der Wirksamkeit behauptet und dieser Mangel nicht innerhalb von zehn Geschäftstagen behoben wird.

guarantee pursuant to § 10(a)(iv) at the same time.

- (ii) In § 8 a further event of default shall be deemed to have been included; such event of default shall exist in the case that the guarantee pursuant to § 10(a)(iv) is determined by the final decision of a competent court or is claimed by the guarantor not to be in full force and effect and such defect is not corrected within ten business days.

§ 11 Bekanntmachungen

Im Fall von Schuldverschreibungen, die an der Luxemburger Börse notiert sind, ist folgendes anwendbar:

- (a) *Veröffentlichungen.* Alle Bekanntmachungen, die die Schuldverschreibungen betreffen, werden (solange die Schuldverschreibungen am geregelten Markt der Luxemburger Wertpapierbörse zum Handel zugelassen sind) auf der Internet-Seite der Luxemburger Börse (derzeit unter www.bourse.lu) veröffentlicht. Jede Mitteilung gilt am Tag der ersten Veröffentlichung als wirksam erfolgt.
- (b) *Mitteilungen an das Clearingsystem.* Solange die Schuldverschreibungen an der Luxemburger Börse notiert sind, findet § 11(a) Anwendung. Soweit die Regeln der Luxemburger Börse dies zulassen, kann die Emittentin eine Veröffentlichung nach § 11(a) durch eine Mitteilung an das Clearingsystem zur Weiterleitung an die Anleihegläubiger ersetzen; jede derartige Mitteilung gilt am fünften Tag nach dem Tag der Mitteilung an das Clearingsystem als den Anleihegläubigern mitgeteilt.

Im Fall von Schuldverschreibungen, die nicht auf Veranlassung der Emittentin an einer Börse notiert sind, ist folgendes anwendbar:

- (a) *Mitteilungen an das Clearingsystem.* Die Emittentin wird alle die Schuldverschreibungen betreffenden Mitteilungen an das Clearingsystem zur Weiterleitung an die Anleihegläubiger übermitteln. Jede derartige Mitteilung gilt am fünften Tag nach dem Tag der Mitteilung an das Clearingsystem als den Anleihegläubigern mitgeteilt.

[(b)][(c)] *Mitteilungen eines Anleihegläubigers.* Mitteilungen, die von einem Anleihegläubiger gemacht werden, müssen schriftlich erfolgen und zusammen mit dem Nachweis seiner Inhaberschaft gemäß § 13(c)(a) an die Emissionsstelle geleitet werden. Eine solche Mitteilung kann über das Clearingsystem in der von der Emissionsstelle und dem Clearingsystem dafür vorgesehenen Weise erfolgen.

§ 12 Begebung weiterer Schuldverschreibungen

Die Emittentin behält sich das Recht vor, ohne Zustimmung der Anleihegläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tages der Begebung, des Verzinsungsbeginns und/oder des Ausgabepreises) wie die vorliegenden Schuldverschreibungen zu

§ 11 Notices

- (a) *Publications.* All notices regarding the Notes will be published (so long as the Notes are admitted to trading on the regulated market of the Luxembourg Stock Exchange) on the website of the Luxembourg Stock Exchange (currently on www.bourse.lu). Any notice will become effective for all purposes on the date of the first such publication.
- (b) *Notification to Clearing System.* So long as any Notes are listed on the Luxembourg Stock Exchange, § 11(a) shall apply. If the Rules of the Luxembourg Stock Exchange so permit, the Issuer may deliver the relevant notice to the Clearing System for communication by the Clearing System to the Noteholders, in lieu of publication as set forth in § 11(a) above; any such notice shall be deemed to have been validly given on the fifth day after the day on which the said notice was given to the Clearing System.

- (a) *Notification to Clearing System.* The Issuer shall deliver all notices concerning the Notes to the Clearing System for communication by the Clearing System to the Noteholders. Any such notice shall be deemed to have been validly given on the fifth day after the day on which the said notice was given to the Clearing System.

[(b)][(c)] *Notices by a Noteholder.* Notices to be given by any Noteholder shall be made in written form together with an evidence of the Noteholder's entitlement in accordance with § 13(c)(a) to the Fiscal Agent. Such notice may be given through the Clearing System in such manner as the Fiscal Agent and the Clearing System may approve for such purpose.

§ 12 Further Issues

The Issuer reserves the right from time to time, without the consent of the Noteholders to issue additional notes with identical terms and conditions as the Notes in all respects (or in all respects except for the date of issue, the interest commencement date and/or the issue price) so as to be consolidated and form a single series with such

In the case of Notes which are listed on the Luxembourg Stock Exchange, the following applies:

In the case of Notes which are not listed at the initiative of the Issuer, the following applies:

begeben, so dass sie mit diesen eine einheitliche Serie bilden. Der Begriff "**Schuldverschreibungen**" umfasst im Fall einer solchen weiteren Begebung auch solche zusätzlich begebenen Schuldverschreibungen.

§ 13 Anwendbares Recht, Erfüllungsort und Gerichtsstand

- (a) *Geltendes Recht.* Form und Inhalt der Schuldverschreibungen sowie alle sich daraus ergebenden Rechte und Pflichten bestimmen sich ausschließlich nach dem Recht der Bundesrepublik Deutschland.
- (b) *Gerichtsstand.* Vorbehaltlich eines zwingenden Gerichtsstandes für besondere Rechtsstreitigkeiten im Zusammenhang mit dem Gesetz über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz – *SchVG*) in seiner jeweiligen gültigen Fassung (das "**SchVG**"), ist nicht-ausschließlicher Gerichtsstand für alle sich aus den in diesen Anleihebedingungen geregelten Rechtsverhältnissen ergebenden Rechtsstreitigkeiten mit der Emittentin Frankfurt am Main.

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.

- (c) *Gerichtliche Geltendmachung.* 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 Depotbank, die (i) den vollen Namen und die volle Anschrift des Anleihegläubigers bezeichnet, (ii) den Gesamtnennbetrag 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 Emissionsstelle 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 Emissionsstelle bestätigten Ablichtung der Globalurkunde.

§ 14 Änderung der Anleihebedingungen; Gemeinsamer Vertreter

- (a) *Änderung der Anleihebedingungen.* Die Emittentin kann die Anleihebedingungen mit Zustimmung aufgrund Mehrheitsbeschlusses der Anleihegläubiger nach Maßgabe der §§ 5 ff. SchVG ändern. Eine Änderung der

Notes. The term "**Notes**" shall, in the event of such further issue, also comprise such further notes.

§ 13 Applicable Law, Place of Performance and Jurisdiction

- (a) *Applicable law.* The form and content of the Notes as well as all the rights and duties arising therefrom are governed exclusively by the laws of the Federal Republic of Germany.
- (b) *Jurisdiction.* Subject to any exclusive court of venue for specific legal proceedings in connection with the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*) (*Schuldverschreibungsgesetz – SchVG*), as amended from time to time (the "**SchVG**"), non-exclusive court of venue for all litigation with the Issuer arising from the legal relations established in these Terms and Conditions is Frankfurt am Main.

The local court (*Amtsgericht*) in the district where the Issuer has its registered office will 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 will have exclusive jurisdiction for all judgments over contested resolutions by Noteholders in accordance with § 20(3) SchVG.

- (c) *Enforcement.* 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 depositary bank (i) stating the full name and address of the Noteholder, (ii) specifying an aggregate principal amount 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 Fiscal 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 Bond certified by a duly authorised officer of the Clearing System or the Fiscal Agent as being a true copy.

§ 14 Amendments to the Terms and Conditions; Joint Representative

- (a) *Amendment of the Terms and Conditions.* The Issuer may amend the Terms and Conditions with the consent of a majority resolution of the Noteholders pursuant to §§ 5 et seq. of the SchVG. There will be no amendment of the

Anleihebedingungen ohne Zustimmung der Emittentin scheidet aus.

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 § 10 abschließend geregelt ist, mit den in dem nachstehenden § 14(b) genannten Mehrheiten zustimmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Anleihegläubiger verbindlich.

- (b) *Mehrheitserfordernisse.* 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 9 SchVG, geändert wird, bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75 % der an der Abstimmung teilnehmenden Stimmrechte (eine "**Qualifizierte Mehrheit**"). Das Stimmrecht ruht, solange die Schuldverschreibungen der Emittentin oder einem mit ihr verbundenen Unternehmen (§ 271 Absatz 2 HGB) zustehen oder für Rechnung der Emittentin oder eines mit ihr verbundenen Unternehmens gehalten werden.
- (c) *Beschlüsse.* Beschlüsse der Anleihegläubiger werden entweder in einer Gläubigerversammlung nach § 14(c)(i) oder im Wege der Abstimmung ohne Versammlung nach § 14(c)(ii) getroffen, die von der Emittentin oder einem gemeinsamen Vertreter einberufen wird.
- (i) Beschlüsse der Anleihegläubiger im Rahmen einer Gläubigerversammlung werden nach §§ 9 ff. SchVG getroffen. Die Einberufung der Gläubigerversammlung regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Einberufung der Gläubigerversammlung werden in der Tagesordnung die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Anleihegläubigern bekannt gegeben.
- (ii) 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.
- (d) *Zweite Gläubigerversammlung.* Wird die Beschlussfähigkeit bei der Abstimmung ohne Versammlung nach § 14(c)(ii) nicht festgestellt,

Terms and Conditions without the Issuer's consent.

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 § 10, by resolutions passed by such majority of the votes of the Noteholders as stated under § 14(b) below. A duly passed majority resolution will be binding upon all Noteholders.

- (b) *Majority requirements.* 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 9 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**"). The voting right is suspended as long as any Notes are attributable to the Issuer or any of its affiliates (within the meaning of § 271(2) of the German Commercial Code (*Handelsgesetzbuch*)) or are being held for the account of the Issuer or any of its affiliates.
- (c) *Resolutions.* Resolutions of the Noteholders will be made either in a Noteholders' meeting in accordance with § 14(c)(i) or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with § 14(c)(ii), in either case convened by the Issuer or a joint representative, if any.
- (i) Resolutions of the Noteholders in a Noteholders' meeting will be made in accordance with § 9 et seq. of the SchVG. The convening notice of a Noteholders' meeting 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 will be notified to Noteholders in the agenda of the meeting.
- (ii) Resolutions of the Noteholders by means of a voting not requiring a physical meeting (*Abstimmung ohne Versammlung*) will 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 will be notified to Noteholders together with the request for voting.
- (d) *Second noteholders' meeting.* If it is ascertained that no quorum exists for the vote without meeting pursuant to § 14(c)(ii), the chairman

kann der Abstimmungsleiter eine Gläubigerversammlung einberufen, welche als zweite Gläubigerversammlung im Sinne des § 15(3) Satz 3 SchVG gilt.

- (e) *Anmeldung.* Die Stimmrechtsausübung ist von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Die Anmeldung muss bis zum dritten Tag vor der Gläubigerversammlung im Falle einer Gläubigerversammlung (wie in § 14(c)(i) oder § 14(d) beschrieben) bzw. vor dem Beginn des Abstimmungszeitraums im Falle einer Abstimmung ohne Versammlung (wie in § 14(c)(ii) beschrieben) unter der in der Aufforderung zur Stimmabgabe angegebenen Anschrift zugehen. Zusammen mit der Anmeldung müssen Anleihegläubiger den Nachweis ihrer Berechtigung zur Teilnahme an der Abstimmung durch eine besondere Bescheinigung ihrer jeweiligen Depotbank in Textform und die Vorlage eines Sperrvermerks der Depotbank erbringen, aus dem hervorgeht, dass die relevanten Schuldverschreibungen für den Zeitraum vom Tag der Absendung der Anmeldung (einschließlich) bis zu dem angegebenen Ende der Versammlung (einschließlich) bzw. dem Ende des Abstimmungszeitraums (einschließlich) nicht übertragen werden können.

- (f) *Gemeinsamer Vertreter.* 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(a) zuzustimmen.

Der gemeinsame Vertreter hat die Aufgaben und Befugnisse, welche ihm durch Gesetz oder von den Anleihegläubigern durch Mehrheitsbeschluss eingeräumt wurden. Er hat die Weisungen der Anleihegläubiger zu befolgen. Soweit er zur Geltendmachung von Rechten der Anleihegläubiger ermächtigt ist, sind die einzelnen Anleihegläubiger zur selbständigen Geltendmachung dieser Rechte nicht befugt, es sei denn der Mehrheitsbeschluss sieht dies ausdrücklich vor. Über seine Tätigkeit hat der gemeinsame Vertreter den Anleihegläubigern zu berichten. Für die Abberufung und die sonstigen Rechte und Pflichten des gemeinsamen Vertreters gelten die Vorschriften des SchVG.

Die Haftung des gemeinsamen Vertreters ist auf das Zehnfache seiner jährlichen Vergütung beschränkt, es sei denn, dem gemeinsamen Vertreter fällt Vorsatz oder grobe Fahrlässigkeit zur Last.

- (g) *Bekanntmachungen.* Bekanntmachungen betreffend diesen § 14 erfolgen gemäß den §§ 5ff. SchVG sowie nach § 11.

(Abstimmungsleiter) may convene a meeting, which shall be deemed to be a second meeting within the meaning of § 15(3) sentence 3 of the SchVG.

- (e) *Registration.* The exercise of voting rights is subject to the registration of the Noteholders. The registration must be received at the address stated in the request for voting no later than the third day prior to the meeting in the case of a Noteholders' meeting (as described in § 14(c)(i) or § 14(d)) or the beginning of the voting period in the case of voting not requiring a physical meeting (as described in § 14(c)(ii)), as the case may be. As part of the registration, Noteholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of their respective depositary bank hereof in text form and by submission of a blocking instruction by the depositary bank stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting or day the voting period ends, as the case may be.

- (f) *Joint representative.* 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 to a material change in the substance of the Terms and Conditions in accordance with § 14(a) hereof.

The joint representative shall have the duties and powers provided by law or granted by majority resolutions of the Noteholders. The joint representative shall comply with the instructions of the Noteholders. To the extent that the joint representative has been authorised to assert certain rights of the Noteholders, the Noteholders shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant majority resolution. The joint representative shall provide reports to the Noteholders on its activities. The regulations of the SchVG apply with regard to the recall and the other rights and obligations of the joint representative.

Unless the joint representative is liable for wilful misconduct (*Vorsatz*) or gross negligence (*grobe Fahrlässigkeit*), the joint representative's liability shall be limited to ten times the amount of its annual remuneration.

- (g) *Notices.* Any notices concerning this § 14 will be made in accordance with § 5 et seq. of the SchVG and § 11.

§ 15 Sprache

Falls die Anleihebedingungen in deutscher Sprache mit einer Übersetzung in die englische Sprache abgefasst sind, ist folgendes anwendbar:

Diese Anleihebedingungen sind in deutscher Sprache abgefasst. Eine Übersetzung in die englische Sprache ist beigelegt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.

§ 15 Language

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

If the Terms and Conditions shall be in the German language with an English language translation, the following applies:

These Terms and Conditions are written in the English language only.

If the Terms and Conditions shall be in the English language only, the following applies:

OPTION II
Anleihebedingungen für
variabel verzinsliche
Schuldverschreibungen

§ 1 Währung, Festgelegte Stückelung, Form

(a) *Währung; Festgelegte Stückelung.* Die Covestro AG, Leverkusen (die "**Emittentin**") begibt Schuldverschreibungen (die "**Schuldverschreibungen**") in [*Festgelegte Währung*] (die "**Festgelegte Währung**") im Gesamtnennbetrag von [*Festgelegte Währung*] [*Betrag*], eingeteilt in Schuldverschreibungen in der festgelegten Stückelung von je [*Festgelegte Währung*] [*Betrag*] (die "**Festgelegte Stückelung**").

(b) *Form.* Die Schuldverschreibungen lauten auf den Inhaber.

(c) *Vorläufige Globalurkunde – Austausch.* Die Schuldverschreibungen sind zunächst in einer vorläufigen Globalurkunde (die "**Vorläufige Globalurkunde**") ohne Zinsscheine verbrieft.

Die Vorläufige Globalurkunde wird insgesamt oder teilweise und unentgeltlich am oder nach dem Tag, der 40 Tage nach dem Tag der Begebung der Schuldverschreibungen, frühestens jedoch 40 Tage nach dem Tag des Beginns des Angebots liegt, gegen Nachweis über das Nichtbestehen wirtschaftlichen U.S.-Eigentums im Sinne des U.S.-Rechts (*non-U.S. beneficial ownership*) in der in der Vorläufigen Globalurkunde vorgesehenen Form, für den Inhaber von Schuldverschreibungen gegen eine dauerhafte Globalurkunde (die "**Dauer-Globalurkunde**") (die Vorläufige Globalurkunde und die Dauer-Globalurkunde jeweils auch eine "**Globalurkunde**") ohne Zinsscheine ausgetauscht. Ein Recht der Anleihegläubiger (wie nachstehend definiert) auf Ausgabe und Lieferung von Einzelurkunden oder Zinsscheinen besteht nicht.

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

"**Clearingsystem**" bezeichnet [bei mehr als einem Clearing System ist folgendes anwendbar: jeweils] folgendes: [Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Bundesrepublik Deutschland ("**Clearstream, Frankfurt**")] [,] [und] [Clearstream Banking S.A., 42 Avenue JF Kennedy, 1855 Luxemburg, Großherzogtum Luxemburg, ("**Clearstream, Luxemburg**")] [und] [Euroclear Bank SA/NV, Boulevard du Roi Albert II, 1210 Brüssel, Belgien, ("**Euroclear**")] [(Clearstream, Luxemburg und Euroclear jeweils ein "**ICSD**" und zusammen die "**ICSDs**")] sowie jeder Funktionsnachfolger.

OPTION II
Terms and Conditions that apply to
Floating Rate Notes

§ 1 Currency, Specified Denomination, Form

(a) *Currency; Specified Denomination.* The Notes are issued by Covestro AG, Leverkusen (the "**Issuer**") in [*Specified Currency*] (the "**Specified Currency**"), in the aggregate principal amount of [*Specified Currency*] [*amount*], divided into notes in the specified denomination of [*Specified Currency*] [*amount*] (the "**Specified Denomination**") each (the "**Notes**").

(b) *Form.* The Notes are issued in bearer form.

(c) *Temporary Global Note – Exchange.* The Notes are initially represented by a temporary global Note (the "**Temporary Global Note**") without interest coupons.

The Temporary Global Note will be exchangeable, in whole or in part and free of charge, on or after the day that is 40 days after the later of the commencement of the offering and the date of issue of the Notes for a permanent global Note (the "**Permanent Global Note**") (the Temporary Global Note and the Permanent Global Note, each a "**Global Note**") without interest coupons upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Note. The right of the Noteholders (as defined below) to require the issue and delivery of definitive notes or interest coupons is excluded.

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

"**Clearing System**" means [if more than one Clearing System the following applies: each of] the following: [Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Federal Republic of Germany ("**Clearstream, Frankfurt**")] [,] [and] [Clearstream Banking S.A., 42 Avenue JF Kennedy, 1855 Luxembourg, Grand Duchy of Luxembourg, ("**Clearstream, Luxemburg**")] [and] [Euroclear Bank SA/NV, Boulevard du Roi Albert II, 1210 Brussels, Belgium, ("**Euroclear**")] [(Clearstream, Luxembourg and Euroclear each an "**ICSD**" and together the "**ICSDs**")] and any successor in such capacity.

Im Fall von Schuldverschreibungen, die in Form einer Classical Global Note ausgegeben werden, gilt folgendes:

Die Vorläufige Globalurkunde und die Dauer-Globalurkunde tragen jeweils die eigenhändigen Unterschriften von zwei Vertretungsberechtigten der Emittentin sowie die eigenhändige Unterschrift eines Kontrollbeauftragten der Emissionsstelle.

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 the Fiscal Agent.

In the case of Notes intended to be issued in the Classical Global Note form, the following applies:

Im Fall von Schuldverschreibungen, die in Form einer New Global Note ausgegeben werden, gilt folgendes:

Die Schuldverschreibungen werden in Form einer New Global Note ("NGN") ausgegeben und von einem gemeinsamen Wertpapierverwahrer (*common safekeeper*) im Namen beider ICSDs verwahrt.

The Notes are issued in new global note ("NGN") form and are kept in custody by a common safekeeper on behalf of both ICSDs.

In the case of Notes intended to be issued in the New Global Note form, the following applies:

Der Gesamtnennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen entspricht dem jeweils in den Registern beider ICSDs eingetragenen Gesamtbetrag. Die Register der ICSDs (unter denen man die Register versteht, die jeder ICSD für seine Kunden über den Betrag ihres Anteils an den Schuldverschreibungen führt) sind schlüssiger Nachweis über den Gesamtnennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen, und eine zu diesen Zwecken von einem ICSD jeweils ausgestellte Bestätigung mit dem Nennbetrag der so verbrieften Schuldverschreibungen ist ein schlüssiger Nachweis über den Inhalt des Registers des jeweiligen ICSD zu diesem Zeitpunkt.

The aggregate principal amount of Notes represented by the Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customers' interest in the Notes) shall be conclusive evidence of the aggregate principal amount of Notes represented by the Global Note and, for these purposes, a statement issued by an ICSD stating the principal amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

Bei Rückzahlung oder einer Zinszahlung bezüglich der durch die Globalurkunde verbrieften Schuldverschreibungen bzw. bei Kauf und Entwertung der durch die Globalurkunde verbrieften Schuldverschreibungen stellt die Emittentin sicher, dass die Einzelheiten über Rückzahlung, Zahlung bzw. Kauf und Entwertung bezüglich der Globalurkunde *pro rata* in die Register der ICSDs eingetragen werden und dass nach dieser Eintragung vom Gesamtnennbetrag der in die Register der ICSDs aufgenommenen und durch die Globalurkunde verbrieften Schuldverschreibungen der Gesamtnennbetrag der zurückgezahlten bzw. gekauften und entwerteten Schuldverschreibungen abgezogen wird.

On any redemption or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note the Issuer shall procure that details of such redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered *pro rata* in the records of the ICSDs and, upon any such entry being made, the aggregate principal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled.

Bei Austausch eines Anteils von ausschließlich durch eine Vorläufige Globalurkunde verbrieften Schuldverschreibungen wird die Emittentin sicherstellen, dass die Einzelheiten dieses Austauschs *pro rata* in die Aufzeichnungen der ICSDs aufgenommen werden.

On an exchange of a portion only of the Notes represented by a Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered *pro rata* in the records of the ICSDs.

Die Vorläufige Globalurkunde und die Dauer-Globalurkunde tragen jeweils die eigenhändigen Unterschriften von zwei Vertretungsberechtigten der Emittentin sowie die eigenhändige Unterschrift eines Kontrollbeauftragten der Emissionsstelle und die eigenhändige Unterschrift eines bevollmächtigten Vertreters des gemeinsamen Wertpapierverwahrers.

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 the Fiscal Agent and the manual signature of an authorised officer of the common safekeeper.

- (e) *Anleihegläubiger*. Den Inhabern von Schuldverschreibungen ("**Anleihegläubiger**") stehen Miteigentumsanteile oder vergleichbare andere Rechte an der Globalurkunde zu, die gemäß anwendbarem Recht und den Bestimmungen und Regeln des Clearingsystems übertragen werden können.

§ 2 Status und Negativerklärung

- (a) *Status*. 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 zumindest gleichrangig sind, soweit zwingende gesetzliche Bestimmungen nichts anderes vorschreiben.

- (b) *Negativerklärung*. Die Emittentin verpflichtet sich, solange Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle Beträge an Kapital und Zinsen der Emissionsstelle zur Verfügung gestellt worden sind, für Kapitalmarktverbindlichkeiten (wie nachstehend definiert) oder Schuldscheindarlehen nach dem Tag der Begebung der Schuldverschreibungen kein dingliches Sicherungsrecht ("**Sicherungsrecht**") am eigenen Vermögen zu bestellen, ohne die Anleihegläubiger zur gleichen Zeit und im gleichen Rang an einem solchen Sicherungsrecht teilhaben zu lassen, mit der Maßgabe, dass diese Verpflichtung keine Anwendung findet, falls die Emittentin Sicherungsrechte folgender Art bestellt, übernimmt oder bestehen lässt:

- (i) Sicherungsrechte, die auf einem Vermögensgegenstand zum Zeitpunkt des Erwerbs durch die Emittentin lasten;
- (ii) Sicherungsrechte, die nach anwendbarem Recht zwingend vorgeschrieben sind oder Voraussetzung für die Gewährung staatlicher Genehmigungen sind; und

In Bezug auf von der Emittentin begebene asset-backed Emissionen, schließen die im ersten Satz dieses § 2(b) benutzten Worte "Vermögen", "Kapitalmarktverbindlichkeit" und "Schuldscheindarlehen" nicht Vermögensgegenstände, Kapitalmarktverbindlichkeiten und Schuldscheindarlehen der Emittentin ein,

- (i) solange das Vermögen, das derartige Emissionen deckt, zusammen €1.000.000.000 nicht übersteigt; oder
- (ii) die im Einklang mit den Gesetzen und den International Financial Reporting Standards, wie sie in der EU anzuwenden sind, ("**IFRS**") nicht in der Bilanz der Emittentin ausgewiesen werden müssen und darin auch nicht ausgewiesen werden.

"**Kapitalmarktverbindlichkeiten**" bedeutet jede Verpflichtung zur Rückzahlung aufgenommen Gelder in der Form von oder verbrieft durch Schuldverschreibungen oder

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

§ 2 Status and Negative Pledge

- (a) *Status*. The obligations under the Notes constitute unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and at least *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, save for any obligations required to be preferred by law.

- (b) *Negative pledge*. The Issuer undertakes, as long as Notes are outstanding but only up to the time all amounts of principal and interest have been provided to the Fiscal Agent, not to provide after the issue date of the Notes any security interest *in rem* ("**Security Interest**") upon its assets for any Capital Market Indebtedness (as defined below) or Schuldscheinloans without at the same time letting the Noteholders share *pari passu* in such Security Interest; provided, however, that this undertaking shall not be applicable in the event the Issuer shall create, assume or suffer to exist Security Interests of the following character:

- (i) any Security Interest existing on property at the time of the acquisition thereof by the Issuer;
- (ii) any Security Interest which is mandatory according to applicable laws or required as prerequisite for governmental approvals; and

In respect of asset-backed securitizations originated by the Issuer, the expressions "assets", "Capital Market Indebtedness" and "Schuldscheinloans" as used in the first sentence of this § 2(b) do not include assets, Capital Market Indebtedness and Schuldscheinloans of the Issuer

- (i) if the assets backing such securitizations do not in aggregate exceed €1,000,000,000; or
- (ii) which, pursuant to the requirements of law and International Financial Reporting Standards as adopted by the European Union ("**IFRS**"), need not, and are not, reflected in the Issuer's balance sheet.

"**Capital Market Indebtedness**" shall mean any obligation for the repayment of borrowed money represented by bonds, notes, debentures or any similar securities which are or are capable

ähnliche(n) Wertpapiere(n) mit einer ursprünglichen Laufzeit von mehr als einem Jahr, die an einer Wertpapierbörse oder in einem over-the-counter Wertpapiermarkt notiert, eingeführt oder gehandelt werden oder dort notiert, eingeführt oder gehandelt werden können oder die anderweitig öffentlich gehandelt werden oder gehandelt werden sollen.

of being quoted, listed or traded on any stock exchange or over-the-counter securities market or which are otherwise publicly traded or intended to be publicly traded, having an original maturity of more than one year.

§ 3 Zinsen

§ 3 Interest

(a) Zinszahlungstage.

(a) Interest Payment Dates.

(i) Jede Schuldverschreibung wird bezogen auf ihre festgelegte Stückelung ab dem [Verzinsungsbeginn einfügen] (der "**Verzinsungsbeginn**") (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) und danach von jedem Zinszahlungstag (einschließlich) bis zum nächstfolgenden Zinszahlungstag (ausschließlich) mit einem jährlichen Satz, der dem Zinssatz (wie nachstehend definiert) entspricht, verzinst. Die Zinsen sind nachträglich an jedem Zinszahlungstag zahlbar. Der zahlbare Zinsbetrag wird gemäß § 3(c) berechnet.

(i) Each Note bears interest on its Specified Denomination at the rate *per annum* equal to the Rate of Interest from and including [insert Interest Commencement Date] (the "**Interest Commencement Date**") to but excluding the first Interest Payment Date and thereafter from and including each Interest Payment Date to but excluding the next following Interest Payment Date. Interest on the Notes will be payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with § 3(c).

(ii) "**Zinszahlungstag**" bezeichnet, vorbehaltlich der Geschäftstageskonvention,

(ii) "**Interest Payment Date**" means, subject to the Business Day Convention,

Im Fall von festgelegten Zinszahlungstagen gilt folgendes:

[festgelegte Zinszahlungstage einfügen] eines jeden Jahres.

[insert Specified Interest Payment Dates] in each year.

In the case of Specified Interest Payment Dates insert:

Im Fall von festgelegten Zinsperioden gilt folgendes:

(soweit diese Anleihebedingungen keine abweichenden Bestimmungen vorsehen) jeweils den Tag, der [Zahl einfügen] [Wochen] [Monate] nach dem vorausgehenden Zinszahlungstag, oder im Fall des ersten Zinszahlungstages, nach dem Verzinsungsbeginn liegt.

each date which (except as otherwise provided in these Terms and Conditions) falls [insert number] [weeks] [months] after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

In the case of Specified Interest Periods insert:

(iii) "**Geschäftstageskonvention**" hat die folgende Bedeutung: Fällt ein Zinszahlungstag auf einen Tag, der kein Geschäftstag (wie nachstehend definiert) ist, so wird der Zinszahlungstag

(ii) "**Business Day Convention**" has the following meaning: If any Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined below), the Interest Payment Date shall be

Im Fall der Modified Following Business Day Convention (adjusted) gilt folgendes:

auf den nächstfolgenden Geschäftstag verschoben, es sei denn, jener würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall wird der Zinszahlungstag auf den unmittelbar vorausgehenden Geschäftstag vorgezogen.

postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the case of Modified Following Business Day Convention (adjusted), the following applies:

Im Fall der FRN-Konvention (adjusted)

auf den nächstfolgenden Geschäftstag verschoben, es sei denn, jener würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall (i) wird der Zinszahlungstag auf den

postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (i) the Interest Payment Date shall be brought forward to the

In the case of FRN Convention (adjusted),

gilt folgendes:	unmittelbar vorausgehenden Geschäftstag vorgezogen und (ii) ist jeder nachfolgende Zinszahlungstag der jeweils letzte Geschäftstag des Monats, in den dieser gefallen wäre, hätte es die Verschiebung nicht gegeben.	immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment.	the following applies:
Im Fall der Following Business Day Convention (adjusted) gilt folgendes:	auf den nächstfolgenden Geschäftstag verschoben.	postponed to the next day which is a Business Day.	In the case of Following Business Day Convention (adjusted), the following applies:
Im Fall der Preceding Business Day Convention (adjusted) gilt folgendes:	auf den unmittelbar vorausgehenden Geschäftstag vorgezogen.	the immediately preceding Business Day.	In the case of Preceding Business Day Convention (adjusted), the following applies:
Falls die Festgelegte Währung Euro ist, gilt folgendes:	(iv) "Geschäftstag" bezeichnet einen Tag (außer einem Samstag oder Sonntag), (i) an dem das Clearingsystem und (ii) alle betroffenen Bereiche des Trans-European Automated Real-time Gross settlement Express Transfer system 2 (TARGET) geöffnet sind, um Zahlungen abzuwickeln.	(iv) "Business Day" means a day which is a day (other than a Saturday or a Sunday) on which both (i) the Clearing System and (ii) all relevant parts of the Trans-European Automated Real-time Gross settlement Express Transfer system 2 (TARGET) are open to effect payments.	If the Specified Currency is Euro, the following applies:
Falls die Festgelegte Währung nicht Euro ist, gilt folgendes:	einen Tag (außer einem Samstag oder Sonntag), an dem Geschäftsbanken und Devisenmärkte in [sämtliche relevanten Finanzzentren einfügen] und das Clearingsystem für Geschäfte geöffnet sind bzw. Zahlungen abwickeln.	a day (other than a Saturday or a Sunday) on which commercial banks and the Clearing System are generally open for business and foreign exchange markets settle payments in [insert all relevant financial centres].	If the Specified Currency is not Euro, the following applies:
Falls der Referenzsatz EURIBOR ist, gilt folgendes:	(b) Zinssatz. Der "Zinssatz" für jede Zinsperiode (wie nachstehend definiert) ist der Zinssatz <i>per annum</i> , der dem Referenzsatz (wie nachstehend definiert) [[zuzüglich] [abzüglich] der Marge (wie nachstehend definiert)] entspricht, wobei der Zinssatz mindestens 0,00 % <i>per annum</i> beträgt. (i) Der "Referenzsatz" für jede Zinsperiode wird von der Berechnungsstelle am jeweiligen Zinsfestsetzungstag bestimmt und entspricht, vorbehaltlich § 3(e), dem Angebotssatz (ausgedrückt als Prozentsatz <i>per annum</i>) für Einlagen in Euro für einen Zeitraum von [entsprechende Anzahl an Monaten einfügen] Monaten, der an dem betreffenden Zinsfestsetzungstag (wie nachstehend definiert) um 11.00 Uhr (Brüsseler Ortszeit) auf der Bildschirmseite angezeigt wird. (ii) Sollte die Bildschirmseite nicht zur Verfügung stehen oder wird zu dem betreffenden Zeitpunkt kein	(b) Rate of Interest. The "Rate of Interest" for each Interest Period (as defined below) will be a rate <i>per annum</i> equal to the Reference Rate (as defined below) [[plus] [minus] the Margin (as defined below)], subject to a minimum of 0.00 per cent. <i>per annum</i> . (i) The "Reference Rate" for each Interest Period will be determined by the Calculation Agent on the relevant Interest Determination Date and, subject to § 3(e), will be the rate (expressed as a percentage rate <i>per annum</i>) for deposits in Euro for the period of [insert applicable number of months] months which appears on the Screen Page as of 11.00 a.m. (Brussels time) on the relevant Interest Determination Date (as defined below). (ii) If the Screen Page is not available or if no such quotation appears as at such time, but no Benchmark Event	If the Reference Rate is EURIBOR the following applies:

Angebotssatz angezeigt, aber ein Benchmark Ereignis gemäß §3(e) nicht eingetreten ist, wird die Emittentin (oder eine dritte Partei im Namen der Emittentin) von den Referenzbanken (wie nachstehend definiert) deren jeweilige Angebotssätze (jeweils als Prozentsatz *per annum* ausgedrückt) für Einlagen in Euro für die betreffende Zinsperiode und über einen Repräsentativen Betrag (wie nachstehend definiert) gegenüber führenden Banken im Interbankenmarkt der Euro-Zone um ca. 11.00 Uhr (Brüsseler Ortszeit) an dem betreffenden Zinsfestsetzungstag anfordern und darum bitten diese Angebotssätze der Berechnungsstelle zu nennen. Falls zwei oder mehr Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, ist der Referenzsatz für die betreffende Zinsperiode das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste tausendstel Prozent, wobei 0,0005 aufgerundet wird) dieser Angebotssätze, wobei alle Feststellungen durch die Berechnungsstelle erfolgen.

- (iii) Falls an dem betreffenden Zinsfestsetzungstag nur eine oder keine der Referenzbanken der Berechnungsstelle die im vorstehenden Absatz beschriebenen Angebotssätze nennt, ist der Referenzsatz für die betreffende Zinsperiode der Satz *per annum*, den die Berechnungsstelle als das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste tausendstel Prozent, wobei 0,0005 aufgerundet wird) der Sätze ermittelt, die von der Berechnungsstelle nach Treu und Glauben ausgewählte Großbanken im Interbankenmarkt der Euro-Zone der Berechnungsstelle auf Anfrage der Emittentin als den jeweiligen Satz nennen, zu dem sie um ca. 11.00 Uhr (Brüsseler Ortszeit) am betreffenden Zinsfestsetzungstag Darlehen in Euro für die betreffende Zinsperiode und über einen Repräsentativen Betrag gegenüber führenden europäischen Banken anbieten.
- (iv) Falls der Referenzsatz nicht gemäß den vorstehenden Bestimmungen ermittelt werden kann, ist der Referenzsatz der Angebotssatz oder das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein tausendstel Prozent, wobei 0,0005 aufgerundet wird) der Angebotssätze auf der Bildschirmseite an dem letzten Tag vor dem Zinsfestlegungstag, an dem diese Angebotssätze angezeigt wurden.

"**Bildschirmseite**" bezeichnet Reuters Bildschirmseite EURIBOR01 oder eine andere Bildschirmseite von Reuters oder von einem anderen Informationsanbieter als Nachfolger,

pursuant to §3(e) has occurred, the Issuer (or a third-party on behalf of the Issuer) shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate *per annum*) for deposits in Euro for the relevant Interest Period and in a Representative Amount (as defined below) to prime banks in the Euro-Zone interbank market at approximately 11:00 a.m. (Brussels time) on the relevant Interest Determination Date. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Reference Rate for such Interest Period shall be the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of such offered quotations, all as determined by the Calculation Agent.

- (iii) If on the relevant Interest Determination Date only one or none of the selected Reference Banks provides the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Reference Rate for the relevant Interest Period shall be the rate *per annum* which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of the rates, as communicated, at approximately 11:00 a.m. (Brussels time) on the relevant Interest Determination Date, (at the request of Issuer) to the Calculation Agent by major banks in the Euro-Zone interbank market, selected by the Calculation Agent acting in good faith, at which such banks offer loans in Euro for the relevant Interest Period and in a Representative Amount to leading European banks.
- (iv) If the Reference Rate cannot be determined in accordance with the foregoing provisions, the Reference Rate shall be the offered quotation or the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of the offered quotations on the Screen Page on the last day preceding the Interest Determination Date on which such quotations were offered.

"**Screen Page**" means Reuters screen page EURIBOR01 or such other screen page of Reuters or such other information service which

welche die Reuters Bildschirmseite EURIBOR01 ersetzt.

"Euro-Zone" bezeichnet das Gebiet derjenigen Mitgliedstaaten der Europäischen Union, die gemäß dem Vertrag über die Gründung der Europäischen Gemeinschaft (unterzeichnet in Rom am 25. März 1957), geändert durch den Vertrag über die Europäische Union (unterzeichnet in Maastricht am 7. Februar 1992) und den Amsterdamer Vertrag vom 2. Oktober 1997, in seiner jeweiligen Fassung, eine einheitliche Währung eingeführt haben oder jeweils eingeführt haben werden.

[Die "Margin" beträgt [Zahl einfügen] % *per annum*.]

"Referenzbanken" bezeichnet die Hauptniederlassungen von vier von der Emittentin ausgewählten großen Banken im Interbankenmarkt der Euro-Zone.

"Repräsentativer Betrag" bezeichnet einen Betrag, der zu der jeweiligen Zeit in dem jeweiligen Markt für eine einzelne Transaktion repräsentativ ist.

"TARGET-Geschäftstag" bezeichnet einen Tag, an dem das Trans-European Automated Real-time Gross settlement Express Transfer system 2 (TARGET) betriebsbereit ist.

"Zinsfestsetzungstag" bezeichnet den zweiten TARGET-Geschäftstag vor Beginn der jeweiligen Zinsperiode.

"Zinsperiode" bezeichnet den Zeitraum ab dem Verzinsungsbeginn (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) sowie jeden folgenden Zeitraum ab einem Zinszahlungstag (einschließlich) bis zum jeweils darauf folgenden Zinszahlungstag (ausschließlich).

Falls der Referenzsatz EURIBOR ist und ein kurzer oder langer [erster / letzter] Kupon vorliegt, gilt folgendes:

Für die [erste / letzte] Zinsperiode legt die Berechnungsstelle den Referenzsatz am Zinsfestsetzungstag in kaufmännisch vernünftiger Weise durch lineare Interpolation zwischen zwei Referenzsätzen fest, von denen der eine Referenzsatz für einen Zeitraum zu bestimmen ist, für den es einen dem Referenzsatz vergleichbaren Referenzsatz gibt und der der Länge der anwendbaren Zinsperiode am nächsten kommt, aber kürzer als diese ist und der andere Referenzsatz für einen Zeitraum zu bestimmen ist, für den es einen dem Referenzsatz vergleichbaren Referenzsatz gibt und der der Länge der anwendbaren Zinsperiode am nächsten kommt, aber länger als diese ist.

Falls der Referenzsatz LIBOR ist, gilt folgendes:

(b) *Zinssatz*. Der "Zinssatz" für jede Zinsperiode (wie nachstehend definiert) ist der Zinssatz *per annum*, der dem Referenzsatz (wie nachstehend definiert) [[zuzüglich] [abzüglich] der Marge (wie nachstehend definiert)] entspricht, wobei der Zinssatz mindestens 0,00 % *per annum* beträgt.

(i) Der "Referenzsatz" für jede Zinsperiode wird von der

is the successor to Reuters screen page EURIBOR01.

"Euro-zone" means the region comprised of those member states of the European Union that have adopted, or will have adopted from time to time, the single currency in accordance with the Treaty establishing the European Community (signed in Rome on March 25, 1957), as amended by the Treaty on European Union (signed in Maastricht on February 7, 1992) and the Amsterdam Treaty of October 2, 1997, as further amended from time to time.

["Margin" means [insert number] per cent. *per annum*.]

"Reference Banks" means the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Issuer.

"Representative Amount" means an amount that is representative for a single transaction in the relevant market at the relevant time.

"TARGET Business Day" means a day on which the Trans-European Automated Real-time Gross settlement Express Transfer system 2 (TARGET) is operating.

"Interest Determination Date" the second TARGET Business Day prior to the commencement of the relevant Interest Period.

"Interest Period" means each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including an Interest Payment Date to but excluding the following Interest Payment Date.

In respect of the [first / last] Interest Period, the Reference Rate shall be determined by the Calculation Agent on the Interest Determination Date in a commercially reasonable manner using the straight-line interpolation by reference to two reference rates, one of which shall be determined for a term for which a reference rate similar to the Reference Rate is available and which is next closest to but shorter than the applicable Interest Period and the other of which shall be determined for a term for which a reference rate similar to the Reference Rate is available and which is next closest to but longer than the applicable Interest Period.

If the Reference Rate is EURIBOR and a short/long [first / last] coupon is applicable the following applies:

(b) *Rate of Interest*. The "Rate of Interest" for each Interest Period (as defined below) will be a rate *per annum* equal to the Reference Rate (as defined below) [[plus] [minus] the Margin (as defined below)], subject to a minimum of 0.00 per cent. *per annum*.

(i) The "Reference Rate" for each Interest Period will be determined by the

If the Reference Rate is LIBOR, the following applies:

Berechnungsstelle am jeweiligen Zinsfestsetzungstag bestimmt und entspricht, vorbehaltlich § 3(e), dem Angebotssatz (ausgedrückt als Prozentsatz *per annum*) für Einlagen in der Festgelegten Währung für einen Zeitraum von [entsprechende Anzahl an Monaten einfügen] Monaten, der auf der Bildschirmseite am betreffenden Zinsfestsetzungstag (wie nachstehend definiert) um 11.00 Uhr (Londoner Ortszeit) auf der Bildschirmseite angezeigt wird.

- (ii) Sollte die Bildschirmseite nicht zur Verfügung stehen oder wird zu dem betreffenden Zeitpunkt kein Angebotssatz angezeigt, aber ein Benchmark Ereignis gemäß §3(e) nicht eingetreten ist, wird die Emittentin (oder eine dritte Partei im Namen der Emittentin) von den Referenzbanken (wie nachstehend definiert) deren jeweilige Angebotssätze (jeweils als Prozentsatz *per annum* ausgedrückt) für Einlagen in der Festgelegten Währung für die betreffende Zinsperiode und über einen Repräsentativen Betrag (wie nachstehend definiert) gegenüber führenden Banken im Londoner Interbankenmarkt um ca. 11.00 Uhr (Londoner Ortszeit) an dem betreffenden Zinsfestsetzungstag anfordern und darum bitten, diese Angebotssätze der Berechnungsstelle zu nennen. Falls zwei oder mehr Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, ist der Referenzsatz für die betreffende Zinsperiode das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste Hunderttausendstel Prozent, wobei 0,000005 aufgerundet wird) dieser Angebotssätze, wobei alle Feststellungen durch die Berechnungsstelle erfolgen.
- (iii) Falls an dem betreffenden Zinsfestsetzungstag nur eine oder keine der Referenzbanken der Berechnungsstelle die im vorstehenden Absatz beschriebenen Angebotssätze nennt, ist der Referenzsatz für die betreffende Zinsperiode der Satz *per annum*, den die Berechnungsstelle als das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste Hunderttausendstel Prozent, wobei 0,000005 aufgerundet wird) der Sätze ermittelt, die von der Berechnungsstelle nach Treu und Glauben ausgewählte Großbanken im Londoner Interbankenmarkt der Berechnungsstelle auf Anfrage der Emittentin als den jeweiligen Satz nennen, zu dem sie um ca. 11.00 Uhr (Londoner Ortszeit) am betreffenden Zinsfestsetzungstag Darlehen in der Festgelegten Währung für die betreffende Zinsperiode und über einen Repräsentativen Betrag gegenüber

Calculation Agent on the relevant Interest Determination Date and, subject to § 3(e), will be the rate (expressed as a percentage rate *per annum*) for deposits in the Specified Currency for the period of [insert applicable number of months] months which appears on the Screen Page as of 11.00 a.m. (London time) on the relevant Interest Determination Date (as defined below).

- (ii) If the Screen Page is not available or if no such quotation appears as at such time, but no Benchmark Event pursuant to §3(e) has occurred, the Issuer (or a third-party on behalf of the Issuer) shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate *per annum*) for deposits in the Specified Currency for the relevant Interest Period and in a Representative Amount (as defined below) to prime banks in the London interbank market at approximately 11:00 a.m. (London time) on the relevant Interest Determination Date. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Reference Rate for such Interest Period shall be the arithmetic mean (rounded if necessary to the nearest one hundred thousandth of a percentage point, with 0.000005 being rounded upwards) of such offered quotations, all as determined by the Calculation Agent.
- (iii) If on the relevant Interest Determination Date only one or none of the selected Reference Banks provides the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Reference Rate for the relevant Interest Period shall be the rate *per annum* which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards) of the rates, as communicated, at approximately 11:00 a.m. (London time) on the relevant Interest Determination Date, (at the request of the Issuer) to the Calculation Agent by major banks in the London interbank market, selected by the Calculation Agent acting in good faith, at which such banks offer loans in the Specified Currency for the relevant Interest

führenden europäischen Banken anbieten.

- (iv) Falls der Referenzsatz nicht gemäß den vorstehenden Bestimmungen ermittelt werden kann, ist der Referenzsatz der Angebotssatz oder das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste einhunderttausendstel Prozent, wobei 0,000005 aufgerundet wird) der Angebotssätze auf der Bildschirmseite an dem letzten Tag vor dem Zinsfestsetzungstag, an dem diese Angebotssätze angezeigt wurden.

"**Bildschirmseite**" bezeichnet Reuters Bildschirmseite LIBOR01 oder eine andere Bildschirmseite von Reuters oder von einem anderen Informationsanbieter als Nachfolger, welche die Reuters Bildschirmseite LIBOR01 ersetzt.

"**Londoner Geschäftstag**" bezeichnet einen Tag (außer einem Samstag oder Sonntag), an dem Geschäftsbanken in London für Geschäfte (einschließlich Devisen- und Sortengeschäfte) geöffnet sind.

[Die "**Marge**" beträgt *[Zahl einfügen]* % *per annum.*]

"**Referenzbanken**" bezeichnet die Londoner Hauptniederlassungen von vier von der Emittentin ausgewählten großen Banken im Londoner Interbankenmarkt.

"**Repräsentativer Betrag**" bezeichnet einen Betrag, der zu der jeweiligen Zeit in dem jeweiligen Markt für eine einzelne Transaktion repräsentativ ist.

"**Zinsfestsetzungstag**" bezeichnet **[wenn die Festgelegte Währung Pfund Sterling ist, gilt folgendes:** den ersten Tag der betreffenden Zinsperiode] **[wenn die Festgelegte Währung nicht Pfund Sterling ist, gilt folgendes:** den zweiten Londoner Geschäftstag vor Beginn der jeweiligen Zinsperiode].

"**Zinsperiode**" bezeichnet den Zeitraum ab dem Verzinsungsbeginn (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) sowie jeden folgenden Zeitraum ab einem Zinszahlungstag (einschließlich) bis zum jeweils darauf folgenden Zinszahlungstag (ausschließlich).

Falls der Referenzsatz LIBOR ist und ein kurzer oder langer [erster / letzter] Kupon vorliegt, gilt folgendes:

Für die [erste / letzte] Zinsperiode legt die Berechnungsstelle den Referenzsatz am Zinsfestsetzungstag in kaufmännisch vernünftiger Weise durch lineare Interpolation zwischen zwei Referenzsätzen fest, von denen (i) der eine Referenzsatz für einen Zeitraum zu bestimmen ist, für den es einen dem Referenzsatz vergleichbaren Referenzsatz gibt und der der Länge der anwendbaren Zinsperiode am nächsten kommt, aber kürzer als diese ist und (ii) der andere Referenzsatz für einen Zeitraum zu bestimmen ist, für den es einen dem Referenzsatz vergleichbaren Referenzsatz gibt

Period and in a Representative Amount to leading European banks.

- (iv) If the Reference Rate cannot be determined in accordance with the foregoing provisions, the Reference Rate shall be the offered quotation or the arithmetic mean (rounded if necessary to the nearest one hundred thousandth of a percentage point, with 0.000005 being rounded upwards) of the offered quotations on the Screen Page on the last day preceding the Interest Determination Date on which such quotations were offered.

"**Screen Page**" means Reuters screen page LIBOR01 or such other screen page of Reuters or such other information service which is the successor to Reuters screen page LIBOR01.

"**London Business Day**" means a day which is a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency) in London.

["**Margin**" means *[insert number]* per cent. *per annum.*]

"**Reference Banks**" means the principal London office of four major banks in the London inter-bank market, in each case selected by the Issuer.

"**Representative Amount**" means an amount that is representative for a single transaction in the relevant market at the relevant time.

"**Interest Determination Date**" means **[if the Specified Currency is Pound Sterling, the following applies:** the first day of the relevant Interest Period] **[if the Specified Currency is not Pound Sterling, the following applies:** the second London Business Day prior to the commencement of the relevant Interest Period].

"**Interest Period**" means each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including an Interest Payment Date to but excluding the following Interest Payment Date.

In respect of the [first / last] Interest Period, the Reference Rate shall be determined by the Calculation Agent on the Interest Determination Date in a commercially reasonable manner using the straight-line interpolation by reference to two reference rates, (i) one of which shall be determined for a term for which a reference rate similar to the Reference Rate is available and which is next closest to but shorter than the applicable Interest Period and (ii) the other of which shall be determined for a term for which a reference rate similar to the Reference Rate is available and which is next closest to but longer than the applicable Interest Period.

If the Reference Rate is LIBOR and a short/long [first / last] coupon is applicable the following applies:

und der der Länge der anwendbaren Zinsperiode am nächsten kommt, aber länger als diese ist.

- (c) *Zinsbetrag.* Die Berechnungsstelle wird zu oder baldmöglichst nach jedem Zeitpunkt, an dem der Zinssatz zu bestimmen ist, den auf die Schuldverschreibungen fälligen Zinsbetrag bezogen auf jede Festgelegte Stückelung (der "Zinsbetrag") für die entsprechende Zinsperiode berechnen. Der Zinsbetrag wird ermittelt, indem der Zinssatz und der Zinstagequotient (wie nachstehend definiert) auf jede Festgelegten Stückelung angewendet werden, wobei der resultierende Betrag [falls die Festgelegte Währung Euro ist einfügen: auf den nächsten 0,01 Euro auf- oder abgerundet wird, wobei 0,005 Euro aufgerundet werden.] [falls die Festgelegte Währung nicht Euro ist, einfügen: auf die kleinste Einheit der Festgelegten Währung auf- oder abgerundet wird, wobei 0,5 solcher Einheiten aufgerundet werden.]

"Zinstagequotient" bezeichnet bei der Berechnung des Zinsbetrages für einen beliebigen Zeitraum (ab dem ersten Tag dieses Zeitraums (einschließlich) bis zum letzten Tag dieses Zeitraums (ausschließlich)) (unabhängig davon, ob es sich dabei um eine Zinsperiode handelt, der "Zinsberechnungszeitraum"):

Wenn die "Actual / Actual (ISDA)" Methode anwendbar ist, gilt folgendes:

die tatsächliche Anzahl der Tage im Zinsberechnungszeitraum dividiert durch 365 (oder, falls ein Teil dieses Zinsberechnungszeitraumes in ein Schaltjahr fällt, die Summe aus (A) der tatsächlichen Anzahl der Tage in dem Teil des Zinsberechnungszeitraums, die in das Schaltjahr fallen, dividiert durch 366 und (B) die tatsächliche Anzahl der Tage in dem Teil des Zinsberechnungszeitraums, die nicht in ein Schaltjahr fallen, dividiert durch 365).

Wenn die "Actual / 365 (Fixed)" Methode anwendbar ist, gilt folgendes:

die tatsächliche Anzahl der Tage im Zinsberechnungszeitraum dividiert durch 365.

Wenn die "Actual / 360" Methode anwendbar ist, gilt folgendes:

die tatsächliche Anzahl der Tage im Zinsberechnungszeitraum dividiert durch 360.

Wenn die "30 / 360" oder "360 / 360" oder Bond Basis Methode anwendbar ist, gilt folgendes:

die Anzahl der Tage im Zinsberechnungszeitraum dividiert durch 360, (wobei die Anzahl der Tage auf Grundlage eines Jahres von 360 Tagen mit 12 Monaten je 30 Tagen zu berechnen ist, (es sei denn, (A) der letzte Tag des Zinsberechnungszeitraums fällt auf den 31. Tag eines Monats, während der erste Tag des Zinsberechnungszeitraums weder auf den 30. noch auf den 31. Tag eines Monats fällt; in diesem Fall ist der Monat des letzten Tages des Zinsberechnungszeitraums nicht als ein auf

- (c) *Interest Amount.* The Calculation Agent will, on or as soon as practicable after each date at which the Rate of Interest is to be determined, calculate the amount of interest (the "Interest Amount") payable on the Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest and the Day Count Fraction (as defined below) to each Specified Denomination and rounding the resulting figure [if the Specified Currency is Euro insert: to the nearest 0.01 Euro, 0.005 Euro being rounded upwards.] [if the Specified Currency is not Euro insert: to the nearest minimum unit of the Specified Currency, with 0.5 of such unit being rounded upwards.]

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last day of such period) (whether or not constituting an Interest Period, the "Calculation Period"):

the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period not falling in a leap year divided by 365).

If "Actual / Actual (ISDA)" applies, the following applies:

the actual number of days in the Calculation Period divided by 365.

If "Actual / 365 (Fixed)" applies, the following applies:

the actual number of days in the Calculation Period divided by 360.

If "Actual / 360" applies, the following applies:

the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (A) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (B) the last day of the Calculation Period is the last day of the month of February,

If "30 / 360" or "360 / 360" or Bond Basis applies, the following applies:

	<p>30 Tage gekürzter Monat zu behandeln; oder (B) der letzte Tag des Zinsberechnungszeitraums fällt auf den letzten Tag des Monats Februar; in diesem Fall ist der Monat Februar nicht als ein auf 30 Tage verlängerter Monat zu behandeln).</p>	<p>in which case the month of February shall not be considered to be lengthened to a 30-day month).</p>	
<p>Wenn die "30E / 360" oder "Eurobond Basis" Methode anwendbar ist, gilt folgendes:</p>	<p>die Anzahl der Tage im Zinsberechnungszeitraum, dividiert durch 360 (dabei ist die Anzahl der Tage auf der Grundlage eines Jahres von 360 Tagen mit 12 Monaten zu 30 Tagen zu ermitteln, und zwar ohne Berücksichtigung des Datums des ersten oder letzten Tages des Zinsberechnungszeitraumes).</p>	<p>the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period).</p>	<p>If "30E / 360" or "Eurobond Basis" applies, the following applies:</p>
<p>Falls der Referenzsatz EURIBOR ist, gilt folgendes:</p>	<p>(d) <i>Mitteilungen.</i> Die Berechnungsstelle wird veranlassen, dass der Zinssatz, der Zinsbetrag für die jeweilige Zinsperiode, die jeweilige Zinsperiode und der relevante Zinszahlungstag der Emittentin und den Anleihegläubigern durch Bekanntmachung gemäß § 11 und jeder Börse, an der die betreffenden Schuldverschreibungen zu diesem Zeitpunkt auf Veranlassung der Emittentin notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, unverzüglich, aber keinesfalls später als zu Beginn der jeweiligen Zinsperiode mitgeteilt werden. Im Fall einer Verlängerung oder Verkürzung der Zinsperiode können der mitgeteilte Zinsbetrag und Zinszahlungstag ohne Vorankündigung nachträglich angepasst (oder andere geeignete Anpassungsregelungen getroffen) werden. Jede solche Anpassung wird umgehend allen maßgeblichen Börsen, an denen die Schuldverschreibungen zu diesem Zeitpunkt auf Veranlassung der Emittentin notiert sind, sowie den Anleihegläubigern gemäß § 11 mitgeteilt.</p>	<p>(d) <i>Notifications.</i> The Calculation Agent will cause the Rate of Interest, each Interest Amount for each Interest Period, each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and to the Noteholders by notice in accordance with § 11 and, if required by the rules of any stock exchange on which the Notes are from time to time listed at the initiative of the Issuer, to such stock exchange, without undue delay, but in no event later than the first day of the relevant Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to any relevant stock exchange on which the Notes are then listed at the initiative of the Issuer and to the Noteholders in accordance with § 11.</p>	<p>If the Reference Rate is EURIBOR, the following applies:</p>
<p>Falls der Referenzsatz LIBOR ist, gilt folgendes:</p>	<p>(d) <i>Mitteilungen.</i> Die Berechnungsstelle wird veranlassen, dass der Zinssatz, der Zinsbetrag für die jeweilige Zinsperiode, die jeweilige Zinsperiode und der relevante Zinszahlungstag der Emittentin und den Anleihegläubigern durch Bekanntmachung gemäß § 11 und jeder Börse, an der die betreffenden Schuldverschreibungen zu diesem Zeitpunkt auf Veranlassung der Emittentin notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, unverzüglich, aber keinesfalls später als zu Beginn der jeweiligen Zinsperiode mitgeteilt werden. Im Fall einer Verlängerung oder Verkürzung der Zinsperiode können der mitgeteilte Zinsbetrag und Zinszahlungstag ohne Vorankündigung nachträglich angepasst (oder andere geeignete Anpassungsregelungen getroffen) werden. Jede solche Anpassung wird umgehend allen maßgeblichen Börsen, an denen die Schuldverschreibungen zu diesem Zeitpunkt auf Veranlassung der Emittentin notiert sind, sowie den Anleihegläubigern gemäß § 11 mitgeteilt.</p>	<p>(d) <i>Notifications.</i> The Calculation Agent will cause the Rate of Interest, each Interest Amount for each Interest Period, each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and to the Noteholders by notice in accordance with § 11 and, if required by the rules of any stock exchange on which the Notes are from time to time listed at the initiative of the Issuer, to such stock exchange, without undue delay, but in no event later than the first day of the relevant Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to any relevant stock exchange on which the Notes are then listed at the initiative of the Issuer and to the Noteholders in accordance with § 11.</p>	<p>If the Reference Rate is LIBOR, the following applies:</p>
	<p>(e) <i>Wegfall einer Benchmark.</i></p> <p>(i) <i>Unabhängiger Berater.</i> Wenn ein Benchmark Ereignis in Bezug auf den Referenzsatz eintritt und ein Zinssatz</p>	<p>(e) <i>Benchmark discontinuation.</i></p> <p>(i) <i>Independent Adviser.</i> If a Benchmark Event occurs in relation to the Reference Rate when the Rate of</p>	

(oder Teile davon) für eine Zinsperiode noch anhand dieses Referenzsatzes festgelegt werden, dann ernennt der Emittent unter zumutbaren Bemühungen einen Unabhängigen Berater, der, sobald wie vernünftigerweise möglich, einen Nachfolgezinssatz oder anderenfalls einen Alternativzinssatz (gemäß § 3(e)(ii)) und in beiden Fällen gegebenenfalls eine Anpassungsspanne (gemäß § 3(e)(iii)) festlegt und etwaige Benchmark Änderungen (gemäß § 3(e)(iv)) vornimmt.

Außer im Falle von grober Fahrlässigkeit oder Vorsatz, übernimmt der Unabhängige Berater keinerlei Haftung gegenüber der Emittentin, der Emissionsstelle, den Zahlstellen, der Berechnungsstelle oder den Anleihegläubigern für seine Festlegungen gemäß diesem § 3(e).

Wenn (A) die Emittentin außerstande ist, einen Unabhängigen Berater zu ernennen; oder (B) der ernannte Unabhängige Berater vor dem betreffenden Zinsfestsetzungstag keinen Nachfolgezinssatz oder anderenfalls keinen Alternativzinssatz gemäß diesem § 3(e) festlegt, entspricht der Referenzsatz der unmittelbar nachfolgenden Zinsperiode dem Referenzsatz, der zum letzten Zinsfestlegungstag anwendbar war. Falls es keinen ersten Zinszahlungstag gab, ist der Referenzsatz der Referenzsatz, der für die erste Zinsperiode anwendbar war. Zur Klarstellung: Anpassungen gemäß diesem § 3(e) gelten nur für die unmittelbar nachfolgende Zinsperiode. Jede folgende Zinsperiode unterliegt der weiteren Anwendbarkeit dieses § 3(e).

(ii) *Nachfolgezinssatz oder Alternativzinssatz.* Im Fall, dass der Unabhängige Berater nach billigem Ermessen bestimmt, dass:

(A) es einen Nachfolgezinssatz gibt, dann ist dieser Nachfolgezinssatz (vorbehaltlich etwaiger Änderungen gemäß § 3(e)(iii)) an Stelle des Referenzsatzes maßgeblich, um den Zinssatz für diese Zinsperiode und alle folgenden Zinsperioden vorbehaltlich der weiteren Anwendbarkeit dieses § 3(e) zu bestimmen; oder

(B) es keinen Nachfolgezinssatz aber einen Alternativzinssatz gibt, dann ist dieser Alternativzinssatz (vorbehaltlich etwaiger Änderungen gemäß § 3(e)(iii)) an Stelle des

Interest (or any component part thereof) for any Interest Period remains to be determined by reference to such Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with § 3(e)(ii)) and, in either case, an Adjustment Spread, if any (in accordance with § 3(e)(iii)) and any Benchmark Amendments (in accordance with § 3(e)(iv)).

In the absence of gross negligence or wilful misconduct, the Independent Adviser shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, the Calculation Agent or the Noteholders for any determination made by it pursuant to this § 3(e).

If (A) the Issuer is unable to appoint an Independent Adviser or (B) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this § 3(e) prior to the relevant Interest Determination Date, the Reference Rate applicable to the immediate following Interest Period shall be the Reference Rate applicable as at the last preceding Interest Determination Date. If there has not been a first Interest Payment Date, the Reference Rate shall be the Reference Rate applicable to the first Interest Period. For the avoidance of doubt, any adjustment pursuant to this § 3(e) shall apply to the immediately following Interest Period only. Any subsequent Interest Period may be subject to the subsequent operation of this § 3(e).

(ii) *Successor Rate or Alternative Rate.* If the Independent Adviser determines in its discretion that:

(A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in § 3(e)(iii)) subsequently be used in place of the Reference Rate to determine the Rate of Interest for the immediately following Interest Period and all following Interest Periods, subject to the subsequent operation of this § 3(e); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in § 3(e)(iii)) subsequently be used in place of the Reference

Referenzsatzes maßgeblich, um den Zinssatz für diese Zinsperiode und alle folgenden Zinsperioden vorbehaltlich der weiteren Anwendbarkeit dieses § 3(e) zu bestimmen.

Rate to determine the Rate of Interest for the immediately following Interest Period and all following Interest Periods, subject to the subsequent operation of this § 3(e).

(iii) *Anpassungsspanne.* Wenn der Unabhängige Berater nach billigem Ermessen bestimmt, dass (A) eine Anpassungsspanne auf den Nachfolgezinssatz oder gegebenenfalls den Alternativzinssatz anzuwenden ist und (B) den Umfang, eine Formel oder die Methode zur Bestimmung einer solchen Anpassungsspanne festlegt, dann findet eine solche Anpassungsspanne auf den Nachfolgezinssatz oder gegebenenfalls den Alternativzinssatz Anwendung.

(iii) *Adjustment Spread.* If the Independent Adviser determines in its discretion (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall apply to the Successor Rate or the Alternative Rate (as the case may be).

(iv) *Änderungen der Benchmark.* Sobald ein entsprechender Nachfolgezinssatz, Alternativzinssatz oder eine entsprechende Anpassungsspanne gemäß diesem § 3(e) festgelegt wird und der Unabhängige Berater nach billigem Ermessen (A) bestimmt, dass Änderungen hinsichtlich dieser Bedingungen notwendig sind, um die ordnungsgemäße Anwendung eines Nachfolgezinssatz, Alternativzinssatz und/oder einer Anpassungsspanne zu gewährleisten (diese Änderungen, die "**Benchmark Änderungen**") und (B) die Bedingungen dieser Benchmark Änderungen bestimmt, dann gelten jene Benchmark Änderungen für die Schuldverschreibungen, vorbehaltlich einer Mitteilung durch die Emittentin gemäß § 3(e)(v), ab dem in der Mitteilung angegebenen Zeitpunkt.

(iv) *Benchmark Amendments.* If any relevant Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this § 3(e) and the Independent Adviser determines in its discretion (A) that amendments to these Terms and Conditions are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (B) the terms of the Benchmark Amendments, then, subject to the Issuer giving notice thereof in accordance with § 3(e)(v), such Benchmark Amendments shall apply to the Notes with effect from the date specified in such notice.

(v) *Mitteilungen, etc.* Ein Nachfolgezinssatz, Alternativzinssatz, eine entsprechende Anpassungsspanne oder die Bedingungen von Benchmark Änderungen gemäß diesem § 3(e) werden unverzüglich durch die Emittentin an die Emissionsstelle, die Berechnungsstellen und die Zahlstellen sowie gemäß § 11 an die Anleihegläubiger mitgeteilt. Eine solche Mitteilung ist unwiderruflich und enthält gegebenenfalls den Wirkungszeitpunkt von Benchmark Änderungen.

(v) *Notices, etc.* Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this § 3(e) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with § 11, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

Zum gleichen Zeitpunkt wie die Mitteilung an die Emissionsstelle, übergibt die Emittentin dieser einen durch zwei Unterschriftsberechtigte der Emittentin unterzeichneten Nachweis, der

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorized signatories of the Issuer:

(A) bestätigt, dass (x) ein Benchmark Ereignis eingetreten ist, (y) der Nachfolgezinssatz oder gegebenenfalls der Alternativzinssatz und (z) soweit zutreffend eine Anpassungsspanne und/oder

(A) confirming (x) that a Benchmark Event has occurred, (y) the relevant Successor Rate, or, as the case may be, the relevant Alternative Rate and, (z) where applicable, any relevant Adjustment Spread

die Bedingungen von Benchmark Änderungen jeweils bestimmt gemäß den Bestimmungen dieses § 3(e); und

- (B) bestätigt, dass die Benchmark Änderungen notwendig sind, um die ordnungsgemäße Anwendung eines solchen Nachfolgezinsatzes, Alternativzinssatz und/oder der Anpassungsspanne zu gewährleisten.

Der Nachfolgezinsatz oder Alternativzinssatz, eine Anpassungsspanne (sofern zutreffend) und die Benchmark Änderungen (sofern zutreffend) sind in der Form des Nachweises (mit Ausnahme von offensichtlichen Fehlern oder Bösgläubigkeit bei der Festlegung des Nachfolgezinsatzes oder Alternativzinssatzes, einer entsprechenden Anpassungsspanne (sofern zutreffend) oder der Bedingungen von Benchmark Änderungen (sofern zutreffend)) bindend für die Emittentin, die Emissionsstelle, die Berechnungsstelle, die Zahlstellen und die Anleihegläubiger.

- (vi) *Fortbestehen des Referenzsatzes.* Unbeschadet der Verpflichtungen der Emittentin gemäß § 3(e)(i), (ii), (iii) und (iv) bleiben der Referenzsatz und die Fallback-Regelungen in der Definition "Referenzsatz" gemäß § 3(b) bis zum Eintritt eines Benchmark Ereignisses anwendbar.

- (vii) *Definitionen.* Zur Verwendung in § 3(e):

"Anpassungsspanne" bezeichnet entweder die Differenz (positiv oder negativ) oder Formel oder die Methode zur Bestimmung einer solchen Spanne, die nach Bestimmung durch den Unabhängigen Berater auf den Nachfolgezinsatz oder gegebenenfalls den Alternativzinssatz anzuwenden ist, um wirtschaftliche Nachteile oder gegebenenfalls Vorteile der Gläubiger, soweit unter den Umständen sinnvoll umsetzbar, zu reduzieren oder auszuschließen, die durch die Ersetzung des Referenzsatzes durch die Nachfolgezinsatz oder gegebenenfalls den Alternativzinssatz entstehen und ist die Differenz oder Formel oder Methode, die:

- (1) im Fall eines Nachfolgezinsatzes formell im Zusammenhang mit der Ersetzung des Referenzsatzes durch den Nachfolgezinsatz vom Nominierungsgremium vorgeschlagen wird; oder

and/or the specific terms of any relevant Benchmark Amendments, in each case as determined in accordance with the provisions of this § 3(e); and

- (B) certifying that the relevant Benchmark Amendments are necessary to ensure the proper operation of such relevant Successor Rate, Alternative Rate and/or Adjustment Spread.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of such Successor Rate or Alternative Rate and such Adjustment Spread (if any) and such Benchmark Amendments (if any) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Noteholders.

- (vi) *Survival of Reference Rate.* Without prejudice to the obligations of the Issuer under § 3(e)(i), (ii), (iii) and (vi), the Reference Rate and the fallback provisions provided for in the definition of the term "Reference Rate" in § 3(b) will continue to apply unless and until a Benchmark Event has occurred.

- (vii) *Definitions.* As used in this § 3(e):

"Adjustment Spread" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the relevant Successor Rate or the relevant Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (1) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body;

(sofern keine Empfehlung abgegeben wurde oder im Fall eines Alternativzinssatzes); oder

- (2) durch den Unabhängigen Berater als anerkannten und berücksichtigten Industriestandard für "over-the-counter" derivative Transaktionen mit Bezug auf den Referenzsatz, bei denen dieser durch den Nachfolgezinssatz oder gegebenenfalls den Alternativzinssatz ersetzt wurde, bestimmt wird; (oder, falls der Unabhängige Berater bestimmt, dass es keinen anerkannten und berücksichtigten Industriestandard gibt); oder
- (3) von dem Unabhängigen Berater als angemessen erachtet wird.

"Alternativzinssatz" bezeichnet eine alternative Benchmark oder einen Angebotszinssatz, welche der Unabhängige Berater gemäß § 3(e)(ii) als zur Bestimmung von variablen Zinssätzen in der Festgelegten Währung (oder entsprechenden Teilen davon) auf den internationalen Fremdkapitalmärkten marktüblich bestimmt.

"Benchmark Änderungen" hat die Bedeutung wie in § 3(e)(iv) festgelegt.

"Benchmark Ereignis" bezeichnet:

- (1) die Nichtveröffentlichung des Referenzsatzes für mindestens fünf (5) Geschäftstage oder das Nichtbestehen des Referenzsatzes; oder
- (2) eine öffentliche Bekanntmachung des Administrators des Referenzsatzes dahingehend, dass die Veröffentlichung dauerhaft oder auf unbestimmte Zeit eingestellt wird (in Fällen in denen kein Nachfolgeadministrator ernannt worden ist, der die Veröffentlichung vornehmen wird); oder
- (3) eine öffentliche Bekanntmachung der Aufsichtsbehörde des Administrators des Referenzsatzes, dass die Veröffentlichung dauerhaft oder auf unbestimmte Zeit eingestellt wird oder bereits wurde; oder
- (4) eine öffentliche Bekanntmachung der Aufsichtsbehörde des

or (if no such recommendation has been made, or in the case of an Alternative Rate); or

- (2) the Independent Adviser determines, is recognized or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); (or if the Independent Adviser determines that no such industry standard is recognized or acknowledged); or
- (3) the Independent Adviser determines to be appropriate.

"Alternative Rate" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with § 3(e)(ii) is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in the Specified Currency.

"Benchmark Amendments" has the meaning given to it in § 3(e)(iv).

"Benchmark Event" means:

- (1) the Reference Rate ceasing to be published for a period of at least five (5) Business Days or ceasing to exist; or
- (2) a public statement by the administrator of the Reference Rate that it will cease publishing the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Reference Rate); or
- (3) a public statement by the supervisor of the administrator of the Reference Rate, that the Reference Rate has been or will permanently or indefinitely discontinued; or
- (4) a public statement by the supervisor of the administrator of the Reference

Administrators des Referenzsatzes infolgedessen der Referenzsatz allgemein oder in Bezug auf die Schuldverschreibungen nicht mehr verwendet werden darf; oder

- (5) den Umstand, dass die Verwendung des Referenzsatzes zur Berechnung des Zinssatzes für die Zahlstellen, die Berechnungsstelle, die Emittentin oder jeden Dritten rechtswidrig geworden ist.

"Unabhängiger Berater" bezeichnet ein gemäß § 3(e)(i) von der Emittentin ernanntes unabhängiges Finanzinstitut mit internationalem Ansehen oder einen anderen unabhängigen Finanzberater mit Erfahrung in internationalen Kapitalmärkten.

"Nominierungsgremium" bezeichnet in Bezug auf die Benchmark oder einen Angebotszinssatz (sofern anwendbar):

- (1) die Zentralbank für die Währung in der die Benchmark oder den Angebotszinssatz dargestellt wird oder eine Zentralbank oder andere Aufsichtsbehörde, die für die Aufsicht des Administrators der Benchmark oder des Angebotszinssatzes zuständig ist; oder
- (2) jede Arbeitsgruppe oder Komitee gefördert durch, geführt oder mitgeführt von oder gebildet von (a) der Zentralbank für die Währung in der die Benchmark oder den Angebotszinssatz dargestellt wird, (b) einer Zentralbank oder anderen Aufsichtsbehörde, die für die Aufsicht des Administrators der Benchmark oder des Angebotszinssatzes zuständig sind, (c) einer Gruppe der zuvor genannten Zentralbanken oder anderer Aufsichtsbehörden oder (d) dem Finanzstabilitätsrat (*Financial Stability Board*) oder Teilen davon.

"Nachfolgezinsatz" bezeichnet einen Nachfolger oder Ersatz des Referenzsatzes, der formell durch das Nominierungsgremium vorgeschlagen wurde.

- (f) *Verbindlichkeit der Festsetzungen.* Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Berechnungsstelle für die Zwecke dieses § 3 gemacht, abgegeben, getroffen oder eingeholt

Rate as a consequence of which the Reference Rate will be prohibited from being used either generally, or in respect of the relevant Notes; or

- (5) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or any other party to calculate any Rate of Interest using the Reference Rate.

"Independent Adviser" means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer under § 3(e)(i).

"Relevant Nominating Body" means, in respect of a benchmark or screen rate (as applicable):

- (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (2) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"Successor Rate" means a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

- (f) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 3 by the Calculation Agent shall (in the absence of manifest error) be

werden, sind (sofern nicht ein offensichtlicher Irrtum vorliegt) für die Emittentin, die Emissionsstelle, die Zahlstellen und die Anleihegläubiger bindend.

- (g) *Ende des Zinslaufs.* Der Zinslauf der Schuldverschreibungen endet an dem Ende des Tages, der dem Tag vorausgeht, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht zurückzahlt, endet die Verzinsung des ausstehenden Nennbetrags der Schuldverschreibungen nicht am Tag vor dem Fälligkeitstag, sondern erst an dem Ende des Tages, der dem Tag der tatsächlichen Rückzahlung der Schuldverschreibungen vorausgeht. Der jeweils geltende Zinssatz wird gemäß diesem § 3 bestimmt. Weitergehende Ansprüche der Anleihegläubiger bleiben unberührt.

§ 4 Rückzahlung

- (a) *Rückzahlung bei Endfälligkeit.* Soweit nicht zuvor bereits insgesamt oder teilweise zurückgezahlt oder angekauft und eingezogen, werden die Schuldverschreibungen zu ihrer festgelegten Stückelung an dem **[im Fall eines festgelegten Endfälligkeitstages einfügen: [Endfälligkeitstag einfügen]] [im Fall eines Rückzahlungsmonats einfügen: [Rückzahlungsmonat einfügen]]** fallenden Zinszahlungstag] (der "**Endfälligkeitstag**") zurückgezahlt.
- (b) *Vorzeitige Rückzahlung wegen des Eintritts eines Gross-up-Ereignisses.*

Sofern ein Gross-up-Ereignis (wie nachstehend definiert) eintritt, ist die Emittentin berechtigt, die Schuldverschreibungen (insgesamt, jedoch nicht nur teilweise) durch Kündigungserklärung gemäß § 4(d) jederzeit mit Wirkung zu dem in der Kündigungserklärung gemäß § 4(d) festgelegten nächsten Zinszahlungstag zur vorzeitigen Rückzahlung zu kündigen. Wenn die Emittentin ihr Kündigungsrecht gemäß Satz 1 ausübt, ist die Emittentin verpflichtet, jede Schuldverschreibung an dem in der Bekanntmachung festgelegten Kündigungstag zu ihrer festgelegten Stückelung zuzüglich der bis zum festgelegten Kündigungstag (ausschließlich) aufgelaufenen Zinsen zurückzuzahlen.

Eine solche Kündigungserklärung darf nicht früher als 90 Tage vor dem Tag erfolgen, an dem die Emittentin erstmals verpflichtet wäre, Zusätzliche Beträge (wie in § 6 definiert) zu zahlen.

Ein "**Gross-up-Ereignis**" tritt ein, wenn der Emittentin ein Gutachten einer anerkannten Anwaltskanzlei vorliegt (und die Emittentin der Emissionsstelle eine Kopie davon gibt), aus dem hervorgeht, dass die Emittentin aufgrund einer an oder nach dem Tag der Begebung der ersten Tranche der Schuldverschreibungen in Kraft tretenden Änderung oder Klarstellung der Gesetze, Verordnungen oder sonstigen Vorschriften des Staats, in dem die Emittentin steuerlich ansässig ist, einer seiner Gebietskörperschaften oder einer seiner zur

binding on the Issuer, the Fiscal Agent, any Paying Agents and the Noteholders.

- (g) *Cessation of Interest Accrual.* The Notes shall cease to bear interest from the end of the day preceding their due date for redemption. If the Issuer fails 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 end of the day preceding the actual redemption of the Notes. The applicable rate of interest will be determined in accordance with this § 3. This does not affect any additional rights that might be available to the Noteholders.

§ 4 Redemption

- (a) *Redemption at maturity.* To the extent not previously redeemed in whole or in part, or purchased and cancelled the Notes shall be redeemed at their Specified Denomination on **[in the case of a specified Maturity Date insert: [insert Maturity Date]] [in the case of a Redemption Month insert: the Interest Payment Date falling in [insert Redemption Month]]** (the "**Maturity Date**").
- (b) *Early redemption following a Gross up Event.*

If a Gross up Event (as defined below) occurs, the Issuer may, upon giving a notice of redemption in accordance with § 4(d), call the Notes for early redemption (in whole but not in part) at any time with effect on the next Interest Payment Date as specified in the notice in accordance with § 4(d). If the Issuer exercises its call right in accordance with sentence 1, the Issuer shall redeem each Note at its Specified Denomination together with interest accrued to but excluding the redemption date specified in the notice on the redemption date specified in the notice.

No such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be for the first time obliged to pay any Additional Amounts (as defined in § 6).

A "**Gross up Event**" will occur if an opinion of a recognised law firm has been delivered to the Issuer (and the Issuer has provided the Fiscal Agent with a copy thereof) stating that, as a result of any change in, or amendment or clarification to, the laws, regulations or other rules of the Issuer's country of domicile for tax purposes, any of its political subdivisions or any authority or any other agency of or in such country having power to tax (including in case any such change, amendment or clarification has retroactive effect), or as a result of any

Erhebung von Steuern berechtigten Behörden oder sonstigen Stellen (einschließlich des Falles, dass die betreffende Änderung oder Klarstellung rückwirkend Anwendung findet), oder aufgrund einer Änderung der Auslegung oder Anwendung, oder aufgrund einer erstmaligen Auslegung oder Anwendung dieser Gesetze, Verordnungen oder sonstigen Vorschriften durch eine gesetzgebende Körperschaft, ein Gericht oder eine Behörde (einschließlich des Erlasses von Gesetzen sowie der Bekanntmachung von Entscheidungen eines Gerichts oder einer Behörde) verpflichtet ist oder verpflichtet sein wird, Zusätzliche Beträge gemäß § 6 auf die Schuldverschreibungen zu zahlen, und die Emittentin diese Verpflichtung nicht abwenden kann, indem sie Maßnahmen ergreift, die sie nach Treu und Glauben für zumutbar und angemessen hält.

change in, or amendment or clarification to, the interpretation or application, or as a result of any interpretation or application made for the first time, of any such laws, regulations or other rules by any legislative body, court or authority (including the enactment of any legislation and the publication of any decision of any court or authority), which change or amendment becomes effective on or after the date of issue of the first tranche of the Notes, the Issuer has or will become obliged to pay Additional Amounts pursuant to § 6 on the Notes, and that obligation cannot be avoided by the Issuer taking such measures it (acting in good faith) deems reasonable and appropriate.

(c) *[Keine vorzeitige Rückzahlung nach Wahl der Emittentin] [Vorzeitige Rückzahlung nach Wahl der Emittentin].*

(c) *[No early redemption at the option of the Issuer] [Early redemption at the option of the Issuer].*

Falls die Emittentin kein Recht hat, die Schuldverschreibungen nach § 4(c) vorzeitig zurückzahlen, gilt folgendes:

Die Emittentin ist nicht berechtigt, die Schuldverschreibungen vor dem Endfälligkeitstag zurückzahlen, außer nach Maßgabe von § 4(b).

The Issuer is not entitled to call the Notes prior to the Maturity Date, otherwise than provided in § 4(b).

If Notes are not subject to early redemption pursuant to § 4(c), the following applies:

Falls die Emittentin das Recht hat, die Schuldverschreibungen nach eigener Wahl an Call-Rückzahlungstag(e) vorzeitig zurückzahlen, gilt folgendes:

[(i)] Die Emittentin ist berechtigt, die Schuldverschreibungen (insgesamt und nicht nur teilweise) durch Kündigungserklärung gemäß § 4(d) mit Wirkung zu dem/ den Call-Rückzahlungstag(en) zur vorzeitigen Rückzahlung zu kündigen. Wenn die Emittentin ihr Kündigungsrecht gemäß Satz 1 ausübt, ist die Emittentin verpflichtet, jede Schuldverschreibung an dem in der Kündigungserklärung gemäß § 4(d) festgelegten Call-Rückzahlungstag zu ihrem jeweiligen Call-Rückzahlungsbetrag zuzüglich der bis zu dem in der Kündigungserklärung gemäß § 4(d) festgelegten Call-Rückzahlungstag (ausschließlich) aufgelaufenen Zinsen zurückzahlen.

[(i)] The Issuer may, upon giving a notice of redemption in accordance with § 4(d), call the Notes for early redemption (in whole but not in part) with effect on the Call Redemption Date(s). If the Issuer exercises its call right in accordance with sentence 1, the Issuer shall redeem each Note at its Call Redemption Amount together with interest accrued to but excluding the Call Redemption Date specified in the notice in accordance with § 4(d) on the Call Redemption Date specified in the notice in accordance with § 4(d).

If Notes are subject to early redemption at the option of the Issuer on Call Redemption Date(s), the following applies:

Call-Rückzahlungstag(e)

Call-Rückzahlungsbetrag

Call Redemption Date(s)

Call Redemption Amount(s)

[Call-Rückzahlungstag(e) einfügen]

[Call-Rückzahlungsbetrag/ beträge einfügen]

[insert Call Redemption Date(s)]

[insert Call Redemption Amount(s)]

Falls die Anleihegläubiger ebenfalls ein Recht haben, die Schuldverschreibungen vorzeitig zu

Der Emittentin steht dieses Recht nicht in Bezug auf eine Schuldverschreibung zu, deren Rückzahlung bereits der Anleihegläubiger in Ausübung seines Rechts gemäß § 4(e) verlangt hat.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Noteholder thereof of its option to require the redemption of such Note in accordance with § 4(e).

If Notes are also subject to early redemption at the option of the Noteholders,

kündigen,
gilt folgen-
des:

Falls die Emittentin das Wahlrecht hat, die Schuldverschreibungen vorzeitig bei Eintritt eines transaktionsbezogenen Ereignisses zum Ereignis-Wahlrückzahlungsbetrag zurückzahlen, gilt folgendes:

Falls die Anleihegläubiger ebenfalls ein Recht haben, die Schuld-

[(ii)] Die Emittentin ist berechtigt, die Schuldverschreibungen (insgesamt oder teilweise) durch eine Transaktions-Mitteilung gemäß den nachstehend aufgeführten Bedingungen und gemäß § 4(d) mit Wirkung zu dem Ereignis-Wahl-Rückzahlungstag zur vorzeitigen Rückzahlung zu kündigen. Wenn die Emittentin ihr Kündigungsrecht gemäß Satz 1 ausübt, ist die Emittentin verpflichtet, jede zurückzahlende Schuldverschreibung an dem Ereignis-Wahl-Rückzahlungstag zum Transaktions-Rückzahlungsbetrag zuzüglich der bis zum Ereignis-Wahl-Rückzahlungstag (ausschließlich) aufgelaufenen Zinsen zurückzuzahlen.

"**Transaktion**" bezeichnet [Beschreibung der geplanten Transaktion für deren Finanzierung die Schuldverschreibungen begeben werden].

"**Transaktionskündigungsfrist**" bezeichnet den Zeitraum ab dem [Begebungstag einfügen] bis zum [Datum Ende des Zeitraums einfügen].

"**Transaktions-Mitteilung**" bezeichnet eine Mitteilung der Emittentin an die Anleihegläubiger gemäß § 4(d) und § 11 innerhalb der Transaktionskündigungsfrist, dass die Transaktion vor ihrem Abschluss beendet wurde oder dass die Transaktion aus irgendeinem Grund nicht durchgeführt wird oder dass die Emittentin öffentlich erklärt hat, dass sie nicht länger beabsichtigt, die Transaktion zu verfolgen. Die Transaktions-Mitteilung hat ferner den Ereignis-Wahl-Rückzahlungstag zu bezeichnen.

Die Emittentin kann auf ihr Recht zur vorzeitigen Kündigung der Schuldverschreibungen nach Eintritt eines der oben bezeichneten Ereignisse durch Bekanntmachung gemäß § 11 verzichten.

"**Ereignis-Wahl-Rückzahlungsbetrag**" je Schuldverschreibung ist gleich [●] % der Festgelegten Stückelung.

"**Ereignis-Wahl-Rückzahlungstag**" bezeichnet den in der Transaktions-Mitteilung festgelegten nächsten Zinszahlungstag, der auf den Ablauf der Transaktionskündigungsfrist folgt.

Der Emittentin steht dieses Recht nicht in Bezug auf eine Schuldverschreibung zu, deren Rückzahlung bereits der

[(ii)] The Issuer may, upon giving a Transaction Trigger Notice in accordance with the requirements set out below and in accordance with § 4(d), call the Notes for early redemption (in whole or in part) with effect on the Trigger Call Redemption Date. If the Issuer exercises its call right in accordance with sentence 1, the Issuer shall redeem each Note to be redeemed at the Transaction Trigger Redemption Amount together with interest accrued to but excluding the Trigger Call Redemption Date on the Trigger Call Redemption Date.

"**Transaction**" means [insert description of envisaged transaction for which the Notes are intended to be issued for refinancing purposes].

"**Transaction Notice Period**" means the period from [insert issue date] to [insert end of period date].

"**Transaction Trigger Notice**" means a notice to the Noteholders given in accordance with § 4(d) and § 11 within the Transaction Notice Period that the Transaction has been terminated prior to its completion or that the Transaction will not be settled for any reason whatsoever or that the Issuer has publicly stated that it no longer intends to pursue the Transaction. The Transaction Trigger Notice shall also specify the Trigger Redemption Date.

At any time the Issuer may waive its right to call the Notes for redemption following the occurrence of one of the events detailed above, by giving notice in accordance with § 11.

"**Trigger Call Redemption Amount**" per Note means [●] per cent. of the Specified Denomination.

"**Trigger Call Redemption Date**" means the next Interest Payment Date following the expiration of the Transaction Notice Period, specified in the Transaction Trigger Notice.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Noteholder thereof of its option to

the following
applies:

If Notes are subject to early redemption at the option of the issuer upon occurrence of a transaction related event, the following applies:

If Notes are also subject to early redemption at the option of the

verschreibungen vorzeitig zu kündigen, gilt folgendes:

Anleihegläubiger in Ausübung seines Rechts gemäß § 4(e) verlangt hat.

require the redemption of such Note in accordance with § 4(e).

Noteholders, the following applies:

Falls die Emittentin das Recht hat, die Schuldverschreibungen wegen eines geringen ausstehenden Nennbetrags vorzeitig zurückzahlen, gilt folgendes:

[(iii)] Sofern zu irgendeinem Zeitpunkt der Gesamtnennbetrag der ausstehenden Schuldverschreibungen auf 15 % oder weniger des Gesamtnennbetrages der Schuldverschreibungen der Serie, die ursprünglich ausgegeben wurden, fällt, ist die Emittentin berechtigt, die Schuldverschreibungen (insgesamt und nicht nur teilweise) durch Kündigungserklärung gemäß § 4(d) jederzeit mit Wirkung zu dem in der Kündigungserklärung gemäß § 4(d) festgelegten nächsten Zinszahlungstag zur vorzeitigen Rückzahlung zu kündigen. Wenn die Emittentin ihr Kündigungsrecht gemäß Satz 1 ausübt, ist die Emittentin verpflichtet, jede Schuldverschreibung an dem in der Kündigungserklärung gemäß § 4(d) festgelegten Rückzahlungstag zu ihrer festgelegten Stückelung zuzüglich der bis zum festgelegten Kündigungstag (ausschließlich) aufgelaufenen Zinsen zurückzahlen.

[(iii)] If at any time the aggregate principal amount of the Notes outstanding is equal to or less than 15 per cent. of the aggregate principal amount of the Notes of the Series originally issued, the Issuer may, upon giving a notice of redemption in accordance with § 4(d), call the Notes for early redemption (in whole but not in part) at any time with effect on the next Interest Payment Date as specified in the notice in accordance with § 4(d). If the Issuer exercises its call right in accordance with sentence 1, the Issuer shall redeem each Note at its Specified Denomination together with interest accrued to but excluding the redemption date specified in the notice on the redemption date specified in the notice.

If Notes are subject to early redemption at the option of the Issuer for a minimal outstanding principal amount, the following applies:

(d) *Kündigungserklärung.* Die Emittentin hat die Kündigung der Schuldverschreibungen zur vorzeitigen Rückzahlung gemäß § 4(b) oder § 4(c) durch Veröffentlichung einer Bekanntmachung an die Anleihegläubiger gemäß § 11 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen zu erklären. Die Kündigung ist unwiderruflich, und in ihr wird bestimmt:

- genaue Bezeichnung der zur Rückzahlung anstehenden Serie, einschließlich der Wertpapierkennungen;
- der betreffende Tag der vorzeitigen Rückzahlung; [und]
- der betreffende Rückzahlungsbetrag, zu dem die Schuldverschreibungen vorzeitig zurückgezahlt werden[.]; und]
- eine Erklärung, ob die Schuldverschreibungen ganz oder teilweise zurückgezahlt werden und im letzteren Fall den Gesamtnennbetrag der zurückzuzahlenden Schuldverschreibungen.

Wenn die Schuldverschreibungen nur teilweise zurückgezahlt werden, werden die betreffenden zurückzuzahlenden Schuldverschreibungen in Übereinstimmung mit den Regeln des betreffenden Clearingsystems ausgewählt.

[Falls die Schuldverschreibungen in Form einer NGN begeben werden, ist folgendes anwendbar: Die teilweise Rückzahlung wird in den Registern von Clearstream, Luxemburg und

(d) *Notice.* The Issuer shall call the Notes for early redemption pursuant to § 4(b) or § 4(c) by publishing a notice to the Noteholders in accordance with § 11 subject to observing a notice period of not less than 30 nor more than 60 days which notice shall be irrevocable and shall specify:

- precise designation of the Series of Notes subject to redemption, including the securities codes;
- the applicable date of early redemption; [and]
- the applicable redemption amount at which such Notes are to be redeemed early[.]; and]
- whether the Notes will be redeemed in whole or in part and, if only in part, the aggregate principal amount of the Notes which are to be redeemed.

In the case of a partial redemption of Notes, the relevant Notes to be redeemed shall be selected in accordance with the rules of the relevant Clearing System.

[In the case of Notes in NGN form the following applies: Such partial redemption shall be reflected in the records of Clearstream, Luxembourg and Euroclear as either a pool

If Notes are subject to early redemption at the option of the issuer upon occurrence of a transaction related event, the following applies:

Falls die Emittentin das Wahlrecht hat, die Schuldverschreibungen vorzeitig nach Eintritt eines transaktionsbezogenen Ereignisses zum Ereignis-Wahlrückzahlungsbetrag zurückzu-

zahlen, gilt folgendes:

Euroclear nach deren Ermessen entweder als Pool-Faktor oder als Reduzierung des Gesamtnennbetrags wiedergegeben.]

factor or a reduction in aggregate principal amount, at the discretion of Clearstream, Luxembourg and Euroclear.]

Die Emittentin wird jeder Börse, an der die Schuldverschreibungen auf Veranlassung der Emittentin notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, umgehend Mitteilung über die Kündigung machen.

The Issuer will inform, if required by such stock exchange on which the Notes are listed at the initiative of the Issuer, such stock exchange as soon as possible of such redemption.

(e) *[Keine vorzeitige] [Vorzeitige] Rückzahlung nach Wahl des Anleihegläubigers.*

(e) *[No early] [Early] redemption at the option of a Noteholder.*

Falls die Anleihegläubiger kein Recht haben, die vorzeitige Rückzahlung der Schuldverschreibungen zu verlangen, gilt folgendes:

Die Anleihegläubiger sind außer in Fällen des **[falls die Schuldverschreibungen im Fall eines Kontrollwechsels vorzeitig kündbar sind, ist folgendes anwendbar:** § 4(g) oder des] § 8 zu keinem Zeitpunkt berechtigt, von der Emittentin eine vorzeitige Rückzahlung der Schuldverschreibungen zu verlangen.

The Noteholders shall not be entitled to put the Notes for redemption otherwise than provided in **[if the Notes are subject to Early Redemption as a result of a Change of Control the following applies:** § 4(g) and] § 8 at any time.

If Notes are not subject to early redemption at the option of the Noteholders, the following applies:

Falls die Anleihegläubiger ein Recht haben, die vorzeitige Rückzahlung der Schuldverschreibungen zu verlangen, gilt folgendes:

(i) Die Emittentin hat eine Schuldverschreibung nach Wahl des Anleihegläubigers am / an den Put-Rückzahlungstag(en) zum jeweiligen Put-Rückzahlungsbetrag zuzüglich der bis zum Put-Rückzahlungstag (ausschließlich) aufgelaufenen Zinsen zurückzuzahlen.

(i) The Issuer shall, at the option of the Noteholder, redeem such Note on the Put Redemption Date(s) at the relevant Put Redemption Amount together with interest accrued to but excluding the Put Redemption Date.

If Notes are subject to early redemption at the option of the Noteholders, the following applies:

Put-Rückzahlungstag(e)	Put-Rückzahlungsbetrag	Put Redemption Date(s)	Put Redemption Amount(s)
<i>[Put-Rückzahlungstag(e) einfügen]</i>	<i>[Put-Rückzahlungsbetrag/ beträge einfügen]</i>	<i>[insert Put Redemption Date(s)]</i>	<i>[insert Put Redemption Amount(s)]</i>

Dem Anleihegläubiger steht das Recht, die vorzeitige Rückzahlung zu verlangen, nicht in Bezug auf eine Schuldverschreibung zu, deren Rückzahlung die Emittentin zuvor gemäß § 4 verlangt hat.

The Noteholder may not exercise the option for early redemption in respect of any Note which is the subject of the prior exercise by the Issuer of its right to redeem such Note in accordance with § 4.

(ii) Um dieses Recht auszuüben, hat der Anleihegläubiger nicht weniger als 30 und nicht mehr als 60 Tage vor dem Put-Rückzahlungstag, an dem die betreffenden Schuldverschreibungen gemäß der Ausübungserklärung (wie nachstehend definiert) zurückgezahlt werden sollen, bei der bezeichneten Geschäftsstelle der Emissionsstelle während der normalen Geschäftszeiten eine ordnungsgemäß ausgefüllte Erklärung zur vorzeitigen Rückzahlung ("**Ausübungserklärung**"), wie sie von der bezeichneten Geschäftsstelle der Emissionsstelle erhältlich ist, zu hinterlegen. Die Ausübungserklärung hat anzugeben: (i) den Nennbetrag der Schuldverschreibungen, für die das Recht ausgeübt wird und (ii) die Wertpapierkennungen dieser

(ii) In order to exercise the option, the Noteholder must, not less than 30 nor more than 60 days before the Put Redemption Date on which such redemption is required to be made as specified in the Put Notice (as defined below), submit during normal business hours at the specified office of the Fiscal Agent a duly completed early redemption notice ("**Put Notice**") in the form available from the specified office of the Fiscal Agent. The Put Notice must specify (i) the principal amount of the Notes in respect of which such option is exercised, and (ii) the securities identification numbers of such Notes, if any. The Issuer shall only be required to redeem Notes in respect of which such option is exercised against delivery of such Notes to the Issuer or to its order. No

Schuldverschreibungen (soweit vergeben). Die Rückzahlung der Schuldverschreibungen, für welche das Recht ausgeübt worden ist, erfolgt nur gegen Lieferung der Schuldverschreibungen an die Emittentin oder an deren Order. Die Ausübung des Rechts kann nicht widerrufen werden.

option so exercised may be revoked or withdrawn.

(f) *Erwerb.*

Die Emittentin oder jede ihrer Tochtergesellschaften können jederzeit vorbehaltlich zwingender gesetzlicher Regelungen Schuldverschreibungen auf dem freien Markt oder anderweitig sowie zu jedem beliebigen Preis erwerben. Derartig erworbene Schuldverschreibungen können eingezogen, gehalten oder wieder veräußert werden.

(f) *Purchase.*

The Issuer or any of its subsidiaries may at any time and subject to mandatory provisions of law purchase Notes in the open market or otherwise and at any price. Such acquired Notes may be cancelled, held or resold.

Falls die Schuldverschreibungen im Fall eines Kontrollwechsels vorzeitig kündbar sind, gilt folgendes:

(g) *Kontrollwechsel.*

Tritt (i) ein Kontrollwechsel ein und (ii) kommt es innerhalb des Kontrollwechselzeitraums zu einer Absenkung des Ratings und (iii) gibt die Rating Agentur, die für die Absenkung des Ratings verantwortlich ist, öffentlich bekannt oder bestätigt der Emittentin schriftlich, dass die Absenkung des Ratings, insgesamt oder teilweise, auf Grund des Kontrollwechsels erfolgte (zusammen, ein "Rückzahlungsereignis"), hat jeder Anleihegläubiger das Recht (sofern nicht die Emittentin, bevor die nachstehend beschriebene Rückzahlungsmittteilung gemacht wird, die Rückzahlung der Schuldverschreibungen nach § 4 (b) [oder (c)] angezeigt hat), die Rückzahlung seiner Schuldverschreibungen durch die Emittentin zum Nennbetrag zuzüglich der bis zum Rückzahlungstag (ausschließlich) aufgelaufenen Zinsen zu verlangen.

Für Zwecke dieses Wahlrechts:

Bedeutet "**Rating Agentur**" jede Ratingagentur von Moody's Investors Services ("**Moody's**") oder eine ihrer Nachfolgesellschaften oder jede andere Rating Agentur vergleichbaren internationalen Ansehens, wie von Zeit zu Zeit durch die Emittentin bestimmt;

Gilt eine "**Absenkung des Ratings**" in Bezug auf einen Kontrollwechsel als eingetreten, wenn (a) innerhalb des Kontrollwechselzeitraums ein vorher für die Emittentin oder die Schuldverschreibungen vergebenes Rating einer Rating Agentur (i) zurückgezogen oder (ii) von einem Investment Grade Rating (Baa3 von Moody's oder jeweils gleichwertig, oder besser) in ein non-Investment Grade Rating (Ba1 von Moody's oder jeweils gleichwertig, oder schlechter) geändert oder (iii) (falls das für die Schuldverschreibungen vergebene Rating einer Rating Agentur unterhalb des Investment Grade Ratings liegt) um einen ganzen Punkt (von Ba1 nach Ba2 von Moody's oder eine ähnliche Absenkung eines gleichwertigen Ratings) abgesenkt wird oder (b) zur Zeit des Kontrollwechsels kein Rating für die Schuldverschreibungen oder die Emittentin vergeben ist und keine Rating Agentur während

(g) *Change of Control.*

If there (i) occurs a Change of Control and (ii) within the Change of Control Period a Rating Downgrade occurs and (iii) the Rating Agency responsible for the Rating Downgrade announces publicly or confirms in writing to the Issuer that such Rating Downgrade resulted, in whole or in part, from the occurrence of the Change of Control (together called a "**Put Event**"), each Noteholder will have the option (unless, prior to the giving of the Put Event Notice referred to below, the Issuer gives notice to redeem the Notes in accordance with § 4(b) [or (c)]) to require the Issuer to redeem that Note on the Optional Redemption Date at its principal amount together with interest accrued to but excluding the Optional Redemption Date.

For the purposes of such option:

"**Rating Agency**" means the rating agencies of Moody's Investors Services ("**Moody's**") or any of its successors or any other rating agency of equivalent international standing specified from time to time by the Issuer;

A "**Rating Downgrade**" shall be deemed to have occurred in respect of a Change of Control (a) if within the Change of Control Period any rating previously assigned to the Issuer or the Notes by any Rating Agency is (i) withdrawn or (ii) changed from an investment grade rating (Baa3 by Moody's, or its equivalent for the time being, or better) to a non-investment grade rating (Ba1 by Moody's, or its equivalent for the time being, or worse) or (iii) (if the rating assigned to the Notes by any Rating Agency shall be below an investment grade rating) lowered one full rating notch (from Ba1 to Ba2 by Moody's or such similar lower of equivalent rating) or (b) if at the time of the Change of Control, there is no 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 is unable to obtain such a

If the Notes are subject to Early Redemption as a result of a Change of Control the following applies:

des Kontrollwechselzeitraums ein Investment Grade Rating für die Schuldverschreibungen vergibt (es sei denn, die Emittentin ist trotz zumutbarer Anstrengungen innerhalb dieses Zeitraums nicht in der Lage, ein solches Rating zu erhalten, ohne dass dies seine Ursache im Kontrollwechsel hat);

Gilt ein "**Kontrollwechsel**" jedes Mal als eingetreten, wenn eine Person oder mehrere Personen (die "**relevante(n) Person(en)**"), die abgestimmt handeln, oder einer oder mehrere Dritte, die im 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) (i) mehr als 50 % des ausstehenden Grundkapitals der Emittentin oder (ii) eine solche Anzahl von Aktien der Emittentin hält bzw. halten oder erworben hat bzw. haben, auf die mehr als 50 % der Stimmrechte entfallen;

Ist der "**Kontrollwechselzeitraum**" der Zeitraum, der 120 Tage nach dem Eintritt eines Kontrollwechsels endet; und

Ist der "**Rückzahlungstag**" der siebte Tag nach dem letzten Tag des Rückzahlungszeitraums.

Sofort nachdem die Emittentin von einem Rückzahlungsereignis Kenntnis erlangt, wird die Emittentin den Anleihegläubigern gemäß § 11 Mitteilung vom Rückzahlungsereignis machen (eine "**Rückzahlungsmitteilung**"), in der die Umstände des Rückzahlungsereignisses sowie das Verfahren für die Ausübung des in diesem § 4 (g) genannten Wahlrechts angegeben sind.

Zur Ausübung dieses Wahlrechts muss der Anleihegläubiger während der normalen Geschäftsstunden innerhalb eines Zeitraums (der "**Rückzahlungszeitraum**") von 45 Tagen, nachdem die Rückzahlungsmitteilung veröffentlicht ist, eine ordnungsgemäß ausgefüllte und unterzeichnete Ausübungserklärung bei der angegebenen Niederlassung der Emissionsstelle einreichen (die "**Ausübungserklärung**"), die in ihrer jeweils maßgeblichen Form bei der angegebenen Niederlassung der Emissionsstelle erhältlich ist. Ein so ausgeübtes Wahlrecht kann nicht ohne vorherige Zustimmung der Emittentin widerrufen oder zurückgezogen werden.

§ 5 Zahlungen

- (a) *Zahlungen.* Die Zahlung von Kapital und Zinsen auf die Schuldverschreibungen erfolgt an das Clearingsystem oder an dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearingsystems. Die Zahlung von Zinsen auf Schuldverschreibungen, die durch eine Vorläufige Globalurkunde verbrieft sind, erfolgt nach ordnungsgemäßem Nachweis gemäß § 1(c).

rating within such period having used all reasonable endeavours to do so and such failure is unconnected with the occurrence of the Change of Control);

A "**Change of Control**" shall be deemed to have occurred at each time (whether or not approved by the Management Board or Supervisory Board of the Issuer) that any person or persons ("**Relevant Person(s)**") acting in concert 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 (i) more than 50 per cent. of the issued ordinary share capital of the Issuer or (ii) such number of the shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights;

"**Change of Control Period**" means the period ending 120 days after the occurrence of the Change of Control; and

The "**Optional Redemption Date**" is the seventh day after the last day of the Put Period.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a "**Put Event Notice**") to the Noteholders in accordance with § 11 specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the option set out in this §4(g).

In order to exercise such option, the Noteholder must submit during normal business hours at the specified office of the Fiscal Agent a duly completed option exercise notice ("**Exercise Notice**") in the form available from the specified office of the Fiscal Agent within the period (the "**Put Period**") of 45 days after a Put Event Notice is given. No option so exercised may be revoked or withdrawn without the prior consent of the Issuer.

§ 5 Payments

- (a) *Payments.* Payment of principal and interest on the Notes shall be made to, or to the order of, the Clearing System for credit to the relevant account holders of the Clearing System. Payment of interest on Notes represented by a Temporary Global Note shall be made, upon due certification as provided in § 1(c).

- (b) *Zahlungsweise.* Sämtliche auf die Schuldverschreibungen zu leistende Zahlungen werden in der Festgelegten Währung geleistet. Den Anleihegläubigern werden keine Kosten oder Gebühren in Bezug auf diese Zahlungen auferlegt. Sämtliche Zahlungen stehen unter dem Vorbehalt geltender steuerlicher und sonstiger gesetzlicher Vorschriften, Richtlinien und Verordnungen oder Verträge denen sich die Emittentin, der Emissionsstelle oder eine Zahlstelle unterworfen haben. Vorbehaltlich § 6 ist die Emittentin nicht verpflichtet, zusätzliche Beträge als Ausgleich für irgendwelche Steuern oder Abgaben gleich welcher Art, die aufgrund solcher steuerlichen oder sonstigen gesetzlichen Vorschriften, Richtlinien oder Verordnungen oder Verträge auferlegt oder erhoben werden, an die Anleihegläubiger zu zahlen.
- (c) Die Emittentin wird durch Leistung der Zahlung an das Clearingsystem oder an dessen Order von ihrer Zahlungspflicht befreit.
- (d) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in Bezug auf eine Schuldverschreibung auf einen Tag, der kein Zahltag ist, dann hat der Anleihegläubiger keinen Anspruch auf Zahlung vor dem nächstfolgenden Zahltag am jeweiligen Geschäftsort. Der Anleihegläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen.

Für diese Zwecke bezeichnet "**Zahltag**" jeden Geschäftstag.

§ 6 Besteuerung

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge werden ohne Einbehalt oder Abzug von Steuern, Abgaben, Festsetzungen oder behördlicher Gebühren jedweder Art geleistet ("**Steuern**"), die von dem Staat, in dem die Emittentin steuerlich ansässig ist oder einer seiner Gebietskörperschaften oder zur Erhebung von Steuern berechtigten Behörden oder sonstigen Stellen auferlegt, erhoben, eingezogen, einbehalten oder festgesetzt werden, sofern nicht die Emittentin kraft Gesetzes oder einer sonstigen Rechtsvorschrift zu einem solchen Einbehalt oder Abzug verpflichtet ist. Sofern die Emittentin zu einem solchen Einbehalt oder Abzug verpflichtet ist, wird die Emittentin zusätzliche Beträge (die "**Zusätzlichen Beträge**") an die Anleihegläubiger zahlen, so dass die Anleihegläubiger die Beträge erhalten, die sie ohne den betreffenden Einbehalt oder Abzug erhalten hätten. Solche Zusätzlichen Beträge sind jedoch nicht zahlbar wegen solcher Steuern in Bezug auf Schuldverschreibungen,

- (a) von einer als Depotbank oder Inkassobeauftragter des Anleihegläubigers handelnden Person oder sonst auf andere Weise zu entrichten sind als dadurch, dass die Emittentin aus den von ihr zu leistenden Zahlungen von Kapital oder Zinsen einen Abzug oder Einbehalt vornimmt; oder
- (b) die wegen einer Verbindung des betreffenden Anleihegläubigers zu dem Staat, in dem die Emittentin steuerlich ansässig ist, die nicht nur aus der bloßen Inhaberschaft der Schuldverschreibungen besteht, einzubehalten oder abzuziehen sind; oder

- (b) *Manner of Payment.* Payments of any amounts due in respect of the Notes shall be made in the Specified Currency. No commission or expenses shall be charged to the Noteholders in respect of such payments. All payments will be subject to all applicable fiscal and other laws, directives and regulations or agreements to which the Issuer, the Fiscal Agent or any Paying Agent agree to be subject. Without prejudice to the provisions of § 6, the Issuer will not be obliged to pay to the Noteholders any additional amounts as compensation for any taxes or duties of whatever nature imposed or levied by such fiscal and other laws, regulations, directives or agreements.
- (c) The Issuer shall be discharged by payment to, or to the order of, the Clearing System.
- (d) *Payment Business Day.* If the due date for payment of any amount in respect of any Note is not a Payment Business Day then the Noteholder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, "**Payment Business Day**" means a day which is a Business Day.

§ 6 Taxation

All amounts to be paid in respect of the Notes will be paid free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by the Issuer's country of domicile for tax purposes or any political subdivision or any authority or any other agency of or in the Issuer's country of domicile for tax purposes that has power to tax, unless the Issuer is compelled by law to make such withholding or deduction. If the Issuer is required to make such withholding or deduction, the Issuer will pay such additional amounts (the "**Additional Amounts**") to the Noteholders as the Noteholders would have received if no such withholding or deduction had been required, except that no such Additional Amounts will be payable for any such Taxes in respect of any Note:

- (a) are payable by any person acting as custodian bank or collecting agent on behalf of a Noteholder, or otherwise in any manner which does not constitute a deduction or withholding by the Issuer from payments of principal or interest made by it; or
- (b) which are to be withheld or deducted by reason of the relevant Noteholder having some connection with the Issuer's country of domicile for tax purposes other than the mere holding of that Note; or

- (c) die aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (ii) einer zwischenstaatlichen Vereinbarung, eines zwischenstaatlichen Abkommens oder einer zwischenstaatlichen Verständigung über deren Besteuerung, an der der Staat, in dem die Emittentin steuerlich ansässig ist oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung, Vereinbarung, Verständigung oder dieses Abkommen umsetzt oder befolgt, abzuziehen oder einzubehalten sind; oder
- (d) aufgrund einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß § 11 wirksam wird.

Die Emittentin ist keinesfalls verpflichtet, Zusätzliche Beträge in Bezug auf einen Einbehalt oder Abzug von Beträgen zu zahlen, die gemäß Sections 1471 bis 1474 des U.S. Internal Revenue Code (in der jeweils geltenden Fassung oder gemäß Nachfolgebestimmungen), gemäß zwischenstaatlicher Abkommen, gemäß den in einer anderen Rechtsordnung in Zusammenhang mit diesen Bestimmungen erlassenen Durchführungsvorschriften oder gemäß mit dem Internal Revenue Service geschlossenen Verträgen von der Emittentin, der jeweiligen Zahlstelle oder einem anderen Beteiligten abgezogen oder einbehalten wurden ("FATCA-Steuerabzug") oder Anleger in Bezug auf einen FATCA-Steuerabzug schadlos zu halten.

§ 7 Vorlegung, Verjährung

- (a) *Vorlegungsfrist.* Die Vorlegungsfrist gemäß § 801 Absatz 1 Satz 1 BGB für fällige Schuldverschreibungen wird auf zehn Jahre verkürzt.
- (b) *Verjährungsfrist.* Die Verjährungsfrist für innerhalb der Vorlegungsfrist zur Zahlung vorgelegte Schuldverschreibungen beträgt zwei Jahre von dem Ende der betreffenden Vorlegungsfrist an.

§ 8 Kündigungsgründe für die Anleihegläubiger

- (a) Bei Eintritt und Fortdauer eines der nachstehenden Ereignisse kann ein Anleihegläubiger seine Schuldverschreibungen durch schriftliche Mitteilung an die Emittentin, die bei der Emittentin oder bei der Emissionsstelle abzugeben ist, kündigen, woraufhin seine Schuldverschreibungen sofort zu ihrer Festgelegten Stückelung zuzüglich aufgelaufener Zinsen, ohne weitere Handlungen oder Formalitäten fällig werden:
 - (i) *Nichtzahlung.* Die Emittentin zahlt Zinsbeträge in Bezug auf die Schuldverschreibungen nicht innerhalb von 30 Geschäftstagen nach Fälligkeit; oder
 - (ii) *Nichterfüllung sonstiger wesentlicher Verpflichtungen.* Die Emittentin unterlässt die ordnungsgemäße Erfüllung irgendeiner sonstigen wesentlichen Verpflichtung aus den

- (c) which are to be withheld or deducted pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty, agreement or understanding relating to such taxation and to which the Issuer's country of domicile for tax purposes 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, agreement or understanding; or
- (d) are payable by reason of a change in 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 § 11, whichever occurs later.

In any event, the Issuer will have no obligation to pay Additional amounts deducted or withheld by the Issuer, the relevant Paying Agent or any other party ("FATCA Withholding") in relation to any withholding or deduction of any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service or indemnify any investor in relation to any FATCA Withholding.

§ 7 Presentation, Prescription

- (a) *Presentation.* The period for presentation of Notes due, as established in § 801(1) sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*), is reduced to ten years.
- (b) *Prescription.* The period for prescription for Notes presented for payment during the presentation period shall be two years beginning at the end of the relevant presentation period.

§ 8 Events of Default

- (a) If any of the events below occurs and is continuing than any Note may, by written notice addressed to the Issuer and delivered to the Issuer or, alternatively, the Fiscal Agent, be declared due and payable, whereupon such Note will become immediately due and payable at their Specified Denomination together with accrued interest without further action or formality:
 - (i) *Non-payment.* Failure by the Issuer to pay any amount of interest in respect of the Notes within 30 business days of the due date for payment of that amount; or
 - (ii) *Non-fulfilment of other material obligations.* The Issuer fails to duly perform any other material obligation arising under the Notes and any such failure continues for more than 30 days

	<p>after the Fiscal Agent has received notice thereof from a Noteholder; or</p>
<p>(iii) <i>Cross Acceleration.</i> Eine (nicht im Rahmen der Schuldverschreibungen bestehende) Kapitalmarktverbindlichkeit der Emittentin wird infolge eines Kündigungsgrunds (unabhängig von der Bezeichnung) vor ihrer festgelegten Fälligkeit fällig und zahlbar (sei es durch Kündigung, automatische vorzeitige Fälligkeitstellung oder auf andere Weise) mit der Maßgabe, dass der Gesamtbetrag der Kapitalmarktverbindlichkeiten mindestens EUR 100.000.000 (oder den Gegenwert in einer anderen Währung) beträgt; oder</p>	<p>(iii) <i>Cross Acceleration.</i> Any Capital Market Indebtedness of the Issuer (other than under the Notes) becomes due and payable prior to its specified maturity (whether by declaration, automatic acceleration or otherwise) as a result of an event of default (howsoever described), provided that the aggregate amount of Capital Market Indebtedness amounts to at least EUR 100,000,000 (or its equivalent in other currencies); or</p>
<p>(iv) <i>Insolvenz etc.</i></p> <p>(A) die Emittentin gibt ihre Zahlungsunfähigkeit bekannt oder stellt ihre Zahlungen ein, oder</p> <p>(B) ein Gericht eröffnet ein Insolvenzverfahren gegen die Emittentin; oder</p> <p>(C) die Emittentin geht in die Liquidation oder wird abgewickelt oder aufgelöst (sofern dies nicht für die Zwecke oder als Folge eines Zusammenschlusses, einer Umstrukturierung oder Sanierung geschieht, bei dem bzw. der die Emittentin noch zahlungsfähig ist und bei dem bzw. der die fortführende Gesellschaft im Wesentlichen alle Vermögenswerte und Verpflichtungen der Emittentin übernimmt).</p>	<p>(iv) <i>Insolvency etc.</i></p> <p>(A) the Issuer announces its inability to meet its financial obligations (<i>Zahlungsunfähigkeit</i>) or suspends payments; or</p> <p>(B) a court opens insolvency proceedings against the Issuer; or</p> <p>(C) the Issuer enters into a winding up or dissolution and liquidation (other than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer).</p>
<p>(b) <i>Quorum.</i> In den Fällen von § 8(a)(i) bis (iv) wird eine Kündigung erst wirksam, wenn bei der Emissionsstelle Kündigungserklärungen von Anleihegläubigern von Schuldverschreibungen im Nennbetrag von mindestens 25 % der dann ausstehenden Schuldverschreibungen eingegangen sind. Die Wirkung einer solchen Kündigung entfällt, wenn die Anleihegläubiger dies binnen drei Monaten mit Mehrheit beschließen. Für den Beschluss über die Unwirksamkeit der Kündigung genügt die einfache Mehrheit der Stimmrechte, es müssen aber in jedem Fall mehr Anleihegläubiger zustimmen als gekündigt haben.</p>	<p>(b) <i>Quorum.</i> In the events specified in § 8(a)(i) to (iv), any notice declaring Notes due shall become effective only when the Fiscal Agent has received such notices from the Noteholders of at least 25 per cent. in principal amount of Notes then outstanding. Any such termination shall become ineffective if within three months the majority of the Noteholders so resolve. The resolution in relation to the ineffectiveness of a termination may be passed by simple majority of the voting rights, provided, however, that in each case there must be more Noteholders consenting to such resolution than Noteholders having terminated the Notes.</p>
<p>§ 9 Emissionsstelle, Zahlstelle(n) und Berechnungsstelle</p>	<p>§ 9 Fiscal Agent, Paying Agent(s) and Calculation Agent</p>
<p>(a) <i>Bestellung; bezeichnete Geschäftsstelle.</i> Die Emissionsstelle, die Zahlstelle und die Berechnungsstelle sind nachstehend mit den</p>	<p>(a) <i>Appointment, specified office.</i> The Fiscal Agent, the Paying Agent and the Calculation</p>

benannten anfänglichen Geschäftsstellen aufgeführt:

"Emissionsstelle" und "Zahlstelle":

Deutsche Bank Aktiengesellschaft
Taunusanlage 12
60325 Frankfurt am Main
Bundesrepublik Deutschland.

"Berechnungsstelle":

[**Deutsche Bank Aktiengesellschaft**
Taunusanlage 12
60325 Frankfurt am Main
Bundesrepublik Deutschland].

- (b) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit zusätzliche Zahlstellen (gemeinsam mit der vorgenannten Zahlstelle, die "Zahlstellen" und jede eine "Zahlstelle") zu benennen.

Die Emittentin behält sich ferner das Recht vor, die Ernennung der Emissionsstelle, der Zahlstellen und der Berechnungsstelle jederzeit anders zu regeln oder zu beenden.

Die Emittentin wird sicherstellen, dass jederzeit (i) eine Emissionsstelle und eine Berechnungsstelle, (ii) eine Zahlstelle mit einer Geschäftsstelle in einer Stadt auf dem europäischen Festland und (iii) so lange die Schuldverschreibungen auf Veranlassung der Emittentin an einer Börse notiert werden, eine Zahlstelle mit einer benannten Geschäftsstelle an dem von der betreffenden Börse vorgeschriebenen Ort bestimmt ist. Die Emissionsstelle, etwaige Zahlstellen und die Berechnungsstelle behalten sich das Recht vor, jederzeit anstelle ihrer jeweils benannten Geschäftsstelle eine andere Geschäftsstelle in derselben Stadt zu bestimmen. Bekanntmachungen hinsichtlich aller Veränderungen im Hinblick auf die Emissionsstelle, etwaige Zahlstellen und die Berechnungsstelle erfolgen unverzüglich durch die Emittentin gemäß § 11.

- (c) *Erfüllungsgehilfe(n) der Emittentin.* Die Emissionsstelle, die Zahlstelle(n) und die Berechnungsstelle handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber dem Anleihegläubiger; es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und dem Anleihegläubiger begründet.

Die Emissionsstellen, die Zahlstelle(n) und die Berechnungsstelle können den Rat eines oder mehrerer Rechtsanwälte oder anderer Sachverständiger einholen, deren Beratung oder Dienste sie für notwendig hält, und sich auf eine solche Beratung verlassen. Die Emissionsstelle, die Zahlstelle(n) und die Berechnungsstelle übernehmen keine Haftung gegenüber den Anleihegläubigern im Zusammenhang mit Handlungen, die in gutem Glauben im Einklang mit einer solchen Beratung getätigt, unterlassen oder geduldet wurden.

Agent and their respective initial specified offices are as follows:

"Fiscal Agent" and "Paying Agent":

Deutsche Bank Aktiengesellschaft
Taunusanlage 12
60325 Frankfurt am Main
Federal Republic of Germany.

"Calculation Agent":

[**Deutsche Bank Aktiengesellschaft**
Taunusanlage 12
60325 Frankfurt am Main
Federal Republic of Germany].

- (b) *Variation or termination of appointment.* The Issuer reserves the right at any time to appoint additional paying agents (together with the Paying Agent specified above, the "Paying Agents" and each a "Paying Agent").

The Issuer further reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any Paying Agent and the Calculation Agent.

The Issuer will at all times maintain (i) a Fiscal Agent and a Calculation Agent (ii) a Paying Agent with a specified office in a continental European city and (iii) so long as the Notes are listed on a stock exchange at the initiative of the Issuer, a Paying Agent with a specified office in such city as may be required by the rules of the relevant stock exchange. The Fiscal Agent, any Paying Agent and the Calculation Agent reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of the Fiscal Agent, any Paying Agent or the Calculation Agent will be given promptly by the Issuer to the Noteholders in accordance with § 11.

- (c) *Agent of the Issuer.* The Fiscal Agent, any Paying Agent(s) and the Calculation Agent act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for the Noteholder.

The Fiscal Agent, the Paying Agent(s) and the Calculation Agent may engage the advice or services of any lawyers or other experts whose advice or services it deems necessary and may rely upon any advice so obtained. Neither the Fiscal Agent nor the Paying Agent nor the Calculation Agent will incur any liability as against the Noteholders in respect of any action taken, or not taken, or suffered to be taken, or not taken, in accordance with such advice in good faith.

§ 10 Schuldnerersetzung

(a) Ersetzung.

Die Emittentin ist jederzeit berechtigt, ohne Zustimmung der Anleihegläubiger, eine andere Gesellschaft, die direkt oder indirekt von der Emittentin kontrolliert wird ("Verbundene Unternehmen", wie in § 15 AktG definiert), als neue Emittentin für alle sich aus oder im Zusammenhang mit den Schuldverschreibungen ergebenden Verpflichtungen mit schuldbefreiender Wirkung für die Emittentin an die Stelle der Emittentin zu setzen (die "**Neue Emittentin**"), sofern

- (i) die Neue Emittentin sämtliche Verpflichtungen der Emittentin aus oder im Zusammenhang mit den Schuldverschreibungen übernimmt und, sofern eine Zustellung an die Neue Emittentin außerhalb der Bundesrepublik Deutschland erfolgen müsste, einen Zustellungsbevollmächtigten in der Bundesrepublik Deutschland bestellt;
- (ii) die Emittentin und die Neue Emittentin sämtliche für die Schuldnerersetzung und die Erfüllung der Verpflichtungen aus oder im Zusammenhang mit den Schuldverschreibungen erforderlichen Genehmigungen erhalten haben;
- (iii) die Neue Emittentin in der Lage ist, sämtliche zur Erfüllung der aufgrund der Schuldverschreibungen bestehenden Zahlungsverpflichtungen erforderlichen Beträge in der festgelegten Währung an das Clearingsystem oder die Emissionsstelle zu zahlen, und zwar ohne Abzug oder Einbehalt von Steuern oder sonstigen Abgaben jedweder Art, die von dem Land (oder den Ländern), in dem (in denen) die Neue Emittentin ihren Sitz oder Steuersitz hat, auferlegt, erhoben oder eingezogen werden;
- (iv) die Emittentin unbeding und unwiderruflich die Verpflichtungen der Neuen Emittentin aus den Schuldverschreibungen zu Bedingungen garantiert, die sicherstellen, dass jeder Anleihegläubiger wirtschaftlich mindestens so gestellt wird, wie er ohne die Ersetzung stehen würde;
- (v) die Neue Emittentin sich verpflichtet hat, jeden Anleihegläubiger hinsichtlich solcher Steuern, Abgaben oder behördlichen Lasten freizustellen, die einem Anleihegläubiger bezüglich der Ersetzung auferlegt werden; und
- (vi) der Emissionsstelle ein oder mehrere Rechtsgutachten von anerkannten Rechtsanwälten vorgelegt werden, welche bestätigen, dass die Bestimmungen in den vorstehenden

§ 10 Substitution

(a) Substitution.

The Issuer may at any time, without the consent of the Noteholders, substitute for the Issuer any other company which is directly or indirectly controlled by the Issuer ("Affiliated Companies", as defined in Section 15 German Stock Corporation Act –*Aktiengesetz*), as new issuer (the "**New Issuer**") in respect of all obligations arising under or in connection with the Notes with the effect of releasing the Issuer of all such obligations, if:

- (i) the New Issuer assumes any and all obligations of the Issuer arising under or in connection with the Notes and, if service of process *vis-à-vis* the New Issuer would have to be effected outside the Federal Republic of Germany, appoints a process agent within the Federal Republic of Germany;
- (ii) the Issuer and the New Issuer have obtained all authorisations and approvals necessary for the substitution and the fulfilment of the obligations arising under or in connection with the Notes;
- (iii) the New Issuer is in the position to pay to the Clearing System or to the Fiscal Agent in the Specified Currency and without deducting or withholding any taxes or other duties of whatever nature imposed, levied or deducted by the country (or countries) in which the New Issuer has its domicile or tax residence all amounts required for the performance of the payment obligations arising from or in connection with the Notes;
- (iv) the Issuer unconditionally and irrevocably guarantees such obligations of the New Issuer under the Notes on terms which ensure that each Noteholder will be put in an economic position that is at least as favourable as that which would have existed if the substitution had not taken place;
- (v) the New Issuer has agreed to indemnify and hold harmless each Noteholder against any tax, duty, assessment or governmental charge imposed on such Noteholder in respect of such substitution; and
- (vi) there shall have been delivered to the Fiscal Agent an opinion of lawyers of recognised standing to the effect that subparagraphs (i) to (v) above have been satisfied.

Unterabsätzen (i) bis (v) erfüllt wurden.

(b) *Bezugnahmen.*

- (i) Im Fall einer Schuldnerersetzung gemäß § 10(a) gilt jede Bezugnahme in diesen Anleihebedingungen auf die Emittentin als eine solche auf die Neue Emittentin.

Klarstellend sei erwähnt, dass dies nur gilt, soweit sich nicht aus Sinn und Zweck der jeweiligen Bedingung ergibt, dass die Bezugnahme entweder weiterhin nur auf die Covestro AG erfolgen soll, oder dass die Bezugnahme auf die Neue Emittentin und gleichzeitig auch auf die Covestro AG, im Hinblick auf deren Verpflichtungen aus der Garantie gemäß § 10(a)(iv) erfolgen soll.

- (ii) In § 8 gilt ein weiterer Kündigungsgrund als aufgenommen, der dann besteht, wenn die Garantie gemäß § 10(a)(iv) mit rechtskräftiger Entscheidung eines zuständigen Gerichts für nicht vollumfänglich wirksam erklärt wird, oder die Garantin einen Mangel der Wirksamkeit behauptet und dieser Mangel nicht innerhalb von zehn Geschäftstagen behoben wird.

(b) *References.*

- (i) In the event of a substitution pursuant to § 10(a), any reference in these Terms and Conditions to the Issuer shall be a reference to the New Issuer.

For the avoidance of doubt this shall apply only to the extent that the meaning and purpose of the relevant condition requires that the relevant reference shall continue to be a reference only to Covestro AG, or that the reference shall be to the New Issuer and Covestro AG, in relation to Covestro AG's obligations under the guarantee pursuant to § 10(a)(iv) at the same time.

- (ii) In § 8 a further event of default shall be deemed to have been included; such event of default shall exist in the case that the guarantee pursuant to § 10(a)(iv) is determined by the final decision of a competent court or is claimed by the guarantor not to be in full force and effect and such defect is not corrected within ten business days.

§ 11 Bekanntmachungen

Im Fall von Schuldverschreibungen, die an der Luxemburger Börse notiert sind, ist folgendes anwendbar:

- (a) *Veröffentlichungen.* Alle Bekanntmachungen, die die Schuldverschreibungen betreffen, werden (solange die Schuldverschreibungen am geregelten Markt der Luxemburger Wertpapierbörse zum Handel zugelassen sind) auf der Internet-Seite der Luxemburger Börse (derzeit unter www.bourse.lu) veröffentlicht. Jede Mitteilung gilt am Tag der ersten Veröffentlichung als wirksam erfolgt.
- (b) *Mitteilungen an das Clearingsystem.* Solange die Schuldverschreibungen an der Luxemburger Börse notiert sind, findet § 11(a) Anwendung. Soweit die Regeln der Luxemburger Börse dies zulassen, kann die Emittentin eine Veröffentlichung nach § 11(a) durch eine Mitteilung an das Clearingsystem zur Weiterleitung an die Anleihegläubiger ersetzen; jede derartige Mitteilung gilt am fünften Tag nach dem Tag der Mitteilung an das Clearingsystem als den Anleihegläubigern mitgeteilt.

Im Fall von Schuldverschreibungen, die nicht auf Veranlassung der Emittentin an einer Börse notiert sind, ist folgendes anwendbar:

- (a) *Mitteilungen an das Clearingsystem.* Die Emittentin wird alle die Schuldverschreibungen betreffenden Mitteilungen an das Clearingsystem zur Weiterleitung an die Anleihegläubiger übermitteln. Jede derartige Mitteilung gilt am fünften Tag nach dem Tag der Mitteilung an das Clearingsystem als den Anleihegläubigern mitgeteilt.

§ 11 Notices

In the case of Notes which are listed on the Luxembourg Stock Exchange, the following applies:

- (a) *Publications.* All notices regarding the Notes will be published (so long as the Notes are admitted to trading on the regulated market of the Luxembourg Stock Exchange) on the website of the Luxembourg Stock Exchange (currently on www.bourse.lu). Any notice will become effective for all purposes on the date of the first such publication.
- (b) *Notification to Clearing System.* So long as any Notes are listed on the Luxembourg Stock Exchange, § 11(a) shall apply. If the Rules of the Luxembourg Stock Exchange so permit, the Issuer may deliver the relevant notice to the Clearing System for communication by the Clearing System to the Noteholders, in lieu of publication as set forth in § 11(a) above; any such notice shall be deemed to have been validly given on the fifth day after the day on which the said notice was given to the Clearing System.

In the case of Notes which are not listed at the initiative of the Issuer, the following applies:

- (a) *Notification to Clearing System.* The Issuer shall deliver all notices concerning the Notes to the Clearing System for communication by the Clearing System to the Noteholders. Any such notice shall be deemed to have been validly given on the fifth day after the day on which the said notice was given to the Clearing System.

[(b)][(c)] *Mitteilungen eines Anleihegläubigers.* Mitteilungen, die von einem Anleihegläubiger gemacht werden, müssen schriftlich erfolgen und zusammen mit dem Nachweis seiner Inhaberschaft gemäß § 13(c)(a) an die Emissionsstelle geleitet werden. Eine solche Mitteilung kann über das Clearingsystem in der von der Emissionsstelle und dem Clearingsystem dafür vorgesehenen Weise erfolgen.

§ 12 Begebung weiterer Schuldverschreibungen

Die Emittentin behält sich das Recht vor, ohne Zustimmung der Anleihegläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tages der Begebung, des Verzinsungsbeginns und/oder des Ausgabepreises) wie die vorliegenden Schuldverschreibungen zu begeben, so dass sie mit diesen eine einheitliche Serie bilden. Der Begriff "**Schuldverschreibungen**" umfasst im Fall einer solchen weiteren Begebung auch solche zusätzlich begebenen Schuldverschreibungen.

§ 13 Anwendbares Recht, Erfüllungsort und Gerichtsstand

- (a) *Geltendes Recht.* Form und Inhalt der Schuldverschreibungen sowie alle sich daraus ergebenden Rechte und Pflichten bestimmen sich ausschließlich nach dem Recht der Bundesrepublik Deutschland.
- (b) *Gerichtsstand.* Vorbehaltlich eines zwingenden Gerichtsstandes für besondere Rechtsstreitigkeiten im Zusammenhang mit dem Gesetz über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz – *SchVG*) in seiner jeweiligen gültigen Fassung (das "**SchVG**"), ist nicht-ausschließlicher Gerichtsstand für alle sich aus den in diesen Anleihebedingungen geregelten Rechtsverhältnissen ergebenden Rechtsstreitigkeiten mit der Emittentin Frankfurt am Main.

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.

- (c) *Gerichtliche Geltendmachung.* 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 Depotbank, die (i) den vollen Namen und die volle Anschrift des Anleihegläubigers bezeichnet, (ii) den Gesamtnennbetrag 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

[(b)][(c)] *Notices by a Noteholder.* Notices to be given by any Noteholder shall be made in written form together with an evidence of the Noteholder's entitlement in accordance with § 13(c)(a) to the Fiscal Agent. Such notice may be given through the Clearing System in such manner as the Fiscal Agent and the Clearing System may approve for such purpose.

§ 12 Further Issues

The Issuer reserves the right from time to time, without the consent of the Noteholders to issue additional notes with identical terms and conditions as the Notes in all respects (or in all respects except for the date of issue, the interest commencement date and/or the issue price) so as to be consolidated and form a single series with such Notes. The term "**Notes**" shall, in the event of such further issue, also comprise such further notes.

§ 13 Applicable Law, Place of Performance and Jurisdiction

- (a) *Applicable law.* The form and content of the Notes as well as all the rights and duties arising therefrom are governed exclusively by the laws of the Federal Republic of Germany.
- (b) *Jurisdiction.* Subject to any exclusive court of venue for specific legal proceedings in connection with the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*) (*Schuldverschreibungsgesetz – SchVG*), as amended from time to time (the "**SchVG**"), non-exclusive court of venue for all litigation with the Issuer arising from the legal relations established in these Terms and Conditions is Frankfurt am Main.

The local court (*Amtsgericht*) in the district where the Issuer has its registered office will 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 will have exclusive jurisdiction for all judgments over contested resolutions by Noteholders in accordance with § 20(3) SchVG.

- (c) *Enforcement.* 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 depositary bank (i) stating the full name and address of the Noteholder, (ii) specifying an aggregate principal amount 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 Fiscal Agent containing the information pursuant to (i) and (ii) and bearing acknowledgements of the

Emissionsstelle 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 Emissionsstelle bestätigten Ablichtung der Globalurkunde.

§ 14 Änderung der Anleihebedingungen; Gemeinsamer Vertreter

- (a) *Änderung der Anleihebedingungen.* Die Emittentin kann die Anleihebedingungen mit Zustimmung aufgrund Mehrheitsbeschlusses der Anleihegläubiger nach Maßgabe der §§ 5 ff. SchVG ändern. Eine Änderung der Anleihebedingungen ohne Zustimmung der Emittentin scheidet aus.

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 § 10 abschließend geregelt ist, mit den in dem nachstehenden § 14(b) genannten Mehrheiten zustimmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Anleihegläubiger verbindlich.

- (b) *Mehrheitserfordernisse.* 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 9 SchVG, geändert wird, bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75 % der an der Abstimmung teilnehmenden Stimmrechte (eine "**Qualifizierte Mehrheit**"). Das Stimmrecht ruht, solange die Schuldverschreibungen der Emittentin oder einem mit ihr verbundenen Unternehmen (§ 271 Absatz 2 HGB) zustehen oder für Rechnung der Emittentin oder eines mit ihr verbundenen Unternehmens gehalten werden.

- (c) *Beschlüsse.* Beschlüsse der Anleihegläubiger werden entweder in einer Gläubigerversammlung nach § 14(c)(i) oder im Wege der Abstimmung ohne Versammlung nach § 14(c)(ii) getroffen, die von der Emittentin oder einem gemeinsamen Vertreter einberufen wird.

- (i) Beschlüsse der Anleihegläubiger im Rahmen einer Gläubigerversammlung werden nach §§ 9 ff. SchVG getroffen. Die Einberufung der Gläubigerversammlung regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Einberufung der Gläubigerversammlung werden in der Tagesordnung die Beschlussgegenstände sowie die

Clearing System and the relevant Clearing System accountholder as well as (b) a copy of the Global Bond certified by a duly authorised officer of the Clearing System or the Fiscal Agent as being a true copy.

§ 14 Amendments to the Terms and Conditions; Joint Representative

- (a) *Amendment of the Terms and Conditions.* The Issuer may amend the Terms and Conditions with the consent of a majority resolution of the Noteholders pursuant to §§ 5 et seq. of the SchVG. There will be no amendment of the Terms and Conditions without the Issuer's consent.

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 § 10, by resolutions passed by such majority of the votes of the Noteholders as stated under § 14(b) below. A duly passed majority resolution will be binding upon all Noteholders.

- (b) *Majority requirements.* 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 9 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**"). The voting right is suspended as long as any Notes are attributable to the Issuer or any of its affiliates (within the meaning of § 271(2) of the German Commercial Code (*Handelsgesetzbuch*)) or are being held for the account of the Issuer or any of its affiliates.

- (c) *Resolutions.* Resolutions of the Noteholders will be made either in a Noteholders' meeting in accordance with § 14(c)(i) or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with § 14(c)(ii), in either case convened by the Issuer or a joint representative, if any.

- (i) Resolutions of the Noteholders in a Noteholders' meeting will be made in accordance with § 9 et seq. of the SchVG. The convening notice of a Noteholders' meeting 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 will be notified to Noteholders in the agenda of the meeting.

Vorschläge zur Beschlussfassung den Anleihegläubigern bekannt gegeben.

- (ii) 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.
- (d) *Zweite Gläubigerversammlung.* Wird die Beschlussfähigkeit bei der Abstimmung ohne Versammlung nach § 14(c)(ii) nicht festgestellt, kann der Abstimmungsleiter eine Gläubigerversammlung einberufen, welche als zweite Gläubigerversammlung im Sinne des § 15(3) Satz 3 SchVG gilt.
- (e) *Anmeldung.* Die Stimmrechtsausübung ist von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Die Anmeldung muss bis zum dritten Tag vor der Gläubigerversammlung im Falle einer Gläubigerversammlung (wie in § 14(c)(i) oder § 14(d) beschrieben) bzw. vor dem Beginn des Abstimmungszeitraums im Falle einer Abstimmung ohne Versammlung (wie in § 14(c)(ii) beschrieben) unter der in der Aufforderung zur Stimmabgabe angegebenen Anschrift zugehen. Zusammen mit der Anmeldung müssen Anleihegläubiger den Nachweis ihrer Berechtigung zur Teilnahme an der Abstimmung durch eine besondere Bescheinigung ihrer jeweiligen Depotbank in Textform und die Vorlage eines Sperrvermerks der Depotbank erbringen, aus dem hervorgeht, dass die relevanten Schuldverschreibungen für den Zeitraum vom Tag der Absendung der Anmeldung (einschließlich) bis zu dem angegebenen Ende der Versammlung (einschließlich) bzw. dem Ende des Abstimmungszeitraums (einschließlich) nicht übertragen werden können.
- (f) *Gemeinsamer Vertreter.* 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(a) zuzustimmen.
- (ii) Resolutions of the Noteholders by means of a voting not requiring a physical meeting (*Abstimmung ohne Versammlung*) will 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 will be notified to Noteholders together with the request for voting.
- (d) *Second noteholders' meeting.* If it is ascertained that no quorum exists for the vote without meeting pursuant to § 14(c)(ii), the chairman (*Abstimmungsleiter*) may convene a meeting, which shall be deemed to be a second meeting within the meaning of § 15(3) sentence 3 of the SchVG.
- (e) *Registration.* The exercise of voting rights is subject to the registration of the Noteholders. The registration must be received at the address stated in the request for voting no later than the third day prior to the meeting in the case of a Noteholders' meeting (as described in § 14(c)(i) or § 14(d)) or the beginning of the voting period in the case of voting not requiring a physical meeting (as described in § 14(c)(ii)), as the case may be. As part of the registration, Noteholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of their respective depositary bank hereof in text form and by submission of a blocking instruction by the depositary bank stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting or day the voting period ends, as the case may be.
- (f) *Joint representative.* 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 to a material change in the substance of the Terms and Conditions in accordance with § 14(a) hereof.

Der gemeinsame Vertreter hat die Aufgaben und Befugnisse, welche ihm durch Gesetz oder von den Anleihegläubigern durch Mehrheitsbeschluss eingeräumt wurden. Er hat die Weisungen der Anleihegläubiger zu befolgen. Soweit er zur Geltendmachung von Rechten der Anleihegläubiger ermächtigt ist, sind die einzelnen Anleihegläubiger zur selbständigen Geltendmachung dieser Rechte

The joint representative shall have the duties and powers provided by law or granted by majority resolutions of the Noteholders. The joint representative shall comply with the instructions of the Noteholders. To the extent that the joint representative has been authorised to assert certain rights of the Noteholders, the Noteholders shall not be entitled to assert such rights themselves, unless explicitly provided for

nicht befugt, es sei denn der Mehrheitsbeschluss sieht dies ausdrücklich vor. Über seine Tätigkeit hat der gemeinsame Vertreter den Anleihegläubigern zu berichten. Für die Abberufung und die sonstigen Rechte und Pflichten des gemeinsamen Vertreters gelten die Vorschriften des SchVG.

Die Haftung des gemeinsamen Vertreters ist auf das Zehnfache seiner jährlichen Vergütung beschränkt, es sei denn, dem gemeinsamen Vertreter fällt Vorsatz oder grobe Fahrlässigkeit zur Last.

- (g) *Bekanntmachungen.* Bekanntmachungen betreffend diesen § 14 erfolgen gemäß den §§ 5ff. SchVG sowie nach § 11.

§ 15 Sprache

Falls die Anleihebedingungen in deutscher Sprache mit einer Übersetzung in die englische Sprache abgefasst sind, ist folgendes anwendbar:

Diese Anleihebedingungen sind in deutscher Sprache abgefasst. Eine Übersetzung in die englische Sprache ist beigefügt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.

in the relevant majority resolution. The joint representative shall provide reports to the Noteholders on its activities. The regulations of the SchVG apply with regard to the recall and the other rights and obligations of the joint representative.

Unless the joint representative is liable for wilful misconduct (*Vorsatz*) or gross negligence (*grobe Fahrlässigkeit*), the joint representative's liability shall be limited to ten times the amount of its annual remuneration.

- (g) *Notices.* Any notices concerning this § 14 will be made in accordance with § 5 et seq. of the SchVG and § 11.

§ 15 Language

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

If the Terms and Conditions shall be in the German language with an English language translation, the following applies:

These Terms and Conditions are written in the English language only.

If the Terms and Conditions shall be in the English language only, the following applies:

USE OF PROCEEDS

The net proceeds from each issue of Notes by the Issuer will generally be used for general corporate and financing purposes of the Covestro Group. These general corporate and financial purposes may include, among other things, the refinancing of existing indebtedness, acquisitions, the underpinning of pension obligations and general working capital requirements. If in respect of any particular issue there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

DESCRIPTION OF COVESTRO AG AND THE COVESTRO GROUP

Covestro Group

Covestro AG, together with its subsidiaries, joint ventures and associated entities, forms the Covestro Group. Covestro AG is the ultimate parent of the Covestro Group.

Name, Registered Seat (*Sitz*) and Purpose (*Unternehmensgegenstand*) of Covestro AG

Covestro AG is a stock corporation (*Aktiengesellschaft*) organized under German law. Covestro AG was established on August 20, 2015 and was registered with the Commercial Register of the local court of Cologne (*Amtsgericht Köln*), Germany, under docket number 85281 on August 24, 2015 under the legal name "Covestro AG." Covestro AG is the holding company of the Covestro Group, which operates under the commercial name "Covestro" and previously operated under the commercial name "Bayer MaterialScience".

Covestro AG's registered office and business address is Covestro AG, Kaiser-Wilhelm-Allee 60, 51373 Leverkusen, Germany (Tel: +49 214 6009 2000).

Pursuant to section 2 of the articles of association of Covestro AG dated October 6, 2015, the corporate purpose of Covestro AG is manufacturing, marketing and other industrial activities and the provision of services in the area of polymers and chemicals. Covestro AG is authorized to undertake all business which is related to, or directly or indirectly serves, the object of the company. Covestro AG may establish, acquire and take participating interests in other companies, in particular those whose objects fully or partially cover the above-mentioned field. Covestro AG may bring companies, in which it holds participating interests, under its uniform control or confine itself to the administration thereof. Covestro AG may transfer their operations in full or in part to newly established or existing subsidiaries or affiliates.

The legal entity identifier (LEI) of Covestro AG is: 3912005AWHKLQ1CPLV11.

Fiscal Year

Covestro AG's fiscal year is the calendar year.

Term and Dissolution

Covestro AG has been founded for an unlimited term and may be dissolved upon a resolution of the general meeting requiring a majority of at least three quarters of the share capital represented during the resolution. The assets of Covestro AG remaining after servicing all liabilities are distributed among the shareholders pro rata to their shareholding in Covestro AG pursuant to the provisions of the German Stock Corporation Act (*Aktiengesetz*).

Shareholder Structure

Covestro AG's share capital as of the date of this Base Prospectus amounts to EUR 183,000,000 divided into 183,000,000 ordinary registered shares with no par value (*Stückaktien*). The share capital of Covestro AG is fully paid up.

On October 24, 2017, the Issuer announced the launch of a share buy-back program in a maximum notional amount of EUR 1.5 billion (excluding transaction costs) or up to 10% of the outstanding capital stock of Covestro AG, depending on which value is reached first. On December 5, 2018, the Issuer announced the completion of this program with the acquisition of 19,928,589 shares, totalling 9.84% of the capital stock and equalling EUR 1,452,971,831 in three tranches.

The Board of Management decided in December 2018 to retire 19.5 million treasury shares and thus to reduce the capital stock by EUR 19.5 million, following the completion of the share buyback program. Previous to this decision, Covestro AG's share capital had amounted to EUR 202,500,000 divided into 202,500,000 ordinary registered shares with no par value (*Stückaktien*).

On the basis of the notifications received by Covestro AG as of the date of this Base Prospectus in accordance with the German Securities Trading Act (*Wertpapierhandelsgesetz* - WpHG) and pursuant to information provided by the respective shareholders, the following shareholders directly or indirectly hold more than 3 per cent. of Covestro AG's ordinary shares. The percentage values shown in the table below are based on the amount of voting rights last notified to Covestro AG with regard to the stated reference date by the respective shareholder pursuant to Sections 33 et seqq.

WpHG (without taking into account voting rights attached to financial instruments) in relation to Covestro AG's share capital as of the date of this Base Prospectus. It should be noted that the number of voting rights last notified could have changed since such notifications were submitted to Covestro AG without requiring the relevant shareholder to submit a corresponding voting rights notification if no notifiable thresholds have been reached or crossed:

<u>Shareholder</u>	<u>Actual (direct or indirect) ownership of Covestro AG</u>
<u>Shareholder</u>	<u>Share of voting rights</u>
Allianz Global Investors GmbH	5,853,973 voting rights (3.20%)
Bayer AG	13,791,540 voting rights (7.54%)
BlackRock Inc.	11,667,113 voting rights (6.38%)
Norges Bank	5,582,625 voting rights (3.05%)
Total	36,895,251 voting rights (20.16%)

Statutory auditors

The independent auditor of Covestro AG for the fiscal year ended December 31, 2018, was KPMG AG Wirtschaftsprüfungsgesellschaft, Tersteegenstraße 19-23, 40405 Düsseldorf, Germany ("**KPMG**"). KPMG is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstraße 26, 10787 Berlin, Germany.

KPMG was selected by the Annual General Meeting of the Issuer on April 13, 2018 as auditor for the fiscal year 2018 on recommendation of the Supervisory Board of the Issuer, following a selection procedure performed in line with Article 16 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of April 16, 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/ EC.

The independent auditor of Covestro AG for the fiscal year ended December 31, 2017, was PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (trading as PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft until February 28, 2017), Friedrich-List-Straße 20, 45128 Essen, Germany ("**PwC**"). PwC is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstraße 26, 10787 Berlin, Germany

Ratings

Moody's Investors Service Limited ("**Moody's**") has assigned a "Baa1"⁹ rating (outlook stable) to Covestro AG.

Notes to be issued under the Programme may be rated or unrated. Where an issue of Notes is rated, a security rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Any negative change in the credit rating of Covestro AG could adversely affect the trading price of the Notes. Investors should consider each rating individually and obtain additional and more detailed understanding of the significance of the respective credit rating information provided by the respective rating agency.

The Credit rating included or referred to in this Base Prospectus has been issued by Moody's, which is established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of September 16, 2009 on credit rating agencies and included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>.

⁹ Moody's defines "Baa1" as follows: "Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category".

Holders should be aware that a credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

History

Prior to its separation (the "**Separation**"), the Covestro Group was part of the German multinational chemical and pharmaceutical company Bayer (the "**Bayer Group**") as a subgroup.

In the process of Separation, the entire MaterialScience business of the Bayer Group was concentrated underneath Covestro Deutschland AG (formerly Bayer MaterialScience Aktiengesellschaft) through several share and asset transactions. The separation of the MaterialScience business is governed by a master agreement (the "**Master Agreement**") between Bayer AG and Covestro Deutschland AG, in which the parties agreed on a number of overarching rules and principles. Pursuant to the principles outlined in the Master Agreement, Covestro Deutschland AG has assumed certain responsibility *inter alia* for: (i) environmental contamination arising in connection with properties owned by it or its subsidiaries or transferred to it or its subsidiaries as part of the formation of the MaterialScience business or transferred to it or its subsidiaries in the course of the carve-out and reorganization, (ii) warranty and product liability claims of third parties arising out of or in connection with defective products which were put on the market prior to August 31, 2015 and (iii) liabilities resulting from violations of law.

With effect as of September 1, 2015, Bayer AG contributed all shares in Covestro Deutschland AG to the unrestricted capital reserves (*ungebundene Kapitalrücklage*) of Covestro AG. From the date of this contribution the Group operated under the name "Covestro" independently from the Bayer Group.

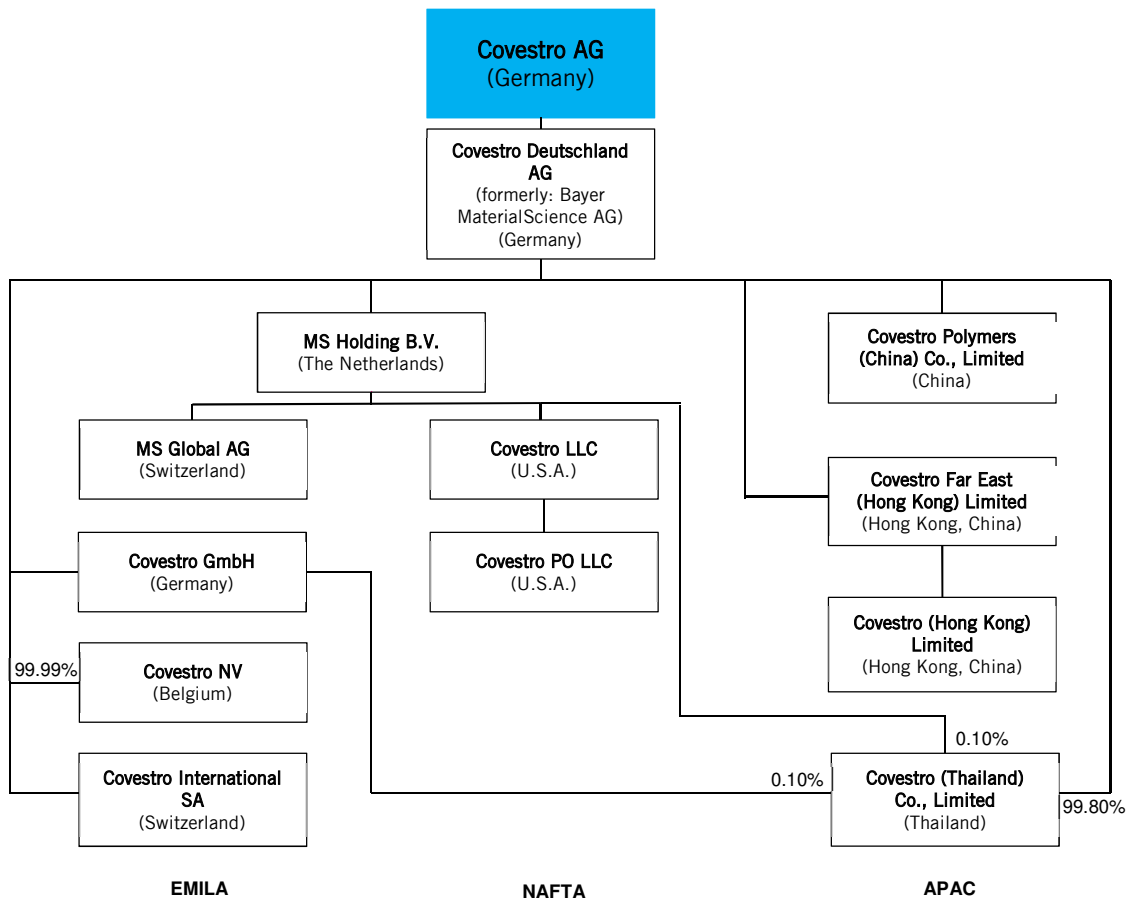
On September 4, 2015 Bayer announced to proceed with an Initial Public Offering of Covestro AG. Beginning from September 21, 2015 shares in Covestro AG were offered to the public in Germany and Luxembourg and to institutional and qualified investors in certain other jurisdictions including the United States. The offer concluded on October 2, 2015, the offer price was fixed at EUR 24.00 per share. The gross proceeds from the offering amounted to EUR 1.5 billion.

On October 6, 2015 Covestro AG was listed and traded for the first time on the regulated market (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

Group Structure

Covestro AG is the parent company of the Group. Covestro AG's business is not conducted by Covestro AG itself but almost entirely by the relevant operating subsidiaries. As of December 31, 2018, the Group includes 50 consolidated companies worldwide, of which 9 are German companies.

The following chart provides an overview of selected subsidiaries of Covestro AG at the date of the Base Prospectus:



Covestro AG is the stock exchange listed parent company of the Group. Covestro AG and Covestro Deutschland AG have entered into a domination and profit and loss transfer agreement (*Beherrschungs- und Ergebnisabführungsvertrag*) effective as of September 1, 2015. There also are certain profit and loss transfer agreements (*Ergebnisabführungsverträge*) between certain other companies of the Group.

The main operating companies of the Group are Covestro Deutschland AG in Germany, Covestro Polymers (China) Company Limited in China and Covestro LLC in the U.S.A.

Covestro GmbH is a subsidiary of Covestro Deutschland AG and the Group's legal entity for sales services in Germany. Under the internal functional description as Supply Chain Centre (SCC), the company is also responsible for the regional outbound supply chain operations of the business units in EMLA.

Covestro NV in Belgium is a manufacturing company and additionally serves as hub for support- and sales functions. Covestro International SA in Switzerland is responsible for sales of the entire Group's product portfolio in Eastern Europe, the Middle East and Africa, as well as for certain products of the business unit Polyurethanes to certain customers in Western Europe. MS Holding B.V., The Netherlands, serves as a holding for foreign and domestic affiliated companies as well as hosting of the Dutch sales support activities.

Covestro (Hong Kong) Limited in Hong Kong, China, is engaged in the selling and distribution of the Group's products in the Asia Pacific Region. Covestro Far East (Hong Kong) Limited in Hong Kong, China, is an investment holding company of Covestro (Hong Kong) Limited. Covestro Polymers (China) Co., Limited in China is the main operating company of the Group in China.

Covestro LLC in the U.S.A. is the main operating company in the Group in the U.S.A. Covestro PO LLC (formerly Bayer PO LLC) in the U.S.A. is the operational entity for the Group's propylene oxide joint venture with Lyondell Chemical Company in the U.S.A.

Business Overview

Based on its internal market analysis, the Group considers itself one of the world's leading providers of high-tech material solutions. Its activities comprise the production and supply of raw materials for polyurethanes, polycarbonate resins and sheets, and raw materials for coatings, adhesives and sealants, as well as selected chemical intermediates. The Covestro Group's product portfolio also includes niche products such as thermoplastic polyurethanes ("TPU"), polycarbonate- and TPU-based films, hot cast elastomers and other products tailored to textile, cosmetic and medical applications. The Covestro Group has a strong track record of process and product innovation as well as close customer relationships that underpin its tradition of developing market-driven solutions. The products manufactured by the Covestro Group are processed by customers to create products used in various end markets, including, in particular, automotive/transport, construction, wood/furniture, electrical/electronics, sports/leisure, cosmetics, health and chemicals.

The Covestro Group benefits from a well-invested asset base with what it believes is leading process technology and a total nameplate production capacity of 5,000 kt of core products in its Polyurethanes and Polycarbonates business units, including eight world-scale production sites across Europe, the United States and Asia. The Covestro Group's selectively backward integrated production process is aimed at sourcing critical raw materials such as chlorine, propylene oxide and other feedstock internally or through joint ventures, thereby reducing its dependency on external sourcing.

The Covestro Group's business combines the benefits of standardized products and customized high-value solutions, which aim to meet the needs of customers as they confront fundamental macro trends such as climate change, increasing mobility, population growth and increasing urbanization. The Covestro Group believes that it is well-positioned to capture industry growth driven by such trends due to its competitive advantages. According to the internal market analysis of the Group, the industry is expected to grow due to favourable demand trends over the next five years.

The Group's business is divided into three business units, which are also the Group's three reportable segments:

- The Group's Polyurethanes business unit produces a variety of grades of MDI, TDI and polyether polyols mainly for rigid and flexible foams. Rigid foams are primarily used for building insulation, cold-chain insulation and for automotive parts, while flexible foams are primarily used for furniture, mattresses and car seats. The business unit also produces other products such as styrene, TDA and Elastomer-specialties.
- The Group's Polycarbonates business unit produces polycarbonate resins, compounded resins and polycarbonate sheets. Polycarbonates have unique properties that facilitate their use in a wide range of applications in the electrical/electronics, automotive, construction, consumer appliance, medical, packaging and optical media end markets.
- The Coatings, Adhesives and Specialties business unit produces mainly aliphatic isocyanates and their derivatives, aromatic isocyanate derivatives, polyurethane dispersions and other specialties. The business unit produces approximately 2,700 products for more than 5,400 customers in more than ten end markets, including automotive, construction, wood/furniture, packaging and footwear/textiles/clothing and electronics.

All other business activities by the Group that cannot be allocated to one of the three reportable segments are recorded under "All other segments", which mainly includes external net sales of chlorine and certain by-products that are created during the production of chlorine and processing of chlorine during the isocyanate production, in particular caustic soda and hydrochloric acid.

The Group is engaged in continuous programs of research and development of new products and production processes, improvement and refinement of existing products and processes, and development of new applications for existing products, often conducted in close collaboration with customers.

The Group has a regional sales and marketing structure with supply chain centres and local operations supported by an e-commerce platform and regional or local distributors. The Group's sales for each business unit are organized in three regions - EMLA, APAC and NAFTA. In each of these regions, the Group's customers include global, regional and local operating businesses, many of whom are long-term customers of the Group.

In the Fiscal Year 2018, the Group had external net sales of EUR 14,616 million and EBITDA of EUR 3,200 million. The Group defines "**EBITDA**" as EBIT plus amortization and impairment losses on intangible assets, and depreciation and impairment losses in property, plant and equipment, less impairment loss reversals. "**EBIT**" is defined as income after income taxes plus financial result and income tax expense.

The Group is headquartered in Leverkusen, Germany. The Covestro Group had 16,770 full-time equivalents on December 31, 2018.

Selected Consolidated Financial Information

The following selected historical financial information for the Group is based on the audited consolidated financial statements of Covestro AG as of and for the financial year ended December 31, 2018 and December 31, 2017.

Consolidated Income Statement

Financial year ended December 31,	2018	2017 ⁽¹⁾
<i>(amounts in EUR million; earnings per share in EUR)</i>	<i>(audited)</i>	
Net sales	14,616	14,138
Gross profit	4,698	4,830
EBIT ⁽²⁾	2,580	2,808
Financial result	(104)	(150)
Income before income taxes	2,476	2,658
Income after income taxes	1,829	2,017
<i>Basic earnings per share⁽³⁾</i>	<i>9.46</i>	<i>9.93</i>
<i>Diluted earnings per share⁽³⁾</i>	<i>9.46</i>	<i>9.93</i>

(1) The Covestro Group has initially applied the new standards IFRS 9 and IFRS 15 effective January 1, 2018. Figures for financial year ended December 31, 2017 have not been restated, see Note 2 to the Consolidated Financial Statements in the 2018 Annual Report.

(2) EBIT = income after income taxes plus financial result and income tax expense.

(3) Weighted average number of outstanding no-par voting shares of Covestro AG in issue: 192,768,826 (previous year: 202,396,416).

Consolidated Statement of Financial Position

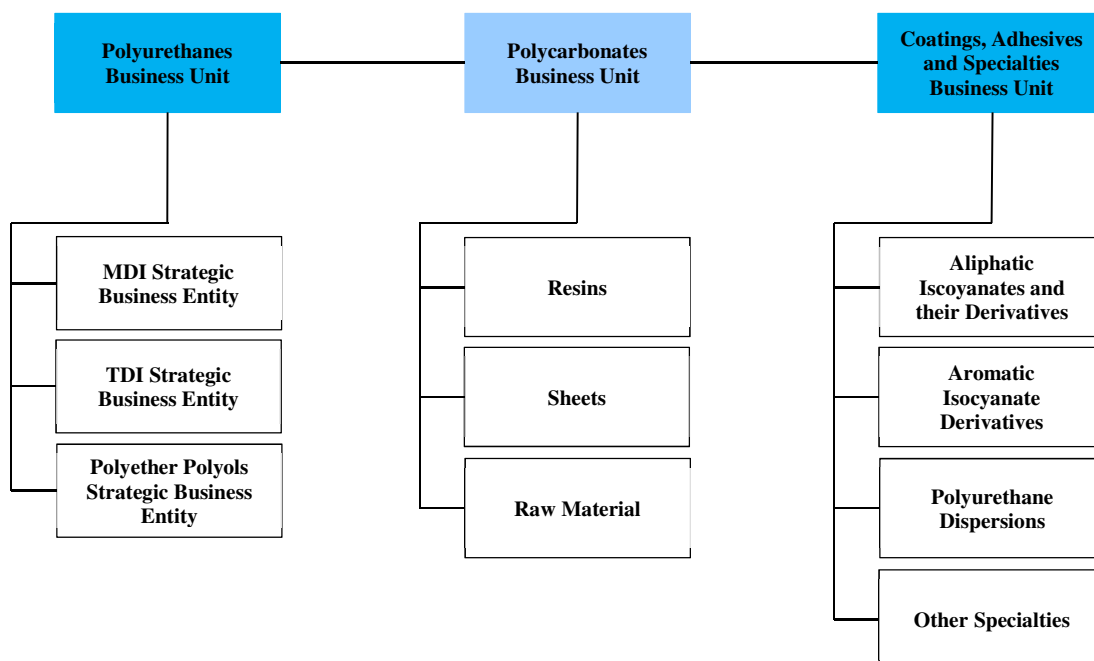
	As of December 31, 2018	As of December 31, 2017 ⁽¹⁾
<i>(amounts in EUR million)</i>	<i>(audited)</i>	
Noncurrent assets	5,801	5,606
Current assets	5,283	5,735
Total assets	11,084	11,341
Equity	5,375	5,365
Equity attributable to Covestro AG stockholders	5,342	5,335
Noncurrent liabilities ⁽²⁾	3,126	2,885
Current liabilities ⁽²⁾	2,583	3,091
Total equity and liabilities	11,084	11,341

(1) The Covestro Group has initially applied the new standards IFRS 9 and IFRS 15 effective January 1, 2018. Figures for financial year ended December 31, 2017 have not been restated, see Note 2 to the Consolidated Financial Statements in the 2018 Annual Report.

(2) As of December 31, 2018, contain the contract assets and contract liabilities/refund liabilities respectively, resulting from IFRS 15.

Business Units and Centrally Organized Sales

The Group conducts its operations through its three business units: Polyurethanes, Polycarbonates, and Coatings, Adhesives and Specialties. The following diagram provides a simplified overview of the Group's operations.



In addition, the Group centrally coordinates the sale of certain by-products created by the Group's operations as raw materials to customers. Such third-party sales primarily consist of sales of chemical intermediates such as chlorine, caustic soda and hydrochloric acid.

Polyurethanes Business Unit

The Polyurethanes business unit focuses on the development, production and marketing of polyurethane raw materials, either on a stand-alone basis or as a formulation of an isocyanate and a polyether polyol, i.e. a system. The raw materials and systems ultimately enable customers to produce rigid and flexible polyurethanes. In the Fiscal Year 2018, the Polyurethanes business unit had external net sales of EUR 7,362 million, accounted for 50.37% of total Group net sales and had EBITDA of EUR 1,763 million. The Polyurethanes business unit is organized into the three strategic business entities MDI, TDI and polyether polyols.

According to the Group's internal market analysis, the business unit is the leading global producer of polyurethane raw materials, the third largest global producer of MDI, the largest global producer of TDI and the second largest global producer of polyether polyols. The business unit's product portfolio includes various grades of MDI, TDI and polyether polyols, which are the key raw materials for the production of polyurethanes. The polyurethanes based on the business unit's raw materials are widely used in a broad range of end markets, including furniture, construction, automotive, appliances, chemicals and others such as footwear for a wide range of applications within those end markets. The business unit's operations are supported by state-of-the-art isocyanate and polyol production technologies, the scale of several of its plants, and its selected backward integration into various key raw materials needed for production.

The business unit operates a global production platform comprising production facilities across Europe, the United States and Asia. The business unit uses a global network of four innovation centres to support customers and drive the development of new products.

Polycarbonates Business Unit

The Polycarbonates business unit's focus is on the development, production and marketing of polycarbonates, which are an engineering thermoplastic and are easily worked, molded and thermoformed. The business unit's polycarbonate resins and compounded resins are suitable for standard and high value applications where the Group's

ability to provide comprehensive technical service is key. The business unit also produces and sells bisphenol-A, a key raw material to produce polycarbonates. In addition, the business unit is forward integrated into producing polycarbonate-based extruded sheets, which are produced from its resins. The business unit is also active in application technology development with customers in connection with polycarbonates processing. In the Fiscal Year 2018, the business unit had external net sales of EUR 4,051 million, accounted for 27.72% of total Group net sales and had EBITDA of EUR 1,036 million.

According to the Group's internal market analysis, the Group's Polycarbonates business unit is the leading global supplier of polycarbonates. Because of their unique properties, polycarbonates are used in a wide range of applications, including those in end markets such as automotive, consumer, appliance, medical packaging, construction, electronics, and optical media.

The Polycarbonates business unit is headquartered in Shanghai, China, and operates a well-invested global network of five world-scale production facilities, thus benefiting from economies of scale and scope. The business unit also operates production facilities that manufacture polycarbonate sheets from the business unit's resins and seven compounding centres, where it produces compounded resins. It also uses a global network of technology centres to develop bespoke polycarbonate formulations for customers.

Coatings, Adhesives and Specialties Business Unit

According to the Group's internal market analysis, the Coatings, Adhesives and Specialties business unit is a global leading supplier of high performance raw materials to the industrial coatings, adhesives, sealants and other specialties industry segments. As a niche specialty material provider, the business unit has strong focus on technology and innovation, which is as a key element to produce highly-value-added products that provide superior performance relative to other, more standard, chemistries. The business unit believes it is the technology leader with respect to the production of isocyanate derivatives for coatings, adhesives and sealants. The business unit produces more than 2,700 products that are primarily based on six monomers, for more than 5,400 customers across more than 10 high-end end markets. The business unit's product portfolio includes aliphatic isocyanates and their derivatives, aromatic isocyanate derivatives, and polyurethane dispersions. In addition, the business unit's product portfolio includes a wide range of TPU- and polycarbonate-based specialty films, hot cast elastomers, thermoplastic elastomer resins, products tailored to specialty textile, cosmetic and medical applications, and other products. In the Fiscal Year 2018, the business unit had external net sales of EUR 2,361 million, accounted for 16.15% of total Group net sales and had EBITDA of EUR 464 million.

According to the Group's internal market analysis, the business unit is the leading worldwide producer of aliphatic isocyanate derivatives and polyurethane dispersions. The Group believes that it is a leading supplier in all key regions for TPU- and polycarbonate-films as well as the number two producer of polyurethane elastomer systems. For its thermoplastic elastomer resin products, the Group considers itself as one of the global top three producers with leading positions in all major regions. The business unit's customers are primarily formulators in the industrial coatings, adhesives and sealants industry segment who use the business unit's isocyanate derivatives to cater to the automotive, construction, wood/furniture, packaging and footwear/textiles/clothing end markets. The products of the business unit are critical to the performance of the end products in which they are used, yet form a small proportion of the overall volume and hence cost of the final product.

The Coatings, Adhesives and Specialties business unit operates a global asset base with three world-scale monomer production facilities that are complemented by regional isocyanate derivative production facilities, and additional production facilities for resins, elastomers, specialty films and TPU across EMLA, APAC and NAFTA. The production facilities are capable of providing reliable supply to customers in all regions while fulfilling required quality standards. The production facilities are complemented by eleven technical centres. These laboratories offer technical support and are an important element in facilitating close, long-term relationships with customers.

Centrally Organized Sales

To the extent they are not consumed internally, the Group centrally coordinates the sale of by-products created by the Group's operations as raw materials to customers. Such third-party sales primarily consist of sales of chemical intermediates such as hydrochloric acid, caustic soda and chlorine, which amounted to external net sales of EUR 842 million or 5.76% of total net sales of the Group in the Fiscal Year 2018, which are reported under "All other segments". According to the Group's internal market analysis, the Group was one of the largest global producers of chlorine in 2018. Customers typically purchase the Group's chemical intermediates as precursors to their higher-value chemicals, such as plastics, polyurethanes, textile fibers, resins, paints, surfactants, colorants, coatings, pharmaceuticals and agricultural products.

The Group looks forward and backward along its production value chains to find potential efficiencies by examining every input and output of the Group's production operations. The Group uses by-products to a maximum extent as raw material for other internal processes. The majority of by-products created by the Group's operations are consumed internally. The Group believes, that it is one of the most cost-effective producers of hydrochloric acid, caustic soda and chlorine, due to its use of oxygen-depolarized cathode and membrane electrolysis technologies.

The Group is also responsible for licensing and selling oxygen-depolarized cathodes, licensing certain technologies such as the IMPACT technology and leasing certain real estate holdings to third parties.

Internal functions

Sales and Marketing

The Group has a regional sales and marketing structure in which each business unit independently manages its sales and marketing activities in a similar fashion with respect to the products it manufactures. Each business unit sells its products through its own sales force as well as through distributors. The sale and marketing of certain chemical intermediates is managed centrally by the Group, while others are managed by the relevant business unit.

Allocating the sales and marketing activities to each business unit facilitates a high level of customer proximity and allows for sophisticated marketing strategies. The Group regularly reviews and tailors its marketing activities on the basis of customer satisfaction surveys and spontaneous customer feedback. In order to facilitate its customers' operations and use of the Group's products, the Group also provides technical application support and technical service laboratories.

The Group regularly evaluates the complaints received from customers. Through dialogue with internal and external stakeholders, corrective and preventive measures are taken by the Group where necessary to further increase quality and customer satisfaction, while lowering production error rates and ultimately the incidence of complaints.

Procurement and Trading

The Group relies on the procurement of a wide range of raw materials, technical goods, energy and services in order to produce its products. Procurement and management of operative road transportation and finished goods warehousing services, including transportation network optimization, are handled by the Group's Supply Chain Centres ("SCCs"). The SCCs are responsible for the regional outbound supply chain operations of the business units. They are located in Leverkusen, Germany, covering EMEA plus Latin America through a local hub in Sao Paulo, Brazil, in Hong Kong, China, as well as hubs in several major countries across Asia with responsibility for operations in APAC, and in Pittsburgh, Pennsylvania, United States, for NAFTA with a local hub in Mexico City, Mexico.

The Group looks forward and backward along its production value chain to find potential efficiencies by examining every input and output of the Group's production processes. The Group uses by-products of chemical reactions, which might otherwise have to be sold or disposed of, to the maximum extent as raw materials for other production operations. Certain production facilities of the respective business unit are linked by pipeline, by rail or by waterway to the production facilities of other business units to enable the by-product of one production process to act as a reactant in another production process.

The Group centrally manages and bundles worldwide procurement processes in order to leverage synergies within the Group and to ensure the selection of appropriate suppliers on a global basis, while individual procurement decisions are formed at a local level. The Group's procurement teams act as intermediaries between suppliers and the business units. To support natural currency hedging and to realize logistical advantages, the Group pursues a balanced local and regional sourcing strategy and maximizes regional or worldwide demand where appropriate to generate economies of scale.

The Group has a key supply relationship with Currenta GmbH & Co. OHG ("**Currenta**") that operates the chemical parks in Leverkusen, Dormagen, and Krefeld-Uerdingen in Germany in which the Group has production facilities and other business operations. Currenta provides various services to the Group's operations located at the chemical parks, including utilities such as electricity, water, heat, and waste water removal.

Real Property and Production Facilities

The Group operates production facilities worldwide and uses land with office buildings, warehouses, research and development facilities, and other facilities in a large number of countries as either owner, holder of hereditary building right or lessee.

Real Property

The Group has economical ownership of a large proportion of its production sites worldwide. Additionally, the Group currently leases and uses real property located at the chemical parks in Germany pursuant to lease agreements and land use rights with Bayer Real Estate Group or related companies and other third parties regarding other locations.

The headquarters of the Group and the headquarters of the Polyurethanes and Coatings, Adhesives and Specialties business units are located in Leverkusen, Germany, and the headquarters of the Polycarbonates business unit is located in Shanghai, China. The regional headquarters of the Group and business units are located, respectively, in Pittsburgh, Pennsylvania, United States, for North America, Leverkusen, Germany, for Europe and Hong Kong and Shanghai, China, for Asia.

Production Facilities

The Group operates world-scale plants in key locations to ensure efficient and reliable production, and operates smaller-scale plants in other locations that are dedicated to one business unit or shared between two business units. A local presence allows customized support and tailor-made solutions for local customers. The main production facilities of the Group are located in: Leverkusen, Krefeld-Uerdingen, Brunsbüttel and Dormagen, Germany; Antwerp, Belgium; Baytown, Texas, United States; Map Ta Phut, Thailand and Shanghai, China.

Many of the Group's sites have an extensive history of industrial operations, storage and related activities and some of the Group's buildings have in the past contained and may still contain asbestos or other harmful substances. As is typical for such businesses, soil and ground water contamination have occurred in the past at some sites such as those in Leverkusen, Dormagen and Krefeld-Uerdingen and may occur or be discovered at the Group's sites in the future. The Group also owns a large number of industrial sites containing, in some cases, pre-existing contamination requiring securing or remediation. The Group has been and is likely in the future to be liable for the costs of investigating and cleaning up or stabilizing environmental contamination on or from its properties or at off-site locations where it transported, disposed of or arranged for the disposal or treatment of hazardous materials and waste or from disposal activities that predated its purchase of its businesses. At December 31, 2018, the Covestro Group had other provisions of EUR 44 million for environmental protection.

Investments

The Group bases its investment decisions on the long-term attractiveness and sustainability of the investment. Investments are expected significantly above the level of depreciation in the next years driven by planned capacity expansions across business units and sites.

Research and Development

The Group's research and development activities are intended to maintain and strengthen the position of the Group within the industry and focus on product- and process-related innovation development. The Group's research and development activities are driven by underlying demand for higher quality applications, increased functionality, design flexibility, lower cost production processes and sustainability. In addition, the use of renewable raw materials is also a key objective. The Group believes that new technologies and the use of alternative raw materials can significantly increase the Group's production efficiency and decrease the environmental impact of industrial operations, which will ultimately strengthen the position of the Group. However, the implementation of these innovations may require a substantial change in the Group's asset setup or, occasionally, investment in new production assets. In addition, the Group's research and development objectives aim to secure future leadership with new product variants in life cycles of new and existing applications that build on the Group's expertise in its core technologies.

The Group pursues innovation projects in line with the principles of "People, Planet and Profit", delivering benefits to society, the environment and profit. The Group's perspective covers the whole product life cycle, from raw materials sourcing to production, and product use to end of life.

The Group has a track record in continuously developing improved fire-resistant products, insulation properties to reduce energy consumption, high flow and lightweight solutions or alternative feedstock, leading to greater resource efficiency and environmental sustainability for customers. In the past years, amongst many other Group innovations, the Group has successfully advanced microcell insulation, pultrusion technology, new Bayblend grades suitable for information technology applications, high flow APEC, Makrolon, and Bayblend grades for optimized surfaces and complex parts, waterborne coatings for textiles and specialty films for identification cards.

Employees

In the Fiscal Year 2018, the Covestro Group had in average 16,607 employees. The number of employees on either permanent or temporary contracts is stated in full-time equivalents, with part-time employees included on a pro-rated basis in line with their contractual working hours. The figures do not include employees in vocational training.

Patents, Trademarks, Licenses

The Group's global intellectual property strategy aims to protect and enhance the Group's competitive position in the various geographic regions in which it operates. This is achieved by effective management of the Group's intellectual property rights, including patents, trademarks and know-how. A high priority is placed on protecting innovation and the actual and future business value that the Group can derive therefrom.

Patents and Know-How

The Group owns a large number of patent families worldwide. The patent portfolio is wide-ranging and covers all three business units of the Group. The Group acquires patent rights by exercising its rights to employee inventions and submitting them for registration, by licensing third-party patents or otherwise acquiring third-party intellectual property rights. In addition to patents, the Group possesses confidential know-how.

Trademarks

The Group owns hundreds of active trademark families and thousands of trademark registrations/ applications including both the product markings and the corporate marks ("Covestro" and the company logo). In the future, the Group intends, in general, to register new trademarks in all countries in which significant sales of the relevant product are expected.

Licenses

The Group has a multitude of active licensing agreements with third parties under which it obtains or grants licenses. Licensing agreements may be concluded to provide for freedom of operations, to enhance acceptance of a new technology in the industry, make sustainability solutions available, enable cooperative ventures, or provide for net sales.

The Group has entered into cross-license agreements or non-assertion agreements with some key competitors which cover selected patents and patent applications. Pursuant to these agreements, the contractual parties are allowed to use patents of the counterparty in the fields covered by the respective cross-license agreement.

In addition to cross-license agreements, the Group has granted to and has been granted from competitors or other third parties one-way licenses in certain fields for which the Group receives or pays license fees.

Apart from the intellectual property rights mentioned above, and not taking into consideration Covestro AG's information technology systems, the Group does not hold any significant intellectual property rights and does not depend on patents or licensed materials in order to conduct its business.

Litigation

The Group is, and may become involved, in legal proceedings during the ordinary course of its business activities, both as a plaintiff and as a defendant.

Covestro AG and its subsidiaries are not, and have not been in the twelve month prior to the date of this Base Prospectus, subject to any governmental, legal or arbitration proceedings, including any such proceedings which are pending or threatened of which Covestro AG or the Group is aware, which may have, or have had in the recent past significant effects on Covestro AG and/or the Group's financial position or profitability, except for the following:

Carbon monoxide pipeline from Dormagen to Krefeld-Uerdingen

The carbon monoxide pipeline is intended to connect the chemical production sites at Dormagen and Krefeld-Uerdingen and complement the network already existing between Dormagen and Leverkusen. The aim is to ensure a safe and reliable supply of carbon monoxide to and across all sites. Although the pipeline was almost completed by the end of 2009, it cannot currently be put into operation because of ongoing court proceedings. Following confirmation by the Düsseldorf Administrative Court in 2011 that there were no grounds to challenge the material aspects of the planning permission decision, in particular the safety of the materials used and the legal conformity of the relevant pipeline act (*Rohrleitungsgesetz*), the plaintiffs and the regional government against which legal

proceedings had been instituted lodged appeals before the Higher Administrative Court in Münster. In 2014, the Münster Higher Administrative Court raised no objections in principle to the safety and routing of the pipeline, but questioned the constitutionality of the pipeline act which forms the legal basis for the project. On December 21, 2016, the German Federal Constitutional Court dismissed the corresponding constitutionality question referred to it by the Münster Higher Administrative Court as inadmissible and confirmed the legal opinion of the Covestro Group. The Münster Higher Administrative Court must now return to considering the facts of the appeal.

Duties to inform for the use of diisocyanates (United States)

On September 14, 2016, Covestro LLC, Pittsburgh (United States), - amongst three other defendants - was served with a lawsuit filed by a law firm for a plaintiff in California Federal Court. This has since been transferred to a federal court in Washington D.C. (United States) by agreement of the parties involved. This action seeks financial damages due to fines allegedly enforceable and due by the defendants to the U.S. Environmental Protection Agency because they supposedly withheld information about the health risks associated with the manufacture and use of Toluene Diisocyanate ("**TDI**"), Diphenylmethane Diisocyanate ("**MDI**"), and Polymeric Diphenylmethane Diisocyanate ("**PMDI**"). The U.S. government declined to intervene and proceed with the claims itself despite sufficient opportunity to do so under the applicable laws. It is therefore now up to the law firm to proceed with the claims asserted on behalf of the government. Violations of the Toxic Substances Control Act ("**TSCA**") and False Claims Act ("**FCA**") are asserted. The trial court dismissed the action on October 23, 2017. The plaintiff then filed a timely appeal, which the court of first instance dismissed on June 22, 2018. The plaintiff thereupon appealed this decision. Covestro continues to consider the action to be without merit and will therefore defend the claims using all legal means.

Civil class action lawsuits over diisocyanates (United States)

On July 9, 2018, Covestro LLC, Pittsburgh (United States) - as one of numerous other defendants - was served the first of now 12 class action lawsuits initiated by various U.S. MDI and TDI customers. The plaintiffs allege that the defendants have violated various provisions of the Sherman Antitrust Act since January 1, 2015, by acting in coordination to limit production capacities of MDI and TDI and, at the same time, raising prices for these products in the market. On October 3, 2018, the U.S. Judicial Panel on Multidistrict Litigation ruled that all class action lawsuits in pretrial proceedings would be centralized in the District Court for the Western District of Pennsylvania. Covestro currently considers these claims to be without merit and will therefore use all legal means to defend itself against these allegations - also in light of the official conclusion in November 2018 of the six-month investigation by the U.S. Department of Justice into possible anticompetitive practices in relation to MDI.

Insurance

The Group believes that Covestro AG and its subsidiaries have reasonable insurance protection, to the extent customary in the industry.

Material Agreements

The following section provides a summary of material agreements to which any member of the Group is a party.

Financing Agreements

Covestro AG entered into a facilities agreement (the "**Facilities Agreement**") dated September 4, 2015, with a syndicate of lending banks and with Deutsche Bank, UniCredit Bank AG, Citigroup Global Markets Limited, and Bank of America Merrill Lynch International Limited as mandated lead arrangers and Deutsche Bank Luxembourg S.A. as facilities agent. Subsidiaries in which Covestro AG holds directly or indirectly more than 50% of the voting capital may become additional borrowers by means of accession to the contract (*Vertragsbeitritt*) provided that, in the case of any subsidiary other than Covestro Deutschland AG, all lenders have consented to such accession; Covestro AG guarantees for obligations of the additional borrowers. The base currency under the Facilities Agreement is Euro and for the revolving credit facility optional currencies are US dollar or a currency previously approved for these purposes by the lenders and readily available.

The Facilities Agreement provides for a multicurrency revolving credit facility in an amount of EUR 1.5 billion. The Facilities Agreement contains customary representations, general covenants (including a negative pledge undertaking and restrictions on disposals and mergers, each subject to baskets and/or exceptions) and events of default (including cross-default-payment and cross-acceleration provisions). No financial covenants are included. The facilities are not secured by any security in rem.

The revolving credit facility will mature in September 5, 2022. The revolving credit facility may be used for general corporate purposes, including working capital purposes, the refinancing of indebtedness and acquisitions. Up to EUR 500 million of the revolving credit commitments may be used as ancillary facilities on a bilateral basis with revolving lenders or their affiliates in the form of overdraft facilities, guarantees, bonding, documentary or stand-by letters of credit facilities, short term loan facilities, derivatives facilities, foreign exchange facilities or any other facility or accommodation required in connection with the business of the Group and which is agreed by Covestro AG with an ancillary lender.

Voluntary prepayments by the borrower are permitted subject to certain customary requirements. A lender may cancel its commitments and demand prepayment of all its participations in any loans outstanding under the Facilities Agreement in case of illegality or a change of control (in each case as described in the Facilities Agreement).

In March 2016, Covestro AG issued its first bonds under this Program with a total volume of EUR 1.5 billion. The bonds comprise two fixed-rate series due in October 2021 (with a coupon of 1.00% and a volume of EUR 500 million) and September 2024 (with a coupon of 1.75% and a volume of EUR 500 million), respectively. A third, floating rate, series with a volume of EUR 500 million matured and was repayed in March 2018. All three bonds received on issuance a Baa2 rating from Moody's Investor Service, London, United Kingdom. On July 30, 2018, Moody's raised the credit rating for the senior unsecured bonds to Baa1.

In addition, the Covestro Group has some mainly uncommitted external local financing agreements in place.

On December 31, 2018, the Group had presented warranty contracts and other contingent liabilities in the amount of EUR 4 million.

Joint Venture Agreements

The Group has entered into a large number of joint venture agreements with partners to support its business in various areas. The most important joint ventures are described below:

Lyondell European Joint Venture

Covestro AG's affiliate Covestro Polyurethanes B.V. (formerly Bayer Polyurethanes B.V.), a Dutch private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*), and LyondellBasell's affiliate Lyondell PO-11 C.V., a Dutch limited partnership (*commanditaire vennootschap*), established in December 2000 a long-term manufacturing joint venture now called LyondellBasell Covestro Manufacturing Maasvlakte VOF ("**Lyondell European Joint Venture**") in the legal form of a Dutch general partnership (*vennootschap onder firma*) with its seat in Rotterdam, The Netherlands. Lyondell PO-11 C.V. and Covestro Polyurethanes B.V. are the only partners of the Lyondell European Joint Venture (each a "**Partner**" and jointly the "**Partners**"). The Lyondell European Joint Venture owns a grassroots propylene oxide and styrene monomer plant near Rotterdam, The Netherlands, employing proprietary technology of one of LyondellBasell's affiliates which is licensed to the Partners. Its business comprises the production of propylene oxide and a styrene monomer for the account of the Partners. Each Partner holds a 50% interest in the Lyondell European Joint Venture and corresponding percentage of voting rights, participates in 50% of its profits and losses and is entitled to offtake 50% of the propylene oxide and styrene monomer produced.

The general partnership agreement generally prohibits Covestro Polyurethanes B.V. from transferring its interest in the Lyondell European Joint Venture without the consent of Lyondell PO-11 C.V., subject to certain exceptions. In this context, Bayer AG and LyondellBasell's affiliate Lyondell Chemical Company entered into an agreement which governs the relationship of the parent companies of the Partners with regard to the Lyondell European Joint Venture and which contains certain transfer restrictions regarding the direct or indirect transfer of interests in the Partners.

Pursuant to a consent and release agreement dated August 28, 2015, between Bayer AG, Covestro AG, Lyondell Chemical Company as well as certain affiliates of Bayer AG and Lyondell Chemical Company (the "**Consent Agreement**"), Lyondell Chemical Company and certain of its respective affiliates consented to certain transactions in connection with the Separation and certain transactions subsequent to the Separation. On August 31, 2015, Covestro AG acceded to the Consent Agreement.

Lyondell US Joint Venture and Lyondell Technology Joint Venture

Covestro AG's affiliate, Covestro PO LLC (formerly BAYPO Limited Partnership), a Delaware limited partnership, and LyondellBasell's affiliate, PO Offtake LP, a Delaware limited partnership, established in March 2000 PO JV, LP, a Delaware limited partnership (the "**Lyondell US Joint Venture**"), as a long-term joint venture for the production and offtake of propylene oxide with manufacturing facilities located in Texas, United States. Covestro AG's indirect

interest of approximately 39.4% in the Lyondell US Joint Venture represents ownership of an in kind portion of the propylene oxide production of the Lyondell US Joint Venture. LyondellBasell indirectly holds the remaining interest of approximately 60.6% in the Lyondell US Joint Venture.

Simultaneously with the establishment of the Lyondell US Joint Venture, Bayer AG's affiliate, BIPPO Corporation, a Delaware corporation, and LyondellBasell's affiliates, Lyondell POTechGP, Inc. and Lyondell POTechLP, Inc., both Delaware corporations, established in March 2000 Technology JV, LP, a Delaware limited partnership (the "**Lyondell Technology Joint Venture**"), as a long-term joint venture for the joint development and licensing of technology relating to the production process of propylene oxide under the Lyondell US Joint Venture. Covestro AG holds an indirect 50% interest with LyondellBasell indirectly holding the remaining 50% interest of the Lyondell Technology Joint Venture.

Covestro PO LLC is generally prohibited from transferring its ownership interests in the Lyondell US Joint Venture and the Lyondell Technology Joint Venture or withdrawing from either joint venture without the consent of LyondellBasell's affiliate for the respective joint venture except under certain circumstances. In the context of the establishment of the Lyondell US Joint Venture and the Lyondell Technology Joint Venture, Bayer AG, Bayer Corporation and LyondellBasell's affiliate Lyondell Chemical Company agreed transfer restrictions regarding the direct and indirect transfer of interests in the entities party to the Lyondell US Joint Venture and the Lyondell Technology Joint Venture.

Pursuant to the Consent Agreement, Lyondell Chemical Company and certain of its affiliates consented to certain transfers of interests and assignments of agreements related to the Lyondell European Joint Venture, the Lyondell US Joint Venture and the Lyondell Technology Joint Venture. In particular, Lyondell Chemical Company consented to the transfer of interests in Covestro Polyurethanes B.V. and Covestro PO LLC in connection with the Separation. Additional consent is needed in the event of a sale or disposal of shares in Covestro AG subsequent to Separation by the Bayer Group or Covestro AG in certain limited circumstances. Pursuant to the Consent Agreement, the LyondellBasell affiliates may request certain changes to the payment terms of the agreements concluded in connection with the Lyondell European Joint Venture, the Lyondell US Joint Venture and the Lyondell Technology Joint Venture in case of a significant change in the rating of Covestro AG and if certain other requirements are fulfilled. By acceding to the Consent Agreement, Covestro AG has assumed the existing guarantees for performance of certain affiliates under certain agreements connected with the Lyondell European Joint Venture, the Lyondell US Joint Venture and the Lyondell Technology Joint Venture.

Sumika Covestro Urethane Co., Ltd., JV in Japan

Sumika Covestro Urethane Co., Ltd. ("**SCU**") is a stock company under the laws of Japan (*kabushiki kaisha*) and was established as a 50%/50% joint venture between Bayer AG and Sumitomo Chemical Co., Ltd. ("**Sumitomo**"). Shares in SCU were originally held by Bayer AG and Sumitomo, but the shares held by Bayer AG were transferred from Bayer AG to Bayer Ltd. in 1999. The shareholding ratio has been changed to 60%/40% in December 2000, of which Bayer Ltd. holds 60%. After a reorganization, Bayer MaterialScience Ltd. (which is now Covestro Japan Ltd.) has become a shareholder holding 60%. The current parties to the joint venture agreement are Covestro Deutschland AG and Sumitomo.

SCU's business purpose is (i) to manufacture and sell polyurethanes products and (ii) to sell (as agent) pigment, dye and chemical industry products. SCU has constructed and operated its plant facilities within the premise of Sumitomo's Ehime works in Ehime, Japan, for the production of those products, and Bayer AG has licensed to SCU special processes for the production of such products. The license agreement for such processes was transferred from Bayer AG to Covestro Deutschland AG.

DIC Covestro Polymer Ltd. JV in Japan

DIC Covestro Polymer Ltd. ("**DCP**") was established in the year 2000 as a 50/50 joint venture between Dainippon Ink & Chemicals, Inc. (today DIC Corporation, "**DIC**") and Bayer Ltd. (the shares in DCP were later transferred to Bayer MaterialScience Ltd., today Covestro Japan Ltd., "**CJL**"). In the assessment of Covestro, DCP is a leading company in the Japanese TPU industry.

On November 29, 2018, Covestro Group announced that CJL will become the majority stakeholder in DCP by raising its stake in the joint venture from 50% to 80%. Closing of the transaction is planned for early second quarter 2019, subject to the approval from the relevant authority.

DIC will continue to support the success of DCP with its industry network, strong brand name, and as a reliable local partner. Production and R&D by DCP will continue at Sakai plant located in the DIC facility in Sakai, Osaka Prefecture, getting support from DIC such as supplying feedstocks and providing services on site.

Agreements with the Bayer Group

As a previously wholly owned subsidiary of Bayer AG, the Covestro Group has and, in the past, had various relationships with the Bayer Group and its direct and indirect subsidiaries and will continue to have - modified and reduced - relationships with Bayer Group in the future. In particular, the Group received for a transitional period certain services relating to human resources, real estate, IT, intellectual property, legal, compliance, procurement, trade and customs compliance, treasury and other areas and was part of the cash management system and global insurance cover from the Bayer Group up and until the Group built up its own resources for these areas.

Master Agreement between Covestro Deutschland AG and Bayer AG

Bayer AG and Covestro Deutschland AG entered into a master agreement (the "**Master Agreement**"), dated August 24, 2015. Pursuant to this Master Agreement, both parties intend, among other things, to conclusively determine the apportionment of liability as between Covestro Deutschland AG and the Bayer Group, in particular in the areas of environmental contamination, product liability, violations of the law and employment, and establish certain reciprocal rules of conduct and duties of cooperation for the period following the Separation. The Master Agreement also contains provisions with regard to release of securities, IT resources and data as well as subsidies, and treatment of confidential information and personal data. In a later and separate agreement with Bayer AG, Covestro AG has undertaken the obligation to ensure that Covestro Deutschland AG as well as other companies of the Covestro Group will adhere to the provisions of the Master Agreement.

Purchase Agreement regarding pension liabilities between Bayer AG and Covestro AG

In the context of the restructuring of Bayer AG's activities in 2003 into the three subgroups Bayer HealthCare, Bayer CropScience and Bayer MaterialScience, Bayer AG and Bayer Polymers Aktiengesellschaft (renamed to Bayer MaterialScience Aktiengesellschaft and as of September 1, 2015 Covestro Deutschland AG) entered on March 11, 2003 into a hive-down and transfer agreement (*Ausgliederungs- und Übernahmevertrag*). According to this hive-down and transfer agreement, pension liabilities of certain employees attributable to the Polymers activities were transferred to Covestro Deutschland AG. Pension liabilities with respect to employees whose employment contracts terminated prior to July 1, 2002 were not transferred to Covestro Deutschland AG and remained with Bayer AG, but Covestro Deutschland AG assumed the obligation to reimburse payments to be made in this context by Bayer AG ("**Reimbursement Claims**").

On August 28, 2015, Bayer AG and Covestro Deutschland AG entered into a purchase agreement pursuant to which Covestro Deutschland AG purchased the Reimbursement Claims from Bayer AG for an amount of EUR 216,646,281.

If and to the extent that Covestro Deutschland AG should realize certain tax benefits due to the fact that the competent tax authorities deviate from the joint understanding of Bayer AG and Covestro Deutschland AG with respect to the tax treatment of the purchase of the Reimbursement Claims, Covestro Deutschland AG shall pay on an after-tax basis the net present value of such tax benefits to Bayer AG. In such case, the parties have agreed on principles regarding the calculation of the net present value of such tax benefits and on a payment mechanism in installments.

Intellectual Property Rights

Covestro Deutschland AG and Bayer AG have entered into agreements with regard to patents, utility models, registered designs, trademarks and domains.

Control Termination Agreement between Bayer AG and Covestro AG

Bayer AG and Covestro AG concluded a control termination agreement with effect as of September 30, 2017, as part of which Bayer AG undertook to refrain from exercising certain voting rights at the Covestro Annual Stockholders' Meeting. The agreement ensured that there was no longer a requirement to fully consolidate Covestro Group in Bayer AG's consolidated financial statements.

Real Estate Purchase Agreements between real estate companies of Covestro Group and real estate companies of Bayer Group

Due to the exertion of certain contractual repurchase rights reserved by Bayer Group in the underlying carve-out agreements on January 19, 2018 and pursuant to five notarized real estate purchase agreements dated September 13,

2018, pre-defined infrastructure property at the chemical sites in Leverkusen, Dormagen and Krefeld-Uerdingen was sold and transferred based upon pre-formulated agreements from the two real estate companies of Covestro Group to Bayer Real Estate GmbH. The properties were sold together with all rights and significant fixtures related thereto and any appurtenances relating to the relevant parcels as well as operating equipment belonging to the parcels and buildings, to the extent that the sellers own these items. The properties were sold subject to a disclaimer of liability by the sellers with respect to the size, quality and features of the infrastructure property. Specifically, the sellers disclaim any liability for any latent or hidden qualitative defects. Possession, use and risk and encumbrances, as well as general duties to maintain safety in any respect on the property, was transferred on December 1, 2018. The conveyance of title in performance of the agreements will be made as soon as the relevant land register requirements are met. Environmental liability remains split between Covestro Group and Bayer Group as outlined in the Master Agreement.

Pension Schemes

The Group provides retirement benefits for most of its employees in various countries, either directly or by contributing to privately or publicly administered funds or other institutions. The way these benefits are provided varies according to the legal, fiscal and economic conditions of each country, with benefits generally being based on employee compensation and years of service. The obligations of the Group relate both to existing retirees' pensions and to pension entitlements of future retirees. In Germany, there are two main pension systems in place, the old pension system (until December 31, 2004) and the new pension system (since January 1, 2005). The old pension system for entries until December 31, 2004 was made up of a three-layer arrangement, (i) the basic pension (*Grundrente Bayer Pensionskasse*) provided by Bayer-Pensionskasse VVaG, (ii) the additional pension (*Zusatzrente*) based on a direct pension promise and (iii) the third pension provision layer (*Dritte Versorgungsstufe*) based on a direct pension promise. The third pension provision layer offers matching components (voluntary employee contributions and corresponding employer matching contributions). The new pension system consists of two layers and provides pension entitlements for persons who joined the Bayer Group in Germany on or after January 1, 2005. The basic pension is granted via Rheinische Pensionskasse VVaG (RPK) and employees and employer both contribute a certain percentage of the base salary. Future pension payments from this plan are based on contributions and the return on plan assets, and a guaranteed interest rate applies. Above the social security contribution ceiling (West) for the statutory pension insurance plan, the pension system is supplemented by a further direct pension promise with matching components (voluntary employee contributions and corresponding employer matching contributions).

As of December 31, 2018, the present value of the Covestro Group's pension obligations (defined benefit obligations) was EUR 4,215 million and the fair value of the plan assets was EUR 2,773 million with a net defined benefit liability of EUR 1,444 million. Germany is the country with the highest net defined benefit liability amounting to EUR 1,188 million. Currently, certain direct German pension liabilities (e.g. for certain parts of employees' retirement income, deferred compensation etc.) are partially funded within a contractual trust arrangement with Metzler Trust e.V.

Bayer Business Services GmbH and Covestro Deutschland AG have established a service agreement on the administration of company pension schemes. Pursuant to this agreement, Bayer Business Services GmbH will provide support services such as actuarial valuation, assisting pensioners, processing of compensation payments and providing consulting on pension schemes and on the statutory pension insurance.

Management and Supervisory Bodies of Covestro AG

General

The governing bodies are the management board (*Vorstand*), supervisory board (*Aufsichtsrat*) and general shareholders' meeting (*Hauptversammlung*). The powers of these entities are determined by the German Stock Corporation Act (*Aktiengesetz*), the German Corporate Governance Codex (*Deutscher Corporate Governance Kodex*), the articles of association (*Satzung*), the internal rules of procedure (*Geschäftsordnung*) of the supervisory board and of the management board and by the code of conduct (*Verhaltenskodex*) of the management board.

The management board of Covestro AG (the "**Management Board**") is responsible for managing the company in accordance with applicable law, the articles of association, the internal rules of procedure for the Management Board, including the business distribution plan (*Geschäftsverteilungsplan*) and the code of conduct (*Verhaltenskodex*) of the Management Board. The Management Board represents the company in dealings with third parties.

The supervisory board of Covestro AG (the "**Supervisory Board**") appoints the members of the Management Board and is entitled to dismiss them for good cause. The Supervisory Board advises and oversees the Management Board

on the management of the company, but is not itself authorized to manage the company, as set out in the German Stock Corporation Act (*Aktiengesetz*). However according to Section 7 paragraph 1 of the articles of association certain types of business undertaken by the Management board require the prior approval of the Supervisory Board. The Supervisory Board is authorized to determine which types of business are subject to such restriction.

Applicable Corporate Governance Rules

The German Corporate Governance Code (*Deutscher Corporate Governance Kodex*) (the "**Code**"), as adopted in February 2002 and last amended May 5, 2015, includes recommendations and suggestions for managing and supervising companies listed on German stock exchanges with regard to shareholders and shareholders' meetings, management and supervisory boards, transparency, accounting and the auditing of financial statements. While the recommendations or suggestions of the Code are not mandatory, the German Stock Corporation Act (*Aktiengesetz*) requires the management and supervisory boards of a listed company to disclose each year which recommendations were not or will not be followed and to explain the reasons for the non-compliance. This disclosure must be made permanently publicly accessible. However, deviations from the suggestions contained in the Code need not be disclosed.

The main recommendations of the Code in the current version include the following:

- The remuneration of members of the management board should contain a fixed component and a component based on economic performance, and a cap should be specified and individual information is to be provided in the notes to the consolidated financial statements in reference to remuneration of the individual members of the management board.
- The members of the management board shall disclose any conflicts of interest to the supervisory board.
- The supervisory board shall form committees; in particular, an audit committee should be set up to deal with issues of accounting and risk management, the necessary independence of the auditor, and the awarding of audit engagements to auditors, as well as the determination of the special areas emphasized in the audit and the agreement on fees.
- The number of former members of the management board on the supervisory board shall be limited, and services on governing entities of major competitors of the company and advisory activities for major competitors of the company by members of the supervisory board shall be restricted.
- Transparency in dealings with shareholders shall be ensured; this includes the use of appropriate communication media such as the Internet and publication of the most important dates for regularly recurring announcements to shareholders with sufficient advance notice, additional use of English on websites, and the issuance of interim reports.
- Transactions with related parties shall be disclosed in the notes to the financial statements.
- A declaration of independence concerning business, financial, personal, or other relationships between the auditor and the company shall be obtained before engaging the auditors, and regular reports shall be made concerning the independence of the auditors.

As of the date of the Base Prospectus, Covestro AG complies with all recommendations of the Code.

Board of Management

The Supervisory Board determines the number of Management Board members which must consist of at least two persons according to the articles of association. The Supervisory Board may appoint one Management Board member as chair and another member as deputy chair. Currently, the Management Board of Covestro AG consists of three members with Dr. Markus Steilemann appointed as chair.

The following table lists the members of the Management Board and their respective responsibilities.

Name	Area of Responsibility	Principal Outside Board Memberships
Dr. Markus Steilemann (Chair)	Chief Executive Officer, Business Units Polyurethane, Polycarbonates and Coatings, Adhesives and Specialties, Corporate Office, Communications, Corporate Audit, Human Resources, Innovation Management & Commercial Services, Strategy, Supply Chain Center EMLA, NAFTA and APAC, Sustainability	Member of the Board of Trustees of the German Chemical Industry Fund (<i>Kuratorium Fond der Chemischen Industrie</i>), Member of the Steering Committee of the CAT Catalytic Center Aachen, Member of the Steering Committee Covestro-Tongji Innovation Academy, Beijing, Member of the Committee for Research, Science and Education of the German Chemical Industry Fund, Member of the Steering Board of PlasticsEurope, Chairman of the Board of SusChem, Director of the Board of Sumika Covestro Urethane, Member of the Board of The European Chemical Industry Council (CEFIC), Member of the Executive Committee of The European Chemical Industry Council (CEFIC), Chairman of the Program Council Innovation of The European Chemical Industry Council (CEFIC), Member of the Board of Directors of the International Council of Chemical Associations (ICCA)
Dr. Thomas Toepfer	Chief Financial Officer, Accounting, - Controlling, Finance, Investor Relations, CFO Greater China and USA, Information Technology, Portfolio Development, Taxes and Law, Intellectual Property & Compliance	
Dr. Klaus Schäfer	Chief Technology Officer, Production & Technology Polyurethane, Polycarbonates and Coatings, Adhesives and Specialties, CTO Office, Global Project Engineering, Site Management NRW, Baytown, Caojing, Procurement, Health, Safety, Environment & Quality, Labour Director (<i>Arbeitsdirektor</i>)	Member of the Presidium of Weltenergieerat-Deutschland e.V., Member of Committees in the Registered Association of the Chemical Industry (VCI) and the European Chemical Industry Council (CEFIC), Member of the Board of VIK (<i>Verband der Industriellen Energie- und Kraftwirtschaft e.V.</i>), Member of the Board of "Forum für Zukunftsenergien e.V.", Member of the Board of DECHEMA

Intellectual Property Management is part of the execution of the Covestro innovation strategy for which Markus Steilemann has responsibility and is supported by the Corporate Function Law, Intellectual Property and Compliance which falls under the responsibility of the Chief Financial Officer.

The members of the Management Board may be contacted at the business address of Covestro AG.

Supervisory Board

The Supervisory Board consists of 12 members (six shareholder representatives and six employee representatives). The shareholder representatives are elected by the shareholders at the general shareholders' meeting.

The Supervisory Board has formed the following committees from among its members:

Presidial Committee	Nomination Committee	Audit Committee	Human Resources Committee
Dr. Richard Pott (Chair)	Dr. Richard Pott	Prof. Dr. Rolf Nonnenmacher (Chair)	Dr. Richard Pott (Chair)
Peter Hausmann	Regine Stachelhaus	Johannes Dietsch	Johannes Dietsch
Petra Kronen	Ferdinando Falco Beccalli	Peter Hausmann	Petra Kronen
Regine Stachelhaus		Petra Kronen	Dr. Ulrich Liman
		Irena Küstner	
		Dr. Richard Pott	

Presidial Committee

This comprises the Chair and Vice Chair of the Supervisory Board along with a further stockholder representative and a further employee representative. The Presidial Committee serves primarily as the mediation committee pursuant to the German Codetermination Act. It has the task of submitting proposals to the Supervisory Board on the appointment of members of the Board of Management if the necessary two-thirds majority is not achieved in the first vote at a plenary meeting. Certain decision-making powers in connection with capital measures, including the power to amend the Articles of Incorporation, have also been delegated to this committee.

Nomination Committee

This committee carries out preparatory work when an election of stockholder representatives to the Supervisory Board is to be held. It suggests suitable candidates for the Supervisory Board to propose to the Annual Stockholders' Meeting for election. The Nominations Committee comprises the Chair of the Supervisory Board and another stockholder representative on the Presidial Committee.

Audit Committee

The Audit Committee comprises three stockholder representatives and three employee representatives. The Chair of the Audit Committee in the reporting year, Prof. Dr. Rolf Nonnenmacher, satisfies the statutory requirements concerning expertise in the field of accounting or auditing that at least one member of the Supervisory Board and the Audit Committee is required to possess and is independent pursuant to Section 5.4.2 of the German Corporate Governance Code. The Audit Committee meets regularly four times a year. It monitors the accounting process and is responsible for examining the financial statements, consolidated financial statements and management reports and for discussing the quarterly and half-yearly reporting with the Board of Management. On the basis of the auditor's report, the Audit Committee develops proposals for resolutions by the Supervisory Board relating to the confirmation of the financial statements, the approval of the consolidated financial statements and the use of the distributable profit. The Audit Committee is also responsible for the company's relationship with the external auditor. It submits a proposal to the full Supervisory Board concerning the auditor's appointment and is authorized to award the audit contract to the audit firm appointed on behalf of the Supervisory Board and to agree the auditor's remuneration. It also suggests areas of focus for the audit and monitors the quality of the audit as well as the independence and qualifications of the auditor. In addition, the Audit Committee monitors the effectiveness of the internal control system, the risk management system, the internal audit system and the compliance function.

Human Resources Committee

On this committee, too, there is parity of representation between stockholders and employees. It consists of the Chair of the Supervisory Board and three other members. The Human Resources Committee prepares the personnel decisions of the full Supervisory Board, which resolves on appointments or dismissals of members of the Board of Management. The Human Resources Committee resolves on behalf of the Supervisory Board on the service contracts of the members of the Board of Management. However, it is the task of the full Supervisory Board, based on the recommendations submitted by the Human Resources Committee, to resolve on the total compensation of the individual members of the Board of Management and the respective compensation components, as well as to regularly review the compensation system. The Human Resources Committee also discusses the long-term succession planning for the Board of Management.

The current members of the Supervisory Board of Covestro AG, their principal occupations and their principal board memberships outside the Covestro Group, respectively, are as follows:

Name/Function	Membership in the Supervisory Board	Position	Memberships on other Supervisory Boards
Dr. Richard Pott (Chair)	Member of the Supervisory Board since August 2015	<ul style="list-style-type: none">• Former Member of the Board of Management and Labor Director of Bayer AG	<ul style="list-style-type: none">• Chair of the Supervisory Board of Covestro Deutschland AG• Member of the Supervisory Board of Freudenberg SE• Member of the Supervisory Board of SCHOTT AG

Name/Function	Membership in the Supervisory Board	Position	Memberships on other Supervisory Boards
Petra Kronen (Vice Chair)	Member of the Supervisory Board since October 2015	<ul style="list-style-type: none"> • Chair of the Works Council of Covestro at the Uerdingen site • Chair of the General Works Council of Covestro • Vice Chair of Covestro-European Forum • Employee of Covestro Deutschland AG 	<ul style="list-style-type: none"> • Vice Chair of the Supervisory Board of Covestro Deutschland AG • Member of the Supervisory Board of Bayer Beistandskasse VVaG
Ferdinando Falco Beccalli	Member of the Supervisory Board since October 2015	<ul style="list-style-type: none"> • Chair of the Board of Falco Enterprises AG • CEO and Chair of Falco Enterprises, CEO and Chair of Falco Holding 	<ul style="list-style-type: none"> • Member of the Supervisory Board of Covestro Deutschland AG
Dr. Christine Bortenlänger	Member of the Supervisory Board since October 2015	<ul style="list-style-type: none"> • Executive Member of the Board of Deutsches Aktieninstitut e.V. 	<ul style="list-style-type: none"> • Member of the Supervisory Board of Covestro Deutschland AG • Member of the Supervisory Board of MTU Aero Engines AG (since April 2018) • Member of the Supervisory Board of OSRAM GmbH • Member of the Supervisory Board of OSRAM Licht AG • Member of the Supervisory Board of SGL Carbon SE (until June 2018) • Member of the Supervisory Board of TÜV SÜD AG
Johannes Dietsch	Member of the Supervisory Board since August 2015		<ul style="list-style-type: none"> • Member of the Supervisory Board of Covestro Deutschland AG • Chair of the Supervisory Board of Bayer Business Services GmbH
Peter Hausmann	Member of the Supervisory Board since October 2015	<ul style="list-style-type: none"> • Member of the Executive Committee of the German Mining, Chemical and Energy Industrial Union (IG BCE) 	<ul style="list-style-type: none"> • Member of the Supervisory Board of Covestro Deutschland AG • Member of the Supervisory Board of Henkel AG & Co. KGaA (until April 2018) • Member of the Supervisory Board of Continental AG (until October 2018) • Vice Chair of the Supervisory Board of 50Hertz Transmission GmbH • Vice Chair of the Supervisory Board of Vivawest GmbH (until April 2018) • Vice Chair of the Supervisory Board of Vivawest Wohnen GmbH (until April 2018)

Name/Function	Membership in the Supervisory Board	Position	Memberships on other Supervisory Boards
Irena Küstner	Member of the Supervisory Board since October 2015	<ul style="list-style-type: none"> • Chair of the Works Council of Covestro at the Leverkusen site • Chair of the Group Works Council of Covestro • Vice Chair of the General Works Council of Covestro • Employee of Covestro Deutschland AG 	<ul style="list-style-type: none"> • Member of the Supervisory Board of Covestro Deutschland AG
Dr. Ulrich Liman	Member of the Supervisory Board since January 2018	<ul style="list-style-type: none"> • Chair of the Managerial Employees' Committee of Covestro Deutschland AG • Manager of Covestro Deutschland AG 	<ul style="list-style-type: none"> • Member of the Supervisory Board of Covestro Deutschland AG (since January 2018)
Prof. Dr. Rolf Nonnenmacher	Member of the Supervisory Board since August 2015	<ul style="list-style-type: none"> • Certified Accountant 	<ul style="list-style-type: none"> • Member of the Supervisory Board of Covestro Deutschland AG • Member of the Supervisory Board of Continental AG • Member of the Supervisory Board of ProSiebenSat.1 Media SE
Regine Stachelhaus	Member of the Supervisory Board since October 2015	<ul style="list-style-type: none"> • Former Member of the Board of Management and Labor Director of E.ON AG 	<ul style="list-style-type: none"> • Member of the Supervisory Board of Covestro Deutschland AG • Member of the Supervisory Board of CECONOMY AG • Member of the Supervisory Board of SPIE Deutschland und Zentraleuropa GmbH • Director of SPIE SA, France • Non-executive director of ComputaCenter plc, United Kingdom
Marc Stothfang	Member of the Supervisory Board since February 2017	<ul style="list-style-type: none"> • Chair of the Works Council of Covestro at the Brunsbüttel site • Chair of Covestro-European Forum • Employee of Covestro Deutschland AG 	
Frank Werth	Member of the Supervisory Board since September 2016	<ul style="list-style-type: none"> • District Manager of the German Mining, Chemical and Energy Industrial Union (IG BCE) – district Leverkusen 	<ul style="list-style-type: none"> • Member of the Supervisory Board of Covestro Deutschland AG

The members of the Supervisory Board may be contacted at the business address of Covestro AG.

Conflicts of Interest

Covestro AG has not been notified or otherwise been informed by any of the members of the Management Board or any member of the Supervisory Board about any potential conflicts of interest between any duties to Covestro AG of the members of the Management Board and of the Supervisory Board and their private interests and/or other duties.

Recent Events

There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of its solvency.

Significant Changes

There have been no significant changes with regard to the financial position or the trading position of Covestro AG since December 31, 2018.

Trend Information

There has been no material adverse change in the prospects of Covestro AG since December 31, 2018.

Consolidated Financial Information

The following historical financial information for the Group is based on the audited consolidated financial statements of Covestro AG as of and for the financial years ended December 31, 2018 and December 31, 2017, which are both incorporated by reference in this Base Prospectus, and should be read together with them. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union. The consolidated financial statements of the Group were audited by KPMG (financial year ended December 31, 2018) and PwC (financial year ended December 31, 2017), respectively, and issued with an unqualified auditor's report.

Consolidated Income Statement

Financial year ended December 31,	2018	2017⁽¹⁾
<i>(amounts in EUR million; earnings per share in EUR)</i>	<i>(audited)</i>	
Net sales	14,616	14,138
Cost of goods sold	(9,918)	(9,308)
Gross profit	4,698	4,830
Selling expenses	(1,408)	(1,352)
Research and development expenses	(276)	(274)
General administration expenses	(491)	(481)
Other operating income	123	145
Other operating expenses	(66)	(60)
EBIT⁽²⁾	2,580	2,808
Equity-method loss	(22)	(23)
Result from other affiliated companies	1	-
Interest income	35	21
Interest expense	(82)	(120)
Other financial result	(36)	(28)
Financial result	(104)	(150)
Income before income taxes	2,476	2,658
Income taxes	(647)	(641)
Income after income taxes	1,829	2,017
of which attributable to noncontrolling interest	6	8
of which attributable to Covestro AG stockholders (net income)	1,823	2,009
<i>Basic earnings per share⁽³⁾</i>	9.46	9.93
<i>Diluted earnings per share⁽³⁾</i>	9.46	9.93

(1) The Covestro Group has initially applied the new standards IFRS 9 and IFRS 15 effective January 1, 2018. Figures for financial year ended December 31, 2017 have not been restated, see Note 2 to the Consolidated Financial Statements in the 2018 Annual Report.

(2) EBIT = income after income taxes plus financial result and income tax expense.

(3) Weighted average number of outstanding no-par voting shares of Covestro AG in issue: 192,768,826 (previous year: 202,396,416).

Consolidated Statement of Financial Position

<i>(amounts in EUR million)</i>	As of December 31, 2018	As of December 31, 2017⁽¹⁾
	<i>(audited)</i>	
Noncurrent assets	5,801	5,606
Goodwill	256	253
Other intangible assets	77	81
Property, plant and equipment	4,409	4,296
Investments accounted for using the equity method	214	208
Other financial assets	31	31
Other receivables ⁽²⁾	32	35
Deferred taxes	782	702
Current assets	5,283	5,735
Inventories	2,213	1,913
Trade accounts receivable	1,786	1,882
Other financial assets	17	285
Other receivables ⁽²⁾	346	281
Claims for income tax refunds	55	138
Cash and cash equivalents	865	1,232
Assets held for sale	1	4
Total assets	11,084	11,341
Equity	5,375	5,365
Capital stock of Covestro AG	183	201
Capital reserves of Covestro AG	3,480	4,767
Other reserves	1,679	367
Equity attributable to Covestro AG stockholders	5,342	5,335
Equity attributable to noncontrolling interest	33	30
Noncurrent liabilities	3,126	2,885
Provisions for pensions and other post-employment benefits	1,445	1,187
Other provisions	237	229
Financial liabilities	1,166	1,213
Income tax liabilities	107	74
Other liabilities ⁽²⁾	18	21
Deferred taxes	153	161
Current liabilities	2,583	3,091
Other provisions	493	529
Financial liabilities	59	583
Trade accounts payable	1,637	1,618
Income tax liabilities	172	161
Other liabilities ⁽²⁾	222	200
Total equity and liabilities	11,084	11,341

(1) The Covestro Group has initially applied the new standards IFRS 9 and IFRS 15 effective January 1, 2018. Figures for financial year ended December 31, 2017 have not been restated, see Note 2 to the Consolidated Financial Statements in the 2018 Annual Report.

(2) As of December 31, 2018, contain the contract assets and contract liabilities respectively, resulting from IFRS 15.

Consolidated Statement of Cash Flows

Financial year ended December 31,

(amounts in EUR million)

	2018	2017 ⁽¹⁾
	(audited)	
Income after income taxes	1,829	2,017
Income taxes	647	641
Financial result	104	150
Income taxes paid	(574)	(510)
Depreciation, amortization, impairment losses and impairment loss reversals	620	627
Change in pension provisions	26	17
(Gains)/losses on retirements of noncurrent assets	(45)	(45)
Decrease/(increase) in inventories	(308)	(306)
Decrease/(increase) in trade accounts receivable	110	(325)
(Decrease)/increase in trade accounts payable	31	156
Change in other working capital, other noncash items	(64)	(61)
Cash flows from operating activities	2,376	2,361
Cash outflows for additions to property, plant, equipment and intangible assets	(707)	(518)
Cash inflows from sales of property, plant, equipment and other assets	23	16
Cash inflows from divestitures	66	47
Cash outflows for noncurrent financial assets	(20)	(30)
Cash inflows from noncurrent financial assets	1	1
Cash outflows for acquisitions less acquired cash	-	(4)
Interest and dividends received	32	29
Cash inflows from/(outflows for) other current financial assets	259	(288)
Cash flows from investing activities	(346)	(747)
Reacquisition of treasury shares	(1,313)	(143)
Reissuance of treasury shares	8	-
Dividend payments and withholding tax on dividends	(441)	(274)
Issuances of debt	64	244
Retirements of debt	(646)	(330)
Interest paid	(74)	(131)
Cash flows from financing activities	(2,402)	(634)
Change in cash and cash equivalents due to business activities	(372)	980
Cash and cash equivalents at beginning of year	1,232	267
Change in cash and cash equivalents due to exchange rate movements	5	(15)
Cash and cash equivalents at end of year	865	1,232

(1) The Covestro Group has initially applied the new standards IFRS 9 and IFRS 15 effective January 1, 2018. Figures for financial year ended December 31, 2017 have not been restated, see Note 2 to the Consolidated Financial Statements in the 2018 Annual Report.

Core Volume Growth and Additional Performance Measures

Covestro has provided core volume growth and certain alternative performance measures ("APMs") in this Base Prospectus because it believes they provide investors with additional information to assess the economic situation of the Group's business activities.

Covestro uses APMs to assess the business performance of the Group. These APMs are not defined in the International Financial Reporting Standards ("IFRS"). They should be considered as supplement to, not a replacement for, the performance measures determined in accordance with IFRS. The calculation methods and reconciliation of the non-IFRS sales and earnings APMs to the figures reported in the financial statements are presented below. The calculation methods for the APMs may vary from those of other companies, thus limiting the extent of the overall comparability. These alternative performance measures should not be viewed in isolation or employed as an alternative to the financial indicators determined in accordance with IFRS and presented in the consolidated financial statements for purposes of assessing Covestro's net assets, financial position and results of operations.

The following are the APMs relevant to the Covestro Group:

- EBITDA
- Return on capital employed ("ROCE")
- Free operating cash flow ("FOCF")
- Net financial debt

Covestro uses ROCE to assess profitability in the context of the Issuer's internal management system. EBITDA is also calculated as an additional indicator of profitability. FOCF is a key factor in the presentation of the liquidity position that indicates the Issuer's ability to generate a cash surplus and finance its activities. Net financial debt gauges the Group's financial condition and financing requirements.

Core Volume Growth

Core volume growth refers to the core products in the Polyurethanes, Polycarbonates and Coatings, Adhesives, Specialities segments. It is calculated as the percentage change in externally sold volumes in thousand tons compared with the prior year. Covestro also takes advantage of business opportunities outside its core business, for example the sale of raw materials and by-products such as hydrochloric acid, sodium hydroxide solution and styrene. These transactions are not included in core volume growth. Reference values calculated based on the definition of the core business effective March 31, 2018.

Financial year ended December 31,	2018	2017
	<hr/> <i>(unaudited)</i>	
Core volume growth	1.6%	3.4%

EBIT and EBITDA

EBIT is a measure used in the calculation of EBITDA. EBIT represents the share of the income after income taxes plus financial result and income tax expense attributable to Covestro's core business after elimination of the influence of variable tax rates and/or various financing activities.

EBITDA is EBIT plus amortization and impairment losses on intangible assets, and depreciation and impairment losses on property, plant and equipment, less impairment loss reversals. In addition, EBITDA is adjusted for possible distortions arising from various depreciation/amortization methods and measurement options, and therefore represents earnings from operating business activities.

Calculation of EBIT

Financial year ended December 31, (amounts in EUR million)	2018	2017 ⁽¹⁾
	(unaudited)	
Sales	14,616	14,138
Cost of goods sold	(9,918)	(9,308)
Gross profit	4,698	4,830
Selling expenses	(1,408)	(1,352)
Research and development expenses	(276)	(274)
General administration expenses	(491)	(481)
Other operating income	123	145
Other operating expenses	(66)	(60)
EBIT	2,580	2,808
Financial result	(104)	(150)
Income before income taxes	2,476	2,658
Income taxes	(647)	(641)
Income after income taxes	1,829	2,017

(1) The Covestro Group has initially applied the new standards IFRS 9 and IFRS 15 effective January 1, 2018. Figures for financial year ended December 31, 2017 have not been restated, see Note 2 to the Consolidated Financial Statements in the 2018 Annual Report.

Calculation of EBITDA

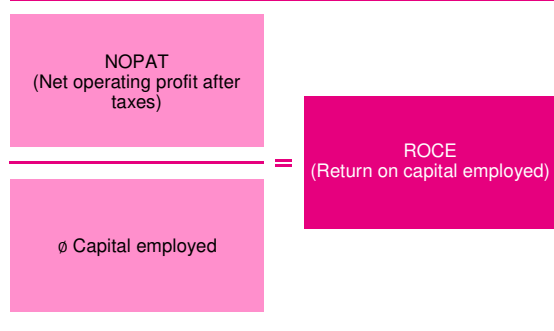
Financial year ended December 31, (amounts in EUR million)	2018	2017 ⁽¹⁾
	(unaudited)	
EBIT	2,580	2,808
Depreciation, amortization, impairment losses and impairment loss reversals	620	627
EBITDA	3,200	3,435

(1) The Covestro Group has initially applied the new standards IFRS 9 and IFRS 15 effective January 1, 2018. Figures for financial year ended December 31, 2017 have not been restated, see Note 2 to the Consolidated Financial Statements in the 2018 Annual Report.

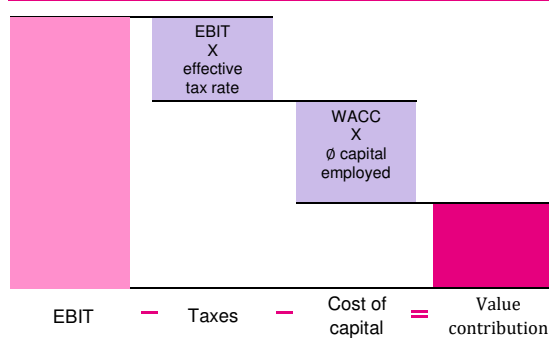
Return on Capital Employed ("ROCE")

The foremost objective of the Covestro Group is to steadily increase enterprise value. Value is generated if Group earnings exceed the cost of capital. Covestro uses return on capital employed (ROCE) as the central value-based management metric. ROCE measures profitability and is calculated as the ratio of EBIT, adjusted for special items as needed, after taxes ("NOPAT" = net operating profit after taxes) to the average capital employed. If ROCE exceeds the weighted average cost of capital ("WACC"), the company is earning a premium on its cost of capital.

Calculation of the Return on Capital Employed



Calculation of the Value Contribution



Calculation of average capital employed

The capital employed is the interest-bearing capital required by the company for its operations. It is calculated from operating noncurrent and current assets less non-interest-bearing liabilities. Non-interest-bearing liabilities include, for example, trade accounts payable and current provisions. The average capital employed is determined using the capital employed at the beginning and end of the relevant period.

	December 31, 2018	January 1, 2018	Effects of IFRS 9 and IFRS 15	December 31, 2017 ⁽¹⁾	December 31, 2016 / January 1, 2017 ⁽¹⁾
<i>(amounts in EUR million)</i>					
					<i>(unaudited)</i>
Goodwill	256	253	-	253	264
Other intangible assets	77	81	-	81	97
Property, plant and equipment	4,409	4,296	-	4,296	4,655
Investments accounted for using the equity method	214	208	-	208	230
Other noncurrent financial assets ⁽²⁾	8	8	-	8	9
Other receivables ⁽³⁾	361	358	61	297	341
Deferred taxes ⁽⁴⁾	256	228	4	224	187
Inventories	2,213	1,880	(33)	1,913	1,721
Trade accounts receivable	1,786	1,864	(18)	1,882	1,674
Claims for income tax refunds	55	138	-	138	119
Gross capital employed	9,635	9,314	14	9,300	9,297
Other provisions ⁽⁵⁾	(721)	(727)	28	(755)	(886)
Other liabilities ⁽⁶⁾	(234)	(280)	(65)	(215)	(207)
Deferred tax liabilities ⁽⁷⁾	(153)	(166)	(6)	(160)	(157)
Trade accounts payable	(1,637)	(1,581)	37	(1,618)	(1,536)
Income tax liabilities	(279)	(235)	-	(235)	(73)
Capital employed	6,611	6,325	8	6,317	6,438
Average capital employed		6,468		6,378	

(1) The Covestro Group has initially applied the new standards IFRS 9 and IFRS 15 effective January 1, 2018. Figures for financial year ended December 31, 2017 have not been restated, see Note 2.1 "Financial Reporting Standards Applied for the First Time in the Reporting Period" to the Consolidated Financial Statements in the 2018 Annual Report.

(2) Other noncurrent financial assets were adjusted for non-operating and financial assets.

(3) Other receivables were adjusted for non-operating and financial receivables.

(4) Deferred taxes were adjusted for deferred taxes from defined benefit plans and similar obligations.

(5) Other provisions were adjusted for provisions for interest payments.

(6) Other liabilities were adjusted for non-operating and financial liabilities.

(7) Deferred tax liabilities were adjusted for deferred tax liabilities from defined benefit plans and similar obligations.

Calculation of the cost of capital

WACC reflects the expected return on the company's capital comprising both equity and debt. The cost of equity factors used in WACC are calculated by addition of the risk-free interest rate and the risk premium for an equity investment. Covestro uses the returns on long-term German government bonds as the risk-free interest rate. We derive this risk premium from capital market information for comparable listed companies. The cost of debt factors is calculated by addition of the risk-free interest rate and a risk premium on debt capital that Covestro calculates using the financing costs of comparable companies, less the tax benefit of interest incurred on borrowed capital. Calculation of the cost of capital generally has a long-term perspective; short-term fluctuations are evened out. The capital cost factor for the Group was 6,7% in fiscal 2018 (previous year: 6.6%).

Calculation of the net operating profit after taxes ("NOPAT") and value contribution

The absolute value generation of the company is measured by the metric value contribution. This is the difference between NOPAT and the cost of capital. The latter is calculated by multiplying the average capital employed by WACC. A positive value contribution means that value has been generated.

NOPAT is the operating result after taxes. Taxes are determined by multiplying the effective tax rate by EBIT.

Financial year ended December 31,	2018	2017⁽¹⁾
<i>(amounts in EUR million if not otherwise indicated)</i>	<i>(unaudited)</i>	
EBIT ⁽²⁾	2,580	2,808
Effective tax rate ⁽³⁾	26.1%	24.1%
Taxes	(673)	(677)
NOPAT	1,907	2,131
WACC	6.7%	6.6%
Average capital employed	6,468	6,378
Cost of capital	(433)	(421)
Value contribution	1,474	1,710
ROCE	29.5%	33.4%

(1) The Covestro Group has initially applied the new standards IFRS 9 and IFRS 15 effective January 1, 2018. Figures for financial year ended December 31, 2017 have not been restated, see Note 2 to the Consolidated Financial Statements in the 2018 Annual Report.

(2) Adjusted EBIT is not reported because no income or expense items were recognized as special items either in the reporting period or in the corresponding prior-year period.

(3) The calculation of the effective tax rate is presented in Note 11 to the Consolidated Financial Statements in the 2018 Annual Report.

Free Operating Cash Flow ("FOCF")

FOCF is the operating cash flow less cash outflows for additions to property, plant, equipment and intangible assets. Free operating cash flow serves in particular to pay dividends and interest and to repay debt.

Calculation of Free Operating Cash Flow

Financial year ended December 31,	2018	2017
<i>(amounts in EUR million)</i>	<i>(unaudited)</i>	
EBITDA	3,200	3,435
Income taxes paid	(574)	(510)
Change in pension provisions	26	17
(Gains) losses on retirements of noncurrent assets	(45)	(45)
Change in other working capital, other noncash items	(231)	(536)
Operating cash flows	2,376	2,361
Cash outflows for additions to property, plant, equipment and intangible assets	(707)	(518)
Free operating cash flow	1,669	1,843

Net Financial Debt

Net financial debt equals the sum of all financial liabilities less cash and cash equivalents, current financial assets and receivables from financial derivatives.

Calculation of Net Financial Debt

Financial year ended December 31,	2018	2017
<i>(amounts in EUR million)</i>	<i>(unaudited)</i>	
Bonds	996	1,495
Liabilities to banks	24	69
Liabilities under finance leases	193	223
Liabilities from derivatives	12	9
Receivables from derivatives	(12)	(15)
Financial liabilities	1,213	1,781
Cash and cash equivalents	(865)	(1,232)
Current financial assets	-	(266)
Net financial debt	348	283

TAXATION

The following comments are of a general nature. They are based on the relevant laws currently in force and as applied on the date of this prospect, which are subject to change, possibly with retroactive effect. These comments do not purport to be a comprehensive description of all tax considerations, which may be relevant to a decision to purchase the Notes and cannot replace legal or tax advice. No representation with respect to the consequences to any particular prospective holder of a Note is made hereby. Prospective holders of a Note should consult their own tax advisers in each country which they are resident and in all relevant jurisdictions.

Federal Republic of Germany

The following is a general discussion of certain German tax consequences of the acquisition, holding and disposal of the Notes. It does not purport to be a comprehensive description of all German tax considerations that may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This discussion of the tax consequences of an investment in the Notes is based on the tax laws of Germany currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

As each Series or Tranche of Notes may be subject to a different tax treatment due to the specific terms of such Series or Tranche of Notes as set out in the respective Final Terms, the following section only provides some general information on the possible tax treatment.

Tax resident holders of the Notes

The section "**Tax Residents**" refers to persons who are tax residents of Germany (i.e. persons whose residence, habitual abode, statutory seat, or place of effective management is located in Germany).

Withholding tax on ongoing payments and capital gains

Ongoing payments received by an individual Noteholder will be subject to German withholding tax if the Notes are kept in a custodial account with a German branch of a German or non-German credit institution or financial services institution, a German securities trading company or a German securities trading bank (each a "**Disbursing Agent**", *auszahlende Stelle*). The tax rate is 25 % (plus 5.5 % solidarity surcharge thereon, the total withholding being 26.375 %) plus church tax, if applicable to an individual Noteholder. An electronic information system for church withholding tax purposes applies in relation to investment income, with the effect that church tax will be collected by the Disbursing Agent by way of withholding unless the individual Noteholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) in which case the individual Noteholder will be assessed to church tax.

The same treatment applies to capital gains (i.e. the difference between the proceeds from the disposal, redemption, repayment or assignment after deduction of expenses directly related to the disposal, redemption, repayment or assignment and the cost of acquisition) derived by an individual Noteholder provided the Notes have been held in a custodial account with a Disbursing Agent since the time of their acquisition. Where Notes are acquired and/or sold in a currency other than Euro, the sales/redemption price and the acquisition costs have to be converted into Euro on the basis of the foreign exchange rates prevailing on the sale or redemption date and the acquisition date respectively. If interest claims are disposed of separately (i.e. without the Notes), the proceeds from the disposition are subject to withholding tax. The same applies to proceeds from the payment of interest claims if the Notes have been disposed of separately.

To the extent the Notes have not been kept in a custodial account with a Disbursing Agent since the time of their acquisition, upon the disposal, redemption, repayment or assignment withholding tax applies at a rate of 26.375 % (including solidarity surcharge, plus church tax, if applicable to an individual Noteholder) on 30 % of the disposal proceeds (plus interest accrued on the Notes ("**Accrued Interest**", *Stückzinsen*), if any), unless the individual Noteholder or the previous account bank or financial service institution was able and allowed to provide evidence of the individual Noteholder's actual acquisition costs of the Notes to the Disbursing Agent.

Where the Notes provide for instalment payments, such instalment payments shall always qualify as taxable savings income, unless the terms and conditions of the Notes provide explicit information regarding redemption or partial redemption during the term of the Notes and the contractual parties comply with these terms and conditions.

In computing any German tax to be withheld, the Disbursing Agent may generally deduct from the basis of the withholding tax negative investment income realised by the individual Noteholder via the Disbursing Agent (*e.g.* losses from the sale of other securities with the exception of shares). The Disbursing Agent may also deduct Accrued Interest on the Notes or other securities paid separately upon the acquisition of the respective security via the Disbursing Agent. In addition, subject to certain requirements and restrictions the Disbursing Agent may credit foreign withholding taxes levied on investment income in a given year regarding securities held by the individual Noteholder in the custodial account with the Disbursing Agent.

Individual Noteholders may be entitled to an annual allowance (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for jointly assessed individual Noteholders) for all investment income received in a given year. Upon the individual Noteholder filing an exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, the Disbursing Agent will take the allowance into account when computing the amount of tax to be withheld. No withholding tax will be deducted if the Noteholder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent local tax office.

German withholding tax will not apply to gains from the disposal, redemption, repayment or assignment of Notes held by a corporation as Noteholder while ongoing payments, such as interest payments, are subject to withholding tax (irrespective of any deductions of foreign tax and capital losses incurred). With regard to gains from the disposal, redemption, repayment or assignment of Notes held by an individual Noteholder the same may apply upon application where the Notes form part of a trade or business, subject to further requirements being met.

Neither the Issuer nor the Guarantor is obliged under German law to withhold any withholding tax (*Kapitalertragsteuer*) on interest payments and upon the sale or redemption of the Notes.

Taxation of current income and capital gains

The personal income tax liability of an individual Noteholder deriving income from capital investments under the Notes is, in principle, settled by the tax withheld. To the extent withholding tax has not been levied, such as in the case of Notes kept in custody abroad or if no Disbursing Agent is involved in the payment process, the individual Noteholder must report his or her income and capital gains derived from the Notes on his or her tax return and then will also be taxed at a rate of 25 % (plus solidarity surcharge and church tax thereon, where applicable to an individual Noteholder). If the withholding tax on a disposal, redemption, repayment or assignment has been calculated from 30 % of the disposal proceeds (rather than from the actual gain), an individual Noteholder may and according to the view of German tax authorities in case the actual gain is higher than 30 % of the disposal proceeds must also apply for an assessment on the basis of his or her actual acquisition costs. Further, an individual Noteholder may request that all investment income of a given year is taxed at his or her lower individual tax rate based upon an assessment to tax with any amounts over withheld being refunded. In each case, the deduction of expenses (other than transaction costs) on an itemised basis is not permitted.

Please note that the coalition agreement between the German Christian Democratic Union (*CDU*) and the German Social Democratic Party (*SPD*) for the formation of a new German federal government provides that the flat tax regime shall be partially abolished for certain capital investment income. The coalition agreement further provides that the solidarity surcharge shall be abolished in stages provided that the individual income does not exceed certain thresholds. There is however no draft bill available yet and a lot of details are hence still unclear. That means however that income received by Noteholders holding the Notes as private assets may be taxed at individual progressive income tax rates of up to 45 % in the future (plus a 5.5 % solidarity surcharge thereon, unless abolished or reduced in the future, and church tax, if applicable to the individual Noteholder).

Capital losses from the disposal, redemption, repayment or assignment of the Notes held as private assets should generally be tax-recognised irrespective of the holding period of the Notes. According to the view of German tax authorities losses suffered upon 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, in general, not be deductible for tax purposes. With respect to a bad debt loss a German lower fiscal court has recently confirmed the view of the German tax authorities in a non-final decision. After the lower fiscal court's decision, the German Federal Tax Court has rejected the view of the German tax authorities with respect to a bad debt loss in another case. With respect to a (voluntary) waiver of receivable a lower German fiscal court confirmed the view of German tax authorities in a final decision. Furthermore, capital losses might not be recognised by the German tax authorities if the Notes are sold or redeemed at a market price, which is lower than the transaction costs or if the level of transaction costs is restricted because of a mutual agreement that the transaction costs are calculated by subtracting a certain amount from the sales price or if no (or only *de minimis*) payments are made to the individual investors on the maturity or redemption date of the Notes. This view has however been challenged by a judgement of the German

Federal Tax Court published in September 2018; it is not yet clear whether the decision will be generally applied by the tax authorities. Any tax-recognised capital losses may not be used to offset other income like employment or business income but may only be offset against investment income. Capital losses not utilised in one annual assessment period may be carried forward into subsequent assessment periods but may not be carried back into preceding assessment periods.

Where Notes form part of a trade or business the withholding tax, if any, will not settle the personal or corporate income tax liability. Where Notes form part of a trade or business, interest (accrued) and gains from the disposal, redemption, repayment or assignment of Notes must be taken into account as income. The respective Noteholder will have to report income and related (business) expenses on the tax return and the balance will be taxed at the Noteholder's applicable tax rate. Withholding tax levied, if any, will be credited against the personal or corporate income tax of the Noteholder. Where Notes form part of a German trade or business the current income and gains from the disposal, redemption, repayment or assignment of the Notes may also be subject to German trade tax.

Non-resident Noteholders

Interest, including Accrued Interest, and capital gains are not subject to German taxation, unless (i) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the Noteholder or (ii) the income otherwise constitutes German-source income. In cases (i) and (ii) a tax regime similar to that explained above under "Tax resident holders of the Notes" applies.

Non-residents of Germany are, in general, exempt from German withholding tax on interest and the solidarity surcharge thereon. However, where the interest is subject to German taxation as set forth in the preceding paragraph and the Notes are held in a custodial account with a Disbursing Agent, withholding tax may be levied under certain circumstances. The withholding tax may be refunded based on an assessment to tax or under an applicable tax treaty.

Substitution of the Issuer

If the Issuer exercises the right to substitute the debtor of the Notes, the substitution might, for German tax purposes, be treated as an exchange of the Notes for new notes issued by the Substitute Debtor and subject to similar taxation rules like the Notes. In particular, such a substitution could result in the recognition of a taxable gain or loss for any Noteholder.

Inheritance and Gift Tax

The transfer of the Notes to another person by way of gift or inheritance may be subject to German gift or inheritance tax, respectively, if *inter alia*

- (i) the testator, the donor, the heir, the donee or any other acquirer had his residence, habitual abode or, in case of a corporation, association (*Personenvereinigung*) or estate (*Vermögensmasse*), has its seat or place of management in Germany at the time of the transfer of property,
- (ii) except as provided under (i), the testator's or donor's Notes belong to business assets attributable to a permanent establishment or a permanent representative in Germany.

Special regulations may apply to certain German expatriates.

Prospective investors are urged to consult with their tax advisor to determine the particular inheritance or gift tax consequences in light of their particular circumstances.

Other Taxes

No stamp, issue, value added, capital transfer or registration taxes or such duties will be payable in Germany in connection with the issuance, delivery or execution as well as the purchase, sale or other disposal of the Notes. However, under certain circumstances entrepreneurs may choose liability to German value added tax with regard to the sale of the Notes to other entrepreneurs which would otherwise be tax exempt. Currently, net assets tax is not levied in Germany.

The Netherlands

The following discussion outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations in relation thereto. This discussion is intended as general information only for holders of Notes who

are residents or deemed residents of The Netherlands for Netherlands tax purposes. Each prospective investor should consult a professional tax advisor with respect to the tax consequences of an investment in the Notes.

This discussion is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect. Where this section refers to The Netherlands, such reference is restricted to the part of the Kingdom of The Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Scope

Regardless of whether or not a holder of Notes is, or is deemed to be, a resident of The Netherlands, with the exception of the section on Netherlands Withholding Tax below, this discussion does not address The Netherlands tax consequences for:

- (i) investment institutions (*fiscale beleggingsinstellingen*);
- (ii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax;
- (iii) holders of Notes holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Notes of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds or is deemed to hold (i) an interest of 5 % or more of the total issued capital of the Issuer or of 5 % or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;
- (iv) persons to whom the Notes and the income from the Notes are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of The Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) and the Netherlands Gift and Inheritance Tax Act 1956 (*Successiewet 1956*);
- (v) entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba, to which permanent establishment or permanent representative the Notes are attributable; and
- (vi) holders of Notes which are not considered the beneficial owner (*uiteindelijk gerechtigde*) of these Notes or of the benefits derived from or realised in respect of these Notes.

Netherlands Withholding Tax

All payments made by the Issuer under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

Netherlands Individual Income Tax

Resident holders: If an individual is a resident or deemed to be a resident of The Netherlands for Netherlands income tax purposes, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 51.75 %) under the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), if:

- (i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance by the individual of activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If the above mentioned conditions (i) and (ii) do not apply to the individual holder of the Notes, such holder must record the Notes as assets that are held in box 3. Taxable income with regard to the Notes is then determined on the basis of a certain deemed return on the holder's yield basis (*rendementsgrondslag*) at the beginning of the calendar year insofar the yield basis exceeds a EUR 30,360 threshold (*heffingvrij vermogen*), rather than on the basis of income actually received or gains actually realised. This threshold is doubled to EUR 60,720 if the holder has a qualifying partner (statutory defined term). Such yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Notes, less the fair market value of certain qualifying liabilities at the beginning of the calendar year. The fair market value of the Notes will be included as an asset in the holder's yield basis. The holder's yield basis is allocated to up to three brackets for which different deemed returns apply. The first bracket includes amounts up to and including EUR 71,650, which amount will be split into a 67 % low-return part and a 33 % high-return part. The second bracket includes amounts in excess of EUR 71,650 and up to and including EUR 978,736, which amount will be split into a 21 % low-return part and a 79 % high-return part. The third bracket includes amounts in excess of EUR 978,736, which will be considered high-return in full. For 2019 the deemed return on the low-return parts is 0.13 % and on the high-return parts is 5.60 %. The deemed return percentages will be reassessed every year. The deemed return on the holder's yield basis is taxed at a rate of 30 %.

Non-resident holders: If an individual is neither a resident, nor deemed to be a resident of The Netherlands for the purposes of Netherlands income tax, will not be subject to such tax in respect of benefits derived from the Notes, unless such holder is entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise which is effectively managed in The Netherlands, to which enterprise the Notes are attributable.

Netherlands Corporate Income Tax

Resident holders: If a holder of Notes which is a corporate entity, and for Netherlands corporate income tax purposes is a resident or deemed to be a resident of The Netherlands, and as a result is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are generally taxable in The Netherlands at up to a maximum rate of 25 %.

Non-resident holders: A holder of Notes which is a corporate entity and, for the purposes of Netherlands corporate income tax, is neither a resident, nor deemed to be a resident of the Netherlands, will not be subject to corporate income tax, unless such holder has an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands, a Netherlands Enterprise (*Nederlandse onderneming*), to which Netherlands Enterprise the Notes are attributable, or such holder is (other than by way of securities) entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Notes are attributable. Such holder is taxed in respect of benefits derived from the Notes at rates of up to 25 %.

Netherlands Gift and Inheritance Tax

Netherlands gift or inheritance taxes (*schenk- of erfbelasting*) will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder of a Note, unless:

- (i) the holder of a Note is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions.

Other Netherlands Taxes and Duties

In general, no value added tax (*omzetbelasting*) will arise in respect of payments in consideration for the issue of the Notes or in respect of a cash payment made under the Notes, or in respect of a transfer of Notes and no registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in The Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Notes.

Residency

A holder will not become a resident, or a deemed resident, of the Netherlands for Netherlands tax purposes by reason only of holding the Notes.

Grand Duchy of Luxembourg

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept referred to below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding Tax

Under Luxembourg general tax laws currently in force and subject to the exception below, no Luxembourg withholding tax is due on payments of interest (including accrued but unpaid interest) or repayments of principal.

In accordance with the law of 23 December 2005, as amended, interest payments made by Luxembourg paying agents to or for the benefit of Luxembourg individual residents are subject to a 20 % withholding tax. Responsibility for withholding such tax will be assumed by the Luxembourg paying agent.

Republic of Austria

The following is a brief summary of certain Austrian tax law considerations relating to an investment in the Notes based on Austrian tax laws applicable as of the date of this Base Prospectus. Those laws and the application thereof are subject to change, possibly with retroactive effect. Generally, and except explicitly stated otherwise, this summary only describes tax implications relating to Noteholders who are Austrian tax residents holding the Notes as private assets. It does not address any tax law consequences relating to an investment in the Notes that arise under the laws of any other jurisdiction. This section is for general information purposes only and does not purport to address all aspects of Austrian taxation that may be relevant for Noteholders who plan to acquire Notes and does therefore not purport to be a comprehensive description of all the tax considerations which may be relevant for a decision to invest in, hold or dispose of the Notes. Unless otherwise explicitly noted the following only refers to Notes held as private assets.

The summary is not a substitute for obtaining individual tax advice from a tax law advisor. Prospective Noteholders are therefore urged to consult their own tax advisers as to the particular tax consequences and tax refund procedures of their acquiring, holding or disposing of the Notes, including the applicability and effect of local, foreign and other tax laws and tax regulations and possible changes in tax law and tax regulations prior to investing, since only a specific tax law advice may evaluate the individual tax situation of Noteholders in light of their particular facts and circumstances.

Also, tax considerations relevant to Noteholders that are subject to a special tax regime such as, e.g., private foundations (*Privatstiftungen*), governmental authorities, investment or pension funds or credit institutions are not addressed herein.

For the purposes of the following it is assumed that the Notes are legally and factually offered to an indefinite number of persons (i.e. that the Notes are publicly offered).

General

Income derived by individuals having a domicile or their habitual abode in Austria or corporations having their corporate seat or place of management in Austria (considered as "residents") are taxable on their world-wide income pursuant to the Austrian Income Tax Act (*Einkommensteuergesetz*) or the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*). Individuals who have neither a domicile nor their habitual abode in Austria or corporate investors that have neither their corporate seat nor their place of management in Austria ("non-residents") are subject to income tax only from certain Austrian sources, provided the income is not attributable to a permanent establishment in Austria.

The corporate income tax rate amounts to 25%. The income tax rate (for individuals) is progressive with rates up to 50% (for income above EUR 90.000 p.a. and up to EUR 1 million p.a.) and 55% (as far as the income exceeds EUR 1 million p.a.; this tax rate is currently scheduled to apply only until 2020). Generally, for investment income a special

income tax rate of 27.5% applies (except for certain income received from credit institutions, e.g., interest on bank deposits).

Both, in case of unlimited and limited tax liability, Austria's right to tax may be restricted or reduced by applicable double tax treaties.

Taxation of Noteholders resident in Austria

Notes Held as private Assets

Generally, income arising with respect to the Notes in the form of (a) fixed or floating interest payments (*Zinserträge*) or (b) realized capital gains (*Einkünfte aus realisierten Wertsteigerungen*) qualifies as 'investment income' (*Einkünfte aus Kapitalvermögen*) and is, as such, taxed under a special regime at a flat rate of 27.5%. Realized capital gains are the difference between (a) the amount realized (e.g., the sale proceeds, the redemption or other pay-off amount, or the fair market value in case of a deemed realization) and (b) the acquisition costs; in both cases (amount realized and acquisition costs) including accrued interest, if any.

For Notes held as private assets, the acquisition costs do not include ancillary acquisition costs (*Anschaffungsnebenkosten*). An average price is determined regarding Notes, not acquired at the same time, but held in the same securities account with the same securities identification number.

Expenses and costs (*Aufwendungen und Ausgaben*) that are directly connected with investment income are not tax effective.

Capital gains are not only taxed upon an actual disposition or redemption of the Notes, but also upon a deemed realization.

- A deemed realization takes place due to a restriction of the Austrian taxing right in the Notes (e.g. moving abroad, donation to a non-resident, etc.). In case that the Notes are held on an Austrian securities account the Austrian withholding agent (custodian or paying agent) has to impose the withholding tax and such withholding tax needs to be deducted only upon actual disposition of the Notes or withdrawal from the account. If the holder of the notes has timely notified the Austrian custodian or paying agent of the restriction of the Austrian taxing right in the Notes (e.g., due to his or her relocation to another country), not more than the value increase in the Notes until notification is subject to Austrian withholding tax. An exemption of withholding tax applies in case of moving to another member state of the European Economic Area if the Noteholder presents to the Austrian custodian or paying agent a tax assessment notice of the year of migration in which the option for a deferral of tax has been exercised.
- A deemed realization also takes place upon withdrawals (*Entnahmen*) from an Austrian securities account and other transfers of Notes from one Austrian securities account to another one. Exemptions apply in this case for a transfer of the Notes to another deposit account, if certain information procedures are fulfilled and no restriction of the Austrian taxing right is given (e.g. no donation to a non-resident).

If an Austrian custodian (*depotführende Stelle*) or an Austrian paying agent (*auszahlende Stelle*), together also referred to as an "Austrian withholding tax agent", is involved in paying out investment income, 27.5% withholding tax is imposed. The Austrian custodian or the Austrian paying agent has the responsibility to deduct and pay the withholding tax to the respective tax office.

There is no obligation of the Issuer to deduct or pay the withholding tax to the respective tax office if (a) a custodian or paying agent is involved in paying out investment income or (b) no custodian or paying agent is involved provided that the issuer does not use a branch or permanent establishment in Austria for the payment of the interest under the Notes or does not pay out the interest directly to the Noteholders.

The withholding tax generally results in a final income taxation (*Endbesteuerung*); an option to assess the income at the progressive income tax rate exists (in particular for Noteholders whose regular personal income tax rate is lower than the flat withholding tax). If no withholding tax is imposed (e.g., because the Notes are not held through an Austrian custodian or paying agent), the investment income arising from the Notes generally has to be included into the Noteholder's income tax return in accordance with the law and will generally be subject to the special flat tax rate of 27.5%.

Losses from Notes held as private assets may only offset other investment income subject to the special flat tax rate or withholding tax (excluding, inter alia, interest income from bank deposits and other claims against banks as well as donations from private foundations) and must not offset any other income. Mandatory loss-offsetting rules to be

handled by Austrian custodians apply. The Austrian custodian has to issue a written confirmation on each offsetting of losses to the taxpayer. In certain cases, a loss off-setting by the Austrian custodian is not permitted. A carry-forward of losses is not possible.

Income from Notes which are not legally or actually publicly offered would not be subject to withholding tax and final taxation but subject to normal progressive personal income tax rates of up to 50 per cent (for income up to EUR 1 million p.a.) and 55 per cent (as far as the income exceeds EUR 1 million p.a.).

Notes Held as Business Assets

Generally, the same rules as described in the previous heading apply regarding Notes that are held as business assets by tax residents who are individuals. The most important differences are the following, which are apart from the last bullet point only relevant for the assessment of the investor:

- Realized capital gains, contrary to interest income, have to be included in the annual tax return, since despite a 27.5% withholding taxation that is also imposed in the context of Notes held as business assets if an Austrian custodian is involved, no final income taxation applies.
- Write-downs and realized losses regarding the Notes held as business assets may be offset with positive income from realized capital gains and derivatives in the first place; 55% of the remaining losses may be offset against other income or carried forward.
- The acquisition costs of Notes held as business assets may also include ancillary costs incurred upon the acquisition.
- The custodian agent does not implement the offsetting of losses (as mentioned above) with respect to deposit accounts that are not privately held; instead losses are taken into account upon assessment.

It is noted that expenses and costs (*Aufwendungen und Ausgaben*) directly connected with investment income are also not tax effective in case the Notes are held as business assets.

Resident Corporations

Any income derived from the Notes by corporate Noteholders is generally subject to corporate income tax at the general corporate income tax rate of 25%. If the corporate Noteholder holds Notes through a securities account with an Austrian paying agent, the bank, as withholding agent, will deduct 27.5% Austrian withholding tax; alternatively, the 25% rate may also be applied by the withholding agent if the recipient of the income is a corporation. Corporate Noteholders deriving business income from the Notes may avoid the application of such withholding tax by filing a declaration of exemption (*Befreiungserklärung*) with the Austrian withholding tax agent, who has to forward a copy thereof to the finance office. In case of companies or other corporations with business income loss off-setting can only be made in the assessment of the corporation. If no declaration of exemption is submitted, the retained withholding tax can be charged towards the corporate tax debt in the corporate income tax assessment or (the exceeding amount) may be refunded.

A special tax regime applies for private foundations (*Privatstiftungen*).

Non-resident Noteholders

Non-resident holders are individuals who have neither a domicile nor their habitual abode in Austria and corporations that have neither their corporate seat nor their place of management in Austria (both also referred to as "non-residents").

Interest income from the Notes is generally subject to limited tax liability if the income is received by non-resident individuals (with the exception of persons resident in a country which takes part in the automatic information exchange with Austria; see below). However, no such taxation of interest income applies to the Notes in the case of non-resident holders, as the issuer has neither its seat nor its place of management in Austria and under the condition that the issuer does not have a branch in Austria which is involved in the issuance of the Notes. The exemption of withholding tax requires (among others) a proof of the holder's non-residence status (including certificate of residence of the holder). Otherwise, the holder may claim for a refund of any tax withheld on the income from the Securities with the Austrian tax authorities.

In case of a sale or other disposition of the Notes (including the difference between the sales price and the acquisition cost in case of zero-coupon-bonds) accrued interest is regarded as interest income subject to non-resident taxation if

the debtor of the accrued interest (the acquirer of the Notes) has its seat, domicile or its place of management in Austria or is the branch of a foreign bank, and the transaction, in the course of which the accrued interest is paid, is handled by an Austrian withholding tax agent.

No taxation of interest income applies vis-à-vis non-resident corporate holders. No taxation of interest also applies, as mentioned above, *vis-à-vis* individuals who are residents in a country, with which Austria agreed on an automatic exchange of information, if an appropriate proof is provided by the holder. The proof has to be furnished, among other requirements, by the presentation of a certificate of residence issued by the tax authorities of the holder's residence state and further documentation in case of corporations. In case of transparent partnerships, the residence status of the partners is decisive. If Austrian withholding tax is imposed the Noteholder may apply for a refund thereof filed – after a corresponding electronic advance notice (§ 240a Austrian Federal Tax Act) –, if the conditions are fulfilled or a double taxation convention provides for relief.

If non-residents receive income from the Notes through an Austrian permanent establishment, they are to a large extent subject to the same tax treatment as resident holders, i.e., both interest income and capital gains received via the permanent establishment are subject to tax and – in case of an Austrian withholding tax agent – Austrian withholding tax has to be imposed, unless an exemption (like the exemption declaration for corporations) is applicable (see the description for Austrian resident holders).

EU Directive 2003/48/EG (saving interest directive) was replaced by the automatic exchange of information, which is applicable in Austria since January 1, 2017. Therefore, no EU withholding tax on interest payments to individuals resident in another EU member state is triggered anymore since January 1, 2017 (notice transitional provisions).

Inheritance and Gift Tax

No Austrian inheritance and gift tax (*Erbschafts- und Schenkungssteuer*) is imposed, gratuitous transfers of assets, however, exceeding specific thresholds may have to be notified to the tax authorities within a three-month notification period. There are certain exemptions from such notification obligation, e.g., for gifts among relatives that do not exceed EUR 50,000 within a year or gifts among unrelated persons that do not exceed EUR 15,000 within five years.

Other Taxes

No Austrian stock exchange transfer tax, value added tax or stamp duty will be levied on the purchase, sale or other disposition of the Notes.

U.S. Foreign Account Tax Compliance Withholding

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**Foreign Passthru Payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Germany and the Netherlands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply before the date that is two years after the date of publication of final regulations with the U.S. Federal Register defining the term "foreign passthru payments". To date such final regulations have not yet been published. Noteholders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will pay any additional amounts as a result of the withholding.

Financial Transaction Tax

On February 14, 2013, the EU Commission adopted a proposal for a Council Directive (the "**Draft Directive**") on a common financial transaction tax ("**FTT**"). According to the Draft Directive, the FTT shall be implemented in certain EU Member States (the "**Participating Member States**"), including Germany.

Pursuant to the original proposal under the Draft Directive, the FTT shall be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The FTT shall, however, not apply to (*inter alia*) primary market transactions referred to in Article 5 (c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue. Thus, the issuance of the Notes should not be subject to the FTT.

The rates of the FTT shall be fixed by each Participating Member State but for transactions involving financial instruments other than derivatives shall amount to at least 0.1 % of the taxable amount. The taxable amount for such transactions shall in general be determined by reference to the consideration paid or owed in return for the transfer. The FTT shall be payable by each financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, acting in the name of a party to the transaction or where the transaction has been carried out on its account. Where the FTT due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the FTT due.

According to the coalition agreement between the German Christian Democratic Union (*CDU*) and the German Social Democratic Party (*SPD*), the current German government still has the intention to introduce a FTT. In June 2018, Germany and France agreed to further pursue the implementation of a FTT in the EU for which the current French financial transaction tax (which is mainly focused on transactions regarding shares in listed companies with a market capitalization of more than EUR 1 billion) could serve as a role model.

Nevertheless, the FTT remains subject to negotiation between the (certain) EU Member States and was (and most probably will be) the subject of legal challenge. It may still be adopted and be altered prior to its adoption, the timing of which still remains unclear. Moreover, once any directive has been adopted (the "Directive"), it will need to be implemented into the respective domestic laws of the still participating Member States and the domestic provisions implementing the Directive might deviate from the Directive itself. Finally, additional EU Member States may decide to participate. Prospective holders of the Notes should consult their own tax advisers in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Notes.

SUBSCRIPTION AND SALE

Underwriting

The Notes may be issued on a continuous basis to one or more of the Dealers and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis. Notes may be distributed by way of public offers to qualified investors pursuant to the Prospectus Directive and/or non-qualified investors, as specified in the relevant Final Terms, or private placements and, in each case, on a syndicated or non-syndicated basis. The method of distribution of each Tranche of Notes will be stated in the relevant Final Terms.

The Issuer and the Dealers have entered into a dealer agreement dated March 15, 2019 (the "**Dealer Agreement**") which sets out, *inter alia*, the arrangements under which Notes, issued under the Programme, may from time to time be agreed to be purchased by any one or more Dealers from the Issuer. Any such agreement will, *inter alia*, contain provisions dealing with the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealer(s) and the commissions or any other agreed deductibles payable or allowable by the Issuer in respect of such purchase. Further, the Dealer Agreement provides for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes. A subscription agreement prepared in relation to a particular Tranche of Notes will typically be dated on or about the date of the relevant Final Terms applicable to such Tranche of Notes.

Method for determining the issue price and the process for its disclosure

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Selling Restrictions

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer appointed will be required to represent, warrant and agree that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms in all cases at its own expense, and neither the Issuer nor any other Dealer shall have responsibility therefore.

United States

The Notes have not been and will not be registered under the Securities Act, as amended and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Fiscal Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during

the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

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.

European Economic Area

Unless the relevant Final Terms in respect of any Notes specify "*Prohibition of Sales to European Economic Area Retail Investors*" as "*Not Applicable*", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression retail investor means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("**MiFID II**"); or
 - (ii) a customer within the meaning of Directive 2016/97/EU of the European Parliament and of the Council of January 20, 2016 on insurance distribution (recast), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Directive; and
- (b) the expression offer includes 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.

If the relevant Final Terms in respect of any Notes specify "*Prohibition of Sales to European Economic Area Retail Investors*" as "*Not Applicable*", in relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State ("**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "**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, the expression "**Prospectus Directive**" means Directive 2003/71/EC as amended or superseded, including by Directive 2010/73/EU and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer appointed will be required to represent, warrant and agree that:

1. in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer,
2. it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer, and
3. it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

FORM OF FINAL TERMS

In case of Notes listed on the Luxembourg Stock Exchange or publicly offered in the Grand Duchy of Luxembourg, the Final Terms will be displayed on the website of the Luxembourg Stock Exchange (www.bourse.lu).

[MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]¹⁰

[MiFID II PRODUKTÜBERWACHUNGSPFLICHTEN / ZIELMARKT PROFESSIONELLE INVESTOREN UND GEEIGNETE GEGENPARTEIEN – Die Zielmarktbestimmung im Hinblick auf die Schuldverschreibungen hat – ausschließlich für den Zweck des Produktgenehmigungsverfahrens [des/jedes] Konzepteurs – zu dem Ergebnis geführt, dass: (i) der Zielmarkt für die Schuldverschreibungen ausschließlich geeignete Gegenparteien und professionelle Kunden, jeweils im Sinne der Richtlinie 2014/65/EU (in der jeweils gültigen Fassung, "MiFID II"), umfasst und (ii) alle Kanäle für den Vertrieb der Schuldverschreibungen an geeignete Gegenparteien und professionelle Kunden angemessen sind. Jede Person, die in der Folge die Schuldverschreibungen anbietet, verkauft oder empfiehlt (ein "Vertriebsunternehmen") soll die Beurteilung des Zielmarkts [des/der] Konzepteur[s/e] berücksichtigen; ein Vertriebsunternehmen, welches MiFID II unterliegt, ist indes dafür verantwortlich, seine eigene Zielmarktbestimmung im Hinblick auf die Schuldverschreibungen durchzuführen (entweder durch die Übernahme oder durch die Präzisierung der Zielmarktbestimmung [des/der] Konzepteur[s/e]) und angemessene Vertriebskanäle zu bestimmen.]¹¹

[MiFID II product governance / Retail investors, professional investors and ECPs target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); EITHER¹² [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] OR¹³ [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[,/ and] portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. [Consider any negative target market]. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]¹⁴.]¹⁵

10 Include legend in case MiFID II target market assessment in respect of the Notes is "Professional Investors and Eligible Counterparties only".

11 *Legende einsetzen, wenn MiFID II Zielmarktbestimmung im Hinblick auf die Schuldverschreibungen ergeben hat "Ausschließlich Professionelle Investoren und Geeignete Gegenparteien".*

12 Include for notes that are not ESMA complex pursuant to the Guidelines on complex debt instruments and structured deposits (ESMA/2015/1787) (the "ESMA Guidelines").

13 Include for notes that are ESMA complex pursuant to the ESMA Guidelines. This list may need to be amended, for example, if advised sales are deemed necessary. If there are advised sales, a determination of suitability and appropriateness will be necessary. In addition, if the Notes constitute "complex" products, pure execution services to retail clients are not permitted without the need to make the determination of appropriateness required under Article 25(3) of MiFID II.

14 If there are advised sales, a determination of suitability will be necessary.

15 Include legend in case MiFID II target market assessment in respect of the Notes is "Retail Investor Target Market".

[MiFID II PRODUKTÜBERWACHUNGSPFLICHTEN / ZIELMARKT KLEINANLEGER, PROFESSIONELLE INVESTOREN UND GEEIGNETE GEGENPARTEIEN - Die Zielmarktbestimmung im Hinblick auf die Schuldverschreibungen hat – ausschließlich für den Zweck des Produktgenehmigungsverfahrens [des/jedes] Konzepteurs – zu dem Ergebnis geführt, dass (i) der Zielmarkt für die Schuldverschreibungen geeignete Gegenparteien, professionelle Kunden und Kleinanleger, jeweils im Sinne der Richtlinie 2014/65/EU (in der jeweils gültigen Fassung, "MiFID II"), umfasst; ENTWEDER¹⁶ [und (ii) alle Kanäle für den Vertrieb der Schuldverschreibungen angemessen sind[, einschließlich Anlageberatung, Portfolio-Management, Verkäufe ohne Beratung und reine Ausführungsdienstleistungen]] ODER¹⁷ [und (ii) alle Kanäle für den Vertrieb der Schuldverschreibungen an professionelle Investoren und geeignete Gegenparteien angemessen sind die folgenden Kanäle für den Vertrieb der Schuldverschreibungen an Kleinanleger angemessen sind - Anlageberatung[,/ und] Portfolio-Management[,/ und]] Verkäufe ohne Beratung [und reine Ausführungsdienstleistungen]], nach Maßgabe der Pflichten des Vertriebsunternehmens unter MiFID II im Hinblick auf Geeignetheit bzw. Angemessenheit]] [Bitte jegliche negativen Zielmärkte berücksichtigen]. Jede Person, die in der Folge die Schuldverschreibungen anbietet, verkauft oder empfiehlt (ein "Vertriebsunternehmen") soll die Beurteilung des Zielmarkts [des/der] Konzepteur[s/e] berücksichtigen; ein Vertriebsunternehmen, welches MiFID II unterliegt, ist indes dafür verantwortlich, seine eigene Zielmarktbestimmung im Hinblick auf die Schuldverschreibungen durchzuführen (entweder durch die Übernahme oder durch die Präzisierung der Zielmarktbestimmung [des/der] Konzepteur[s/e]) und angemessene Vertriebskanäle[nach Maßgabe der Pflichten des Vertriebsunternehmens unter MiFID II im Hinblick auf Geeignetheit bzw. Angemessenheit]¹⁸, zu bestimmen.]¹⁹

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); (ii) a customer within the meaning of Directive 2016/97/EU ("IDD"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the "Prospectus Directive"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]²⁰

[VERBOT DES VERKAUFS AN KLEINANLEGER IM EUROPÄISCHEN WIRTSCHAFTSRAUM – Die Schuldverschreibungen sind nicht zum Angebot, zum Verkauf oder zur sonstigen Zurverfügungstellung an Kleinanleger im Europäischen Wirtschaftsraum ("EWR") bestimmt und sollten Kleinanlegern im EWR nicht angeboten, nicht an diese verkauft und diesen auch nicht in sonstiger Weise zur Verfügung gestellt werden. Für die Zwecke dieser Bestimmung bezeichnet der Begriff Kleinanleger eine Person, die eines (oder mehrere) der folgenden Kriterien erfüllt: (i) sie ist ein Kleinanleger im Sinne von Artikel 4 Abs. 1 Nr. 11 der Richtlinie 2014/65/EU ("MiFID II"); (ii) sie ist ein Kunde im Sinne der Richtlinie 2016/97/EU ("IDD"), soweit dieser Kunde nicht als professioneller Kunde im Sinne von Artikel 4 Abs. 1 Nr. 10 MiFID II gilt; oder (iii) sie ist kein qualifizierter Anleger im Sinne der Richtlinie 2003/71/EG (wie von Zeit zu Zeit ergänzt und/oder ersetzt, die "Prospektrichtlinie"). Entsprechend wurde kein nach der Verordnung (EU) Nr. 1286/2014 (die "PRIIPs-Verordnung") erforderliches Basisinformationsblatt für das Angebot oder den Verkauf oder die sonstige Zurverfügungstellung der Schuldverschreibungen an Kleinanleger im EWR erstellt; daher kann das Angebot

¹⁶ Einfügen für Schuldverschreibungen, die nicht nach den Leitlinien zu komplexen Schuldtiteln und strukturierten Einlagen (ESMA/2015/1787) (die "ESMA Leitlinien") ESMA komplex sind.

¹⁷ Einfügen im Fall von Schuldverschreibungen, die nach den ESMA Leitlinien ESMA komplex sind. Diese Liste muss gegebenenfalls angepasst werden, z.B. wenn Anlageberatung für erforderlich gehalten wird. Im Fall der Anlageberatung ist die Bestimmung der Geeignetheit und Angemessenheit notwendig. Wenn die Schuldverschreibungen "komplexe" Produkte sind, ist außerdem die bloße Ausführung von Kundenaufträgen von Privatanlegern ohne Bestimmung der Angemessenheit nach Article 25(3) MiFID II nicht zulässig.

¹⁸ Im Fall von Beratungsverkäufen ist eine Angemessenheitsprüfung erforderlich.

¹⁹ Legende einsetzen, wenn MiFID II Zielmarktbestimmung im Hinblick auf die Schuldverschreibungen ergeben hat "Zielmarkt Kleinanleger".

²⁰ Include legend unless the Final Terms specify "Prohibition of Sales to Retail Investors in the European Economic Area" as "Not Applicable".

oder der Verkauf oder die sonstige Zurverfügungstellung der Schuldverschreibungen an Kleinanleger im EWR nach der PRIIPs-Verordnung rechtswidrig sein.]²¹

Dated [●]
Datum [●]

Final Terms
Endgültige Bedingungen

COVESTRO AG

[Offer][Issue] of
[Angebot][Emission] von

[Aggregate Principal Amount of Tranche]
[Gesamtnennbetrag der Tranche]

[Title of Notes]
[Bezeichnung der Schuldverschreibungen]

issued as
begeben als

Series [●] Tranche [●]
Serie [●] Tranche [●]

under the
unter dem

Euro 5,000,000,000
DEBT ISSUANCE PROGRAMME

of
der

COVESTRO AG

Issue Date: [●] Issue Price: [●] per cent.
Begebungstag: [●] Emissionspreis: [●] %

²¹ Legende einzufügen, sofern nicht die Endgültigen Bedingungen "Verkaufsverbot an Kleinanleger im Europäischen Wirtschaftsraum" für "Nicht anwendbar" erklären.

Important Notice

This document constitutes the final terms relating to the issue of Notes described herein (the "**Final Terms**"). These Final Terms have been prepared for the purposes of Article 5(4) of the Directive 2003/71/EC of the European Parliament and the Council of November 4, 2003, as amended by Directive 2010/73/EU of the European Parliament and the Council of November 24, 2010 (the "**Prospectus Directive**") and must be read in conjunction with the prospectus dated March 15, 2019 [(, as supplemented by the supplement(s) to the prospectus dated [●],)] (the "**Base Prospectus**") which constitute(s) a base prospectus for the purposes of the Prospectus Directive. The Base Prospectus and any supplement thereto are available for viewing in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus.

[A summary, fully completed for the individual issue of Notes, is annexed to these Final Terms.]¹

Wichtiger Hinweis

*Dieses Dokument stellt die endgültigen Bedingungen für die Emission der hierin beschriebenen Schuldverschreibungen dar (die "**Endgültigen Bedingungen**"). Diese Endgültigen Bedingungen wurden für die Zwecke des Artikel 5(4) der Richtlinie 2003/71/EG des Europäischen Parlaments und des Rates vom 4. November 2003, geändert durch die Richtlinie 2010/73/EU des Europäischen Parlaments und des Rates vom 24. November 2010 (die "**Prospektrichtlinie**") abgefasst und sind nur mit dem Basisprospekt vom 15. März 2019 [(ergänzt durch [den][die] [Nachtrag][Nachträge] zum Basisprospekt vom [●])] (der "**Basisprospekt**"), der einen Basisprospekt im Sinne der Prospektrichtlinie darstellt, gemeinsam zu lesen. Der Basisprospekt sowie etwaige Nachträge können in elektronischer Form auf der Internetseite der Luxemburger Börse (www.bourse.lu) eingesehen werden. Vollständige Informationen in Bezug auf die Emittentin und das Angebot sind nur in der Gesamtheit dieser Endgültigen Bedingungen und dem Basisprospekt enthalten.*

[Eine für die einzelne Emission von Schuldverschreibungen vollständig ausgefüllte Zusammenfassung ist diesen Endgültigen Bedingungen beigelegt.]²

¹ Not applicable in the case of an issue of Notes with a minimum denomination of at least EUR 100,000 or EUR 100,000 equivalent of any other currency.

² Nicht anwendbar im Fall einer Emission von Schuldverschreibungen mit einer Mindeststückelung in Höhe von mindestens EUR 100.000 oder dem entsprechenden Betrag einer anderen Währung.

PART I – CONTRACTUAL TERMS

- [A. **[In the case the options applicable to the relevant Series of Notes are to be determined by replicating the relevant provisions set forth in the Base Prospectus as Option I or Option II including certain further options contained therein, respectively, and completing the relevant placeholders, insert:^{3]}**

The Terms and Conditions applicable to the Notes (the "**Conditions**") [, and the English language translation thereof,] are as set out below.

[In the case of Notes with fixed interest rates replicate here the relevant provisions of Option I including relevant further options contained therein, and complete relevant placeholders.]

[In the case of Notes with floating interest rates replicate here the relevant provisions of Option II including relevant further options contained therein, and complete relevant placeholders.]]

- [B. **[In the case the options applicable to the relevant Series of Notes are to be determined by referring to the relevant provisions set forth in the Base Prospectus as Option I or Option II including certain further options contained therein, respectively, insert:]**

This Part I of the Final Terms is to be read in conjunction with the set of Terms and Conditions that apply to Notes with [fixed] [floating] interest rates set forth in the Base Prospectus as [Option I] [Option II] (the "**Terms and Conditions**"). Capitalised terms shall have the meanings specified in the Terms and Conditions.

All references in this Part I of the Final Terms to numbered paragraphs and subparagraphs are to paragraphs and subparagraphs of the Terms and Conditions.

Include whichever of the following apply or specify as "Not applicable" (N/A). Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or subparagraphs. Footnotes denote directions for completing the Final Terms. The blanks in the provisions of the Terms and Conditions, which are applicable to the Notes shall be deemed to be completed by the information contained in the Final Terms as if such information were inserted in the blanks of such provisions. All provisions in the Terms and Conditions corresponding to items in these Final Terms 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 Terms and Conditions together with Part I of these Final Terms constitute the "**Conditions**").]

TEIL I – VERTRAGLICHE REGELUNGEN

- [A. ***[Falls die für die betreffende Serie von Schuldverschreibungen geltenden Optionen durch Wiederholung der betreffenden im Basisprospekt als Option I oder Option II aufgeführten Angaben (einschließlich der jeweils enthaltenen bestimmten weiteren Optionen) bestimmt und die betreffenden Leerstellen vervollständigt werden, einfügen:^{4]}***

*Die für die Schuldverschreibungen geltenden Anleihebedingungen (die "**Bedingungen**") [sowie deren englischsprachige Übersetzung] sind wie nachfolgend aufgeführt.*

[Im Fall von Schuldverschreibungen mit fester Verzinsung hier die betreffenden Angaben der Option I (einschließlich der betreffenden weiteren Optionen) wiederholen und betreffende Leerstellen vervollständigen.]

[Im Fall von Schuldverschreibungen mit variabler Verzinsung hier die betreffenden Angaben der Option II (einschließlich der betreffenden weiteren Optionen) wiederholen und betreffende Leerstellen vervollständigen.]]

³ To be determined in consultation with the Issuer. It is anticipated that this type of documenting the Terms and Conditions will be required where the Notes are to be publicly offered, in whole or in part, or to be initially distributed, in whole or in part, to non-qualified investors. Delete all references to B. Part I of the Final Terms including numbered paragraphs and subparagraphs of the Terms and Conditions.

⁴ In Abstimmung mit der Emittentin festzulegen. Es ist vorgesehen, dass diese Form der Dokumentation der Anleihebedingungen erforderlich ist, wenn die Schuldverschreibungen insgesamt oder teilweise anfänglich an nicht qualifizierte Anleger verkauft oder öffentlich angeboten werden. Alle Bezugnahmen auf B. Teil I der Endgültigen Bedingungen einschließlich der Paragraphen und Absätze der Programmanleihebedingungen entfernen.

[B. *[Falls die für die betreffende Serie von Schuldverschreibungen geltenden Optionen durch Verweisung auf die betreffenden im Basisprospekt als Option I oder Option II aufgeführten Angaben (einschließlich der jeweils enthaltenen bestimmten weiteren Optionen) bestimmt werden, einfügen:]*

Dieser Teil I der Endgültigen Bedingungen ist in Verbindung mit dem Satz der Anleihebedingungen, der auf Schuldverschreibungen mit [fester] [variabler] Verzinsung Anwendung findet, zu lesen, der als [Option I] [Option II] im Basisprospekt enthalten ist (die "Anleihebedingungen"). Begriffe, die in den Programmanleihebedingungen definiert sind, haben dieselbe Bedeutung, wenn sie in diesen Endgültigen Bedingungen verwendet werden.

Bezugnahmen in diesem Teil I der Endgültigen Bedingungen auf Paragraphen und Absätze beziehen sich auf die Paragraphen und Absätze der Anleihebedingungen.

*Anwendbare Bestimmung einfügen oder als "Nicht anwendbar" (N/A) kennzeichnen. Es ist zu beachten, dass die Reihenfolge der Nummerierung unverändert bleibt, auch wenn einzelne Abschnitte oder Unterabschnitte als "nicht anwendbar" gekennzeichnet sind. Fußnoten kennzeichnen Erläuterungen für die Bearbeitung der Endgültigen Bedingungen. Die Leerstellen in den auf die Schuldverschreibungen anwendbaren Bestimmungen der Anleihebedingungen gelten als durch die in den Endgültigen Bedingungen enthaltenen Angaben ausgefüllt, als ob die Leerstellen in den betreffenden Bestimmungen durch diese Angaben ausgefüllt wären. Sämtliche Bestimmungen der Anleihebedingungen, die sich auf Variablen dieser Endgültigen Bedingungen beziehen, die weder angekreuzt noch ausgefüllt oder die gestrichen werden, gelten als in den auf die Schuldverschreibungen anwendbaren Anleihebedingungen (die Anleihebedingungen zusammen mit diesem Teil I der Endgültigen Bedingungen sind die "**Bedingungen**") gestrichen.]*

§ 1 Currency, Specified Denomination, Form

§ 1 Währung, Festgelegte Stückelung, Form

Specified Currency: [●]
Festgelegte Währung: [●]
Aggregate Principal Amount: [●]⁵
Gesamtnennbetrag: [●]⁶
Specified Denomination: [●]⁷
Festgelegte Stückelung: [●]⁸

Clearing System(s)

Clearingsystem(e)

- Clearstream, Frankfurt
 Clearstream, Luxembourg / Euroclear

Global Note

Globalurkunde

- Classical Global Note
Classical Global Note
 New Global Note
New Global Note

§ 3 Interest

§ 3 Zinsen

- Fixed Rate Notes (Option I):**

***Festverzinsliche Schuldverschreibungen
(Option I):***

Rate of Interest: [●] per cent. *per annum*
Zinssatz: [●] % *per annum*
Interest Commencement Date: [●]
Verzinsungsbeginn: [●]
Interest Payment Date(s): [●]
Zinszahlungstag(e): [●]

⁵ Insert currency and amount of the Tranche.

⁶ *Währung und Betrag der Tranche einfügen.*

⁷ The minimum Specified Denomination of the Notes will be, if in euro, EUR 1,000, and, if in any currency other than euro, an amount in such other currency at least equivalent to EUR 1,000 at the time of the issue of the Notes. Notes (including Notes denominated in Pound Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year must have a minimum denomination redemption value of £100,000 (or its equivalent in other currencies).

⁸ *Die Festgelegte Stückelung der Schuldverschreibungen beträgt mindestens EUR 1.000, bzw., falls die Schuldverschreibungen in einer anderen Währung als Euro begeben werden, einem Betrag in dieser anderen Währung, der zur Zeit der Begebung der Schuldverschreibungen mindestens dem Gegenwert von EUR 1.000 entspricht. Schuldverschreibungen (einschließlich auf Pfund Sterling lautende Schuldverschreibungen), bei denen der Emissionserlös von der Emittentin im Vereinigten Königreich entgegengenommen wird oder sofern durch deren Emission ein anderer Verstoß gegen section 19 der FSMA vorliegt und die eine Laufzeit von weniger als einem Jahr haben, müssen einen Mindestrückzahlungswert je Stückelung von £100,000 (oder dem Äquivalent in einer anderen Währung) haben.*

First Interest Payment Date: [●]

Erster Zinszahlungstag: [●]

Initial Broken Interest Amount per Specified Denomination: [●]

Anfänglicher Bruchteilzinsbetrag je Festgelegter Stückelung: [●]

Interest Payment Date preceding the Maturity Date: [●]

Dem Endfälligkeitstag vorausgehender Zinszahlungstag: [●]

Final Broken Interest Amount per Specified Denomination: [●]

Abschließender Bruchteilzinsbetrag je Festgelegter Stückelung: [●]

Day Count Fraction

Zinstagequotient

Actual/Actual (ICMA)

Determination Date(s): [●]⁹

Feststellungstermin(e): [●]¹⁰

Actual/Actual – ISDA

Actual/365 (Fixed)

Actual/360

30/360 / 360/360 / Bond Basis

30E/360 / Eurobond Basis

Floating Rate Notes (Option II):

Variabel verzinsliche Schuldverschreibungen (Option II):

Interest Payment Dates

Zinszahlungstage

Interest Commencement Date: [●]

Verzinsungsbeginn: [●]

Specified Interest Payment Date(s): [●]

Festgelegte Zinszahlungstag(e): [●]

⁹ Only to be completed for an issue of fixed rate Notes where Day Count Fraction is Actual/Actual (ICMA). Insert regular interest payment dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last coupon.

¹⁰ Nur zu vervollständigen für Emissionen von festverzinslichen Schuldverschreibungen, deren Zinstagequotient Actual/Actual (ICMA) ist. Reguläre Zinszahlungstage mit Ausnahme des Begebungstags und des Fälligkeitstags im Falle von kurzen oder langen ersten oder letzten Zinsperioden einfügen.

- Specified Interest Period(s): [[specify number] [weeks / months]]
Festgelegte Zinsperiode(n): [[Zahl einfügen] [Wochen / Monate]]
- Business Day Convention:
Geschäftstagekonvention:
- Modified Following Business Day Convention (adjusted)
- FRN Convention (adjusted)
- Following Business Day Convention (adjusted)
- Preceding Business Day Convention (adjusted)
- Business Day
Geschäftstag
- TARGET
- Relevant financial centre(s) [●]
Relevante(s) Finanzzentrum/zentren [●]
- Rate of Interest
Zinssatz
- Reference Rate:
Referenzsatz:
- EURIBOR
- Period [●]-month-EURIBOR
Zeitraum [●]-Monats-EURIBOR
- Interpolation [first / last] Interest Period
Interpolation [erste / letzte] Zinsperiode
- LIBOR
- Period [●]-month-LIBOR
Zeitraum [●]-Monats-LIBOR
- Interest Determination Date: The [first day of the relevant Interest Period] [second] [TARGET] [London] Business Day prior to the commencement of the relevant Interest Period
Zinsfestsetzungstag: Der [erste Tag der betreffenden Zinsperiode] [zweite] [TARGET] [Londoner] Geschäftstag vor Beginn der jeweiligen Zinsperiode
- Margin: [●] per cent.
Marge: [●] %
- plus
zuzüglich
- minus
abzüglich

Day Count Fraction:

Zinstagequotient:

- Actual/Actual – ISDA
- Actual/365 (Fixed)
- Actual/360
- 30/360 / 360/360 / Bond Basis
- 30E/360 / Eurobond Basis

§ 4 Redemption

§ 4 Rückzahlung

Maturity Date:	[●] ¹¹
<i>Endfälligkeitstag:</i>	[●] ¹²
Redemption Month:	[●] ¹³
<i>Rückzahlungsmonat:</i>	[●] ¹⁴
Early redemption at the option of the Issuer at the Make-Whole Redemption Amount ¹⁵	[Yes/No]
<i>Vorzeitige Rückzahlung nach Wahl der Emittentin zum Make-Whole Rückzahlungsbetrag¹⁶</i>	[Ja/Nein]
Benchmark Yield	[●]
<i>Benchmark Rendite</i>	[●]
Present Value	[Benchmark Yield plus ● %]
<i>Abgezinsten Marktwert</i>	[Benchmark Rendite zuzüglich ● %]
Early Redemption at the option of the Issuer	[Yes/No]
<i>Vorzeitige Rückzahlung nach Wahl der Emittentin</i>	[Ja/Nein]
Call Redemption Date(s):	[●]
<i>Call-Rückzahlungstag(e):</i>	[●]
Call Redemption Amount(s)	[●]
<i>Call-Rückzahlungsbetrag / beträge</i>	[●]
Early Redemption at the option of the Issuer during a call redemption period ¹⁷	[Yes/No]
<i>Vorzeitige Rückzahlung nach Wahl der Emittentin während einer Call-Rückzahlungsperiode¹⁸</i>	[Ja/Nein]
Call Redemption Period(s):	[●]
<i>Call-Rückzahlungsperiode:</i>	[●]

¹¹ Always to be inserted in case of fixed rate notes. Specify date for floating rate Notes, if applicable.

¹² *Im Falle von festverzinslichen Schuldverschreibungen immer auszufüllen. Genaues Datum für variabel verzinsliche Schuldverschreibungen angeben, sofern anwendbar.*

¹³ Specify relevant month for floating rate Notes, if applicable.

¹⁴ *Betreffenden Monat für variabel verzinsliche Schuldverschreibungen angeben, sofern anwendbar.*

¹⁵ Only applicable in case of fixed rate notes.

¹⁶ *Nur im Falle von festverzinslichen Schuldverschreibungen anwendbar.*

¹⁷ Only applicable in case of fixed rate notes.

¹⁸ *Nur im Falle von festverzinslichen Schuldverschreibungen anwendbar.*

Call Redemption Amount(s)	[●]
<i>Call-Rückzahlungsbetrag / beträge</i>	[●]
Early Redemption at the option of the Issuer upon occurrence of a transaction related event	[Yes/No]
<i>Vorzeitige Rückzahlung nach Wahl der Emittentin nach Eintritt eines transaktionsbezogenen Ereignisses</i>	[Ja/Nein]
Transaction Trigger Redemption Amount	[●]
<i>Transaktions-Rückzahlungsbetrag</i>	[●]
Transaction Notice Period	[Not applicable] [●] to [●]
<i>Transaktionskündigungsfrist</i>	[Nicht anwendbar] [●] bis [●]
Transaction	[Insert description of transaction]
<i>Transaktion</i>	[Beschreibung der Transaktion einfügen]
Early redemption at the option of the Issuer for minimal outstanding principal amount	[Yes/No]
<i>Vorzeitige Rückzahlung nach Wahl der Emittentin wegen eines geringen ausstehenden Nennbetrags</i>	[Ja/Nein]
Early Redemption at the option of the Noteholder	[Yes/No]
<i>Vorzeitige Rückzahlung nach Wahl der Anleihegläubiger</i>	[Ja/Nein]
Put Redemption Date(s):	[●]
<i>Put-Rückzahlungstag(e):</i>	[●]
Put Redemption Amount(s)	[●]
<i>Put-Rückzahlungsbetrag / beträge</i>	[●]
Early Redemption as a result of a Change of Control	[Yes/No]
<i>Vorzeitige Rückzahlung im Falle eines Kontrollwechsels</i>	[Ja/Nein]

§ 5 Payments

§ 5 Zahlungen

Financial centre(s) relating to Payment Business Dates:	[Not applicable][●] ¹⁹
<i>Finanzzentrum (-zentren) in Bezug auf Zahltag(e):</i>	[Nicht anwendbar][●] ²⁰

§ 9 Fiscal Agent and Paying Agent [, Calculation Agent]

§ 9 Fiscal Agent und Zahlstelle [, Berechnungsstelle]

<input type="checkbox"/> Calculation Agent:	[insert name and address]
<i>Berechnungsstelle:</i>	[Angabe von Name und Adresse]

¹⁹ Only to be completed for an issue of fixed rate Notes and only if the Specified Currency is not Euro.

²⁰ Nur zu vervollständigen für Emissionen von festverzinslichen Schuldverschreibungen, bei der die Festgelegte Währung nicht Euro ist.

§ 15 Language²¹

§ 15 Sprache²²

- German and English, German binding
Deutsch und Englisch, Deutsch bindend
- English only
Nur Englisch

²¹ To be determined in consultation with the Issuer.

²² In Abstimmung mit der Emittentin festzulegen.

PART II – OTHER INFORMATION²³

TEIL II – ANDERE INFORMATIONEN²⁴

Essential information

Grundlegende Angaben

Listing and admission to trading:

Börsennotierung und Zulassung zum Handel:

- Regulated market of the Luxembourg Stock Exchange
Regulierter Markt der Luxemburger Börse
- Date of admission: [insert date]
Datum der Zulassung: [Angabe des Datums]
- Estimate of the total expenses related to admission to trading²⁵ [give details]
- Geschätzte Gesamtkosten für die Zulassung zum Handel*²⁶ [Angabe von Einzelheiten]
- All regulated markets or equivalent markets on which, to the knowledge of the Issuer, notes of the same class of the notes to be offered or admitted to trading are already admitted to trading²⁷ [Not applicable / give details]
- Angabe sämtlicher regulierter oder gleichwertiger Märkte, auf denen nach Kenntnis der Emittentin Schuldverschreibungen der gleichen Wertpapierkategorie, die zum Handel angeboten oder zugelassen werden sollen, bereits zum Handel zugelassen sind*²⁸ [Nicht anwendbar / Angabe von Einzelheiten]
- Countries where admission to trading on the regulated market is being sought [give details]
- Länder, in denen die Zulassung zum Handel am geregelten Markt beantragt wird* [Angabe von Einzelheiten]
- Countries where the offer to the public takes place [give details]
- Länder, in denen die Schuldverschreibungen öffentlich angeboten werden* [Angabe von Einzelheiten]
- Not listed
Nicht börsennotiert

²³ There is no obligation to complete Part II of the Final Terms in case of Notes with a Specified Denomination of at least EUR 100,000 or its equivalent in any other currency, provided that such Notes will not be admitted to trading on any regulated market within the European Economic Area. To be completed in consultation with the Issuer.

²⁴ *Es besteht keine Verpflichtung, Teil II der Endgültigen Bedingungen bei Schuldverschreibungen mit einer festgelegten Stückelung von mindestens EUR 100.000 oder dem Gegenwert in einer anderen Währung auszufüllen, sofern diese Schuldverschreibungen nicht an einem geregelten Markt innerhalb des Europäischen Wirtschaftsraums zum Handel zugelassen werden. In Absprache mit der Emittentin auszufüllen.*

²⁵ Only required for Notes with a Specified Denomination of at least EUR 100,000.

²⁶ *Nur erforderlich bei Schuldverschreibungen mit einer festgelegten Stückelung von mindestens EUR 100.000.*

²⁷ In case of a fungible issue, need to indicate that the original notes are already admitted to trading. Not required for Notes with a Specified Denomination of at least EUR 100,000.

²⁸ *Im Falle einer Aufstockung, die mit einer vorangegangenen Emission fungibel ist, ist die Angabe erforderlich, dass die ursprünglichen Schuldverschreibungen bereits zum Handel zugelassen sind. Nicht erforderlich bei Schuldverschreibungen mit einer festgelegten Stückelung von mindestens EUR 100.000.*

Rating of the Notes

Rating der Schuldverschreibungen

- The Notes to be issued have been rated as follows:²⁹

*Die Schuldverschreibungen wurden wie folgt geratet:*³⁰

- Moody's: [●]
 S&P: [●]
 [Other]:³¹ [●]

Interests of natural and legal persons involved in the issue/offer

Interessen von natürlichen oder juristischen Personen, die bei der Emission/dem Angebot beteiligt sind

- [So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]

[Soweit es der Emittentin bekannt ist, hat keine Person, die bei dem Angebot der Schuldverschreibungen beteiligt ist, Interessen, die für das Angebot von wesentlicher Bedeutung sind.]

- Other interest (specify) [specify details]
Andere Interessen (angeben) [Einzelheiten einfügen]

Reasons for the offer, estimated net proceeds and total expenses

Gründe für das Angebot, geschätzter Nettoerlös und Gesamtkosten der Emission

- Use of proceeds / reasons for the offer:³² [specify details]
*Verwendung der Emissionserlöse / Gründe für das Angebot:*³³ [Einzelheiten einfügen]
Estimated net proceeds:³⁴ [●]
*Geschätzter Nettoerlös:*³⁵ [●]
Estimated total expenses of the issue: [●]
Geschätzte Gesamtkosten der Emission: [●]

²⁹ Include brief explanation of the meaning of the rating if this has previously been published by the rating provider.

³⁰ *Kurze Erläuterung der Bedeutung des Ratings aufnehmen, sofern zuvor von der Ratingagentur veröffentlicht.*

³¹ Indicate whether the rating agency is established in the European Community and is registered under the CRA Regulation.

Angabe, ob die Ratingagentur ihren Sitz in der Europäischen Gemeinschaft hat und gemäß der CRA-Verordnung registriert ist.

³² See paragraph "Use of Proceeds" in the Prospectus. If reasons for the offer are different from general financing purposes of Covestro Group include those reasons here. Not to be completed in case of Notes with a Specified Denomination of at least EUR 100,000.

³³ *Siehe Abschnitt "Use of Proceeds" im Prospekt. Sofern die Gründe für das Angebot nicht in allgemeinen Finanzierungszwecken der Covestro Gruppen bestehen, sind die Gründe hier anzugeben. Nicht auszufüllen bei Schuldverschreibungen mit einem Festgelegten Nennbetrag von mindestens EUR 100.000.*

³⁴ If proceeds are intended for more than one principal use will need to split up and present in order of priority. Not to be completed in case of Notes with a Specified Denomination of at least EUR 100,000.

³⁵ *Sofern der Emissionserlös für verschiedene wichtige Verwendungszwecke bestimmt sind, sind diese aufzuschlüsseln und nach der Priorität der Verwendungszwecke darzustellen. Nicht auszufüllen bei Schuldverschreibungen mit einem Festgelegten Nennbetrag von mindestens EUR 100.000.*

Yield (<i>Fixed Rate Notes only</i>)	[Not applicable][●]
<i>Rendite (nur bei festverzinslichen Schuldverschreibungen)</i>	[Nicht anwendbar][●]
Historic Interest Rates and further performance as well as volatility (<i>Floating Rate Notes only</i>) ³⁶	
<i>Zinssätze der Vergangenheit und künftige Entwicklungen sowie ihre Volatilität (nur bei variabel verzinslichen Schuldverschreibungen)</i> ³⁷	
Details of historic [EURIBOR][LIBOR] rates and the further performance as well as their volatility can be obtained from:	Reuters [EURIBOR01][LIBOR01]
<i>Einzelheiten zu vergangenen [EURIBOR][LIBOR] Sätzen und Informationen über künftige Entwicklungen sowie ihre Volatilität können abgerufen werden unter:</i>	Reuters [EURIBOR01][LIBOR01]
Representation of debt security holders including an identification of the organisation representing the investors and provisions applying to such representation. Indication of where the public may have access to the contracts relating to these forms of representation: ³⁸	[Not applicable] [insert name, address, contact details of the joint representative]
<i>Vertretung der Schuldtitelinhaber unter Angabe der die Anleger vertretenden Organisation und der für diese Vertretung geltenden Bestimmungen. Angabe des Ortes, an dem die Öffentlichkeit die Verträge, die diese Repräsentationsformen regeln, einsehen kann.</i> ³⁹	[Nicht anwendbar] [Name, Adresse, Kontaktdaten des gemeinsamen Vertreters einfügen]

Distribution

Angaben zur Platzierung

Prohibition of Sales to Retail Investors in the European Economic Area ⁴⁰	[Applicable] [Not applicable]
<i>Verkaufsverbot an Kleinanleger im Europäischen Wirtschaftsraum</i> ⁴¹	[Anwendbar] [Nicht anwendbar]
Method of distribution: ⁴²	
<i>Art der Platzierung</i> ⁴³	
<input type="checkbox"/> Syndicated	
<i>Syndiziert</i>	
<input type="checkbox"/> Non-syndicated	

³⁶ Not applicable in the case of an issue of Notes with a Specified Denomination of at least EUR 100,000.

³⁷ *Nicht anwendbar im Fall einer Emission von Schuldverschreibungen mit einer Festgelegten Stückelung in Höhe von mindestens EUR 100.000.*

³⁸ Specify further details in the case a Noteholders' Representative will be appointed in § 14 of the Terms and Conditions.

³⁹ *Weitere Einzelheiten für den Fall einfügen, dass gemäß § 14 der Anleihebedingungen ein Gemeinsamer Vertreter bestellt wird.*

⁴⁰ If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.

⁴¹ *Sind die Schuldverschreibungen eindeutig keine "verpackten" Produkte sind, so sollte "Nicht anwendbar" ausgewählt werden. Wenn die Schuldverschreibungen "verpackte" Produkte darstellen und kein KID vorbereitet wird, ist "Anwendbar" auszuwählen.*

⁴² Not required in the case of an issue of Notes with a Specified Denomination of at least EUR 100,000.

⁴³ *Nicht erforderlich im Fall einer Emission von Schuldverschreibungen mit einer Festgelegten Stückelung in Höhe von mindestens EUR 100.000.*

Nicht syndiziert

Name and address of the co-ordinator(s) of the global offer and of single parts of the offer and, to the extent known to the Issuer or the offeror, or the placers in the various countries where the offer takes place:	[give details]
<i>Name und Anschrift des Koordinators/der Koordinatoren des gesamten Angebots sowie einzelner Angebotsteile und - sofern der Emittentin oder dem Anbieter bekannt – Name und Anschrift derjenigen, die das Angebot in den verschiedenen Ländern platzieren:</i>	<i>[Angabe von Einzelheiten]</i>
If syndicated, names and addresses [and underwriting commitments] ⁴⁴ of Lead Manager(s) and Manager(s):	[give details] ⁴⁵
<i>Falls syndiziert: Namen und Adressen [und Übernahmeverpflichtungen]⁴⁶ des oder der Lead Manager(s) und der Manager:</i>	<i>[Angabe von Einzelheiten]⁴⁷</i>
Date of Subscription Agreement:	[insert date]
<i>Datum des Übernahmevertrags:</i>	<i>[Datum angeben]</i>
Stabilisation Manager(s):	[None][give name]
<i>Stabilisation Manager(s):</i>	<i>[Keiner][Angabe des Namens]</i>
<input type="checkbox"/> If non-syndicated, name and address of Dealer:	[give name]
<i>Falls nicht syndiziert, Name und Adresse des Dealers:</i>	<i>[Angabe des Namens]</i>
Dealer's commission ⁴⁸	[•]
<i>Provision der Dealer⁴⁹</i>	<i>[•]</i>
<input type="checkbox"/> If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate such tranche	[give details]
<i>Erfolgt das Angebot gleichzeitig auf den Märkten zwei oder mehrerer Länder und wurde/ wird eine bestimmte Tranche einigen dieser Märkte vorbehalten, Angabe dieser Tranche</i>	<i>[Angabe von Einzelheiten]</i>
<input type="checkbox"/> Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made	[give details]

⁴⁴ Not required in the case of an issue of Notes with a Specified Denomination of at least EUR 100,000.

⁴⁵ Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.

⁴⁶ *Nicht erforderlich im Fall einer Emission von Schuldverschreibungen mit einer Festgelegten Stückelung in Höhe von mindestens EUR 100.000.*

⁴⁷ *Namen und Adressen der Institute einfügen, die bereit sind, eine Emission auf fester Zusagebasis zu übernehmen und Einzelheiten über Institute, die bereit sind ohne feste Zusage oder gemäß Vereinbarungen "zu den bestmöglichen Bedingungen" zu platzieren, falls diese nicht mit den Managern identisch sind.*

⁴⁸ Including discretionary fee, if any (insert up to amount). Not required in the case of an issue of Notes with a Specified Denomination of at least EUR 100,000.

⁴⁹ *Gegebenenfalls einschließlich sog. 'discretionary fee' (bis zu Betrag angeben). Nicht erforderlich im Fall einer Emission von Schuldverschreibungen mit einer Festgelegten Stückelung in Höhe von mindestens EUR 100.000.*

Verfahren zur Meldung des den Zeichnern
zugeeilten Betrags und Angabe, ob eine Aufnahme
des Handels vor dem Meldeverfahren möglich ist

[Angabe von Einzelheiten]

Operational Information

Technische Angaben

Security Codes

Wertpapierkennung

ISIN: [●]

Common Code: [●]

WKN: [●]

CFI: [●]

FISN: [●]

Any other security number: [●]

Sonstige Wertpapierkennung [●]

Eurosystem eligibility⁵⁰

EZB-Fähigkeit

Intended to be held in a manner which would
allow Eurosystem eligibility [Not applicable] [Yes/No]

Soll in EZB-fähiger Weise gehalten werden [Nicht anwendbar] [Ja/Nein]

[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with in the case of (i) a NGN one of the ICSDs as common safekeeper or (ii) a CGN Clearstream Banking AG, Frankfurt, and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, the Notes may then be deposited with one of the ICSDs as common safekeeper (and registered in the name of a nominee of one of the ICSDs acting as common safekeeper). Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the

⁵⁰ Select "Yes" if the Notes are in NGN form and are to be kept in custody by an ICSD as common safekeeper. Select "No" if the Notes are in NGN form and are to be kept in custody by the common service provider as common safekeeper. Select "Not applicable" if the Notes are in CGN form but not deposited with Clearstream Banking AG, Frankfurt.

"Ja" wählen, falls die Schuldverschreibungen in Form einer NGN begeben und von einem ICSD als common safekeeper gehalten werden sollen. "Nein" wählen, falls die Schuldverschreibungen in Form einer NGN begeben und vom common service provider als common safekeeper gehalten werden sollen. "Nicht anwendbar" wählen, falls die Schuldverschreibungen in Form einer CGN begeben werden, aber nicht bei Clearstream Banking AG, Frankfurt verwahrt werden.

ECB being satisfied that Eurosystem eligibility criteria have been met.]

[Ja. Es wird darauf hingewiesen, dass "ja" hier lediglich bedeutet, dass die Wertpapiere nach ihrer Begebung im Fall (i) einer NGN bei einem der ICSDs als gemeinsamen Verwahrer oder (ii) einer CGN bei Clearstream Banking AG, Frankfurt verwahrt werden und es bedeutet nicht notwendigerweise, dass die Schuldverschreibungen als geeignete Sicherheit im Sinne der Währungs politik des Eurosystems und der taggleichen Überziehungen (intra-day credit operations) des Eurosystems entweder nach Begebung oder zu irgendeinem Zeitpunkt während ihrer Existenz anerkannt werden. Eine solche Anerkennung wird vom Urteil der EZB abhängen, dass die Eurosystemfähigkeitskriterien erfüllt werden.]

[Nein. Während die Bestimmung am Tag dieser Endgültigen Bedingungen mit "Nein" festgelegt wurde, können sich die Eurosystemfähigkeitskriterien für die Zukunft derart ändern, dass die Schuldverschreibungen fähig sein werden diese einzuhalten. Die Schuldverschreibungen können dann bei einer der ICSDs als gemeinsamer Verwahrer hinterlegt (und auf den Namen eines Nominees von einem der ICSDs als gemeinsamer Verwahrer eingetragen) werden. Es ist zu beachten, dass die Schuldverschreibungen selbst dann nicht notwendigerweise als geeignete Sicherheit im Sinne der Währungs politik des Eurosystems und der taggleichen Überziehungen (intra-day credit operations) des Eurosystems zu irgendeinem Zeitpunkt während ihrer Existenz anerkannt werden. Eine solche Anerkennung wird vom Urteil der EZB abhängen, dass die Eurosystemfähigkeitskriterien erfüllt werden.]

Terms and Conditions of the Offer⁵¹

Bedingungen des Angebots⁵²

Issue Price at which the Notes will be offered:	[insert percentage rate] per cent.
<i>Emissionspreis, zu dem die Schuldverschreibungen voraussichtlich angeboten werden:</i>	<i>[Prozentsatz einfügen] %</i>
Conditions to which the offer is subject:	[give details]
<i>Bedingungen, denen das Angebot unterliegt:</i>	<i>[Angabe von Einzelheiten]</i>
Total amount of the offer; if the amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer:	[give details]

⁵¹ Complete with respect to a public offer of Notes with a Specified Denomination of less than EUR 100,000.

⁵² Bei öffentlichem Angebot von Schuldverschreibungen mit einer festgelegten Stückelung von weniger als EUR 100.000 auszufüllen.

<i>Gesamtsumme des Angebots, wenn die Summe nicht feststeht, Beschreibung der Vereinbarungen und des Zeitpunkts für die Ankündigung des endgültigen Angebotsbetrags an das Publikum:</i>	[Angabe von Einzelheiten]
Time period, including any possible amendments, during which the offer will be open and description of the application process:	[give details]
<i>Frist – einschließlich etwaiger Änderungen – während der das Angebot vorliegt und Beschreibung des Antragsverfahrens:</i>	[Angabe von Einzelheiten]
Description of possible reduction of subscriptions and manner of refunding excess amount paid by applicants:	[give details]
<i>Beschreibung der Möglichkeit zur Reduzierung der Zeichnungen und der Art und Weise der Rückerstattung des zuviel gezahlten Betrages an die Zeichner:</i>	[Angabe von Einzelheiten]
Details of the minimum and/or maximum amount of application:	[give details]
<i>Einzelheiten zum Mindest- und/oder Höchstbetrag der Zeichnung:</i>	[Angabe von Einzelheiten]
Method and time limits for paying up and delivering the Notes:	[give details]
<i>Methode und Fristen für die Bedienung der Wertpapiere und ihre Lieferung:</i>	[Angabe von Einzelheiten]
Manner and date on which results of the offer are to be made public:	[give details]
<i>Art und Weise und Termin, auf die bzw. an dem die Ergebnisse des Angebots offen zu legen sind:</i>	[Angabe von Einzelheiten]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[give details]
<i>Verfahren für die Ausübung eines etwaigen Vorzugsrechts, die Übertragbarkeit der Zeichnungsrechte und die Behandlung von nicht ausgeübten Zeichnungsrechten:</i>	[Angabe von Einzelheiten]
Amount of expenses and taxes charged to the subscriber/purchaser	[not applicable][give details]
<i>Kosten/Steuern, die dem Zeichner/Käufer in Rechnung gestellt werden:</i>	[nicht anwendbar][Angabe von Einzelheiten]
Information to be provided regarding the consent by the Issuer	[not applicable]
Zur Verfügung zu stellende Informationen über die Zustimmung der Emittentin	[nicht anwendbar]
Final placement of the Notes in the following jurisdictions	[Luxembourg] [,] [and] [Austria] [,] [and] [Germany] [and] [The Netherlands]
<i>Endgültige Platzierung der Schulverschreibungen in den folgenden Jurisdiktionen</i>	[Luxemburg] [,] [und] [Österreich] [,] [und] [Deutschland] [und] [die Niederlande]

Offer period during which subsequent resale or final placement of the Notes by Dealers and/or further financial intermediaries can be made

[Not applicable]
[Specify offer period]

Angebotsfrist, während derer die spätere Weiterveräußerung oder endgültige Platzierung von Wertpapieren durch die Platzeure oder weitere Finanzintermediäre erfolgen kann

[Nicht anwendbar] [Einzelheiten zur Angebotsfrist einfügen]

[Listing application]

These Final Terms comprise the final terms required to list the issue of Notes described herein pursuant to the Euro 5,000,000,000 Debt Issuance Programme of Covestro AG on the Luxembourg Stock Exchange.]

[Antrag auf Börsennotierung]

Diese Endgültigen Bedingungen enthalten die Details, die erforderlich sind, um die hierin beschriebenen Schuldverschreibungen des Euro 5.000.000.000 Debt Issuance Programme der Covestro AG an der Luxemburger Wertpapierbörse zu notieren.]

Authorisation

The issue of this Series of Notes was authorised by a resolution of the management board of Covestro AG passed on [●] and a resolution of the supervisory board of Covestro AG passed on [●].

Genehmigung

Die Emission dieser Serie von Schuldverschreibungen wurde durch einen Beschluss des Vorstandes der Covestro AG vom [●] und des Aufsichtsrates der Covestro AG vom [●] genehmigt.

[Third Party Information]

With respect to any information included herein and specified to be sourced from a third party (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information available to it from such third party, no facts have been omitted the omission of which would render the reproduced information inaccurate or misleading and (ii) the Issuer has not independently verified any such information and accepts no responsibility for the accuracy thereof. The following sources were used [●].]

[Informationen von Seiten Dritter]

Hinsichtlich der hierin enthaltenen und als solche gekennzeichneten Informationen von Seiten Dritter gilt Folgendes: (i) Die Emittentin bestätigt, dass diese Informationen zutreffend wiedergegeben worden sind und – soweit es der Emittentin bekannt ist und sie aus den von diesen Dritten zur Verfügung gestellten Informationen ableiten konnte – keine Fakten weggelassen wurden, deren Fehlen die reproduzierten Informationen unzutreffend oder irreführend gestalten würden; (ii) die Emittentin hat diese Informationen nicht selbständig überprüft und übernimmt keine Verantwortung für ihre Richtigkeit. Folgende Quellen wurden verwendet [●].]

Signed on behalf of the Issuer:

By: _____
Duly authorised

GENERAL INFORMATION

Prospectus Supplement

The Issuer has undertaken, unless it is not intended to issue Notes under the Programme for the time being, that if at any time during the duration of the Programme, if there is a significant new factor, material mistake or inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any investment in the Notes and whose inclusion in or removal from this Base Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the rights attaching to the Notes, to prepare or procure the preparation of a supplement to this Base Prospectus or, as the case may be, publish a replacement Base Prospectus for use in connection with any subsequent offering of Notes. If at any time the Issuer shall be required to prepare a prospectus supplement pursuant to Article 13 of the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus or a further Base Prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market, shall constitute a prospectus supplement as required by Article 13 of the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities.

If the Terms and Conditions (as set out in the Base Prospectus) are modified or amended in a manner which would make the Base Prospectus, supplemented, inaccurate or misleading, a new prospectus will be prepared to the extent required by law.

Documents Available for Inspection

For so long as Notes may be issued pursuant to this Base Prospectus, copies of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of each Paying Agent and the documents referred to below will be obtainable free of charge at the office of any Paying Agent:

- (i) the schedules to the Agency Agreement (which include the form of the Global Notes);
- (ii) the Dealer Agreement;
- (iii) the Articles of Association (*Satzung*) of Covestro AG;
- (iv) each Final Terms for listed Notes;
- (v) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further prospectus;
- (vi) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Base Prospectus; and
- (vii) the documents incorporated herein by reference.

In addition, this Base Prospectus (together with any Supplement, if any) will be available in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Authorisations

Covestro AG has obtained all necessary consents, approvals and authorisations in Germany in connection with the establishment and update of the Programme.

The establishment and update of the Programme was authorised by a resolution of the management board (*Vorstand*) of Covestro AG passed on December 10, 2015 and a resolution of the supervisory board (*Aufsichtsrat*) of Covestro AG passed on December 4, 2015.

The dates of the respective resolutions by the management board and the supervisory board regarding the issuance of a series of Notes are set out in each Final Terms.

Legal Entity Identifier

The legal entity identifier (LEI) of Covestro AG is: 3912005AWHKLQ1CPLV11.

Legend on Global Notes

Each Global Note will bear the following legend:

"This note has not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Neither this note nor any portion thereof may be offered or sold within the United States of America (including the states and the District of Columbia) or its territories or possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, any U.S. person, unless an exemption from the registration requirements of the Securities Act is available.

Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the U.S. Internal Revenue Code of 1986, as amended".

Consent to the use of the Prospectus

Each Dealer and/or each further financial intermediary subsequently reselling or finally placing Notes issued under the Programme is entitled to use the Base Prospectus in Luxembourg, Germany, Austria, The Netherlands for the subsequent resale or final placement of the relevant Notes during the respective offer period (as determined in the applicable Final Terms) during which subsequent resale or final placement of the relevant Notes can be made, provided however, that the Base Prospectus is still valid in accordance with Article 11 of the Luxembourg Prospectus Law.

The Base Prospectus may only be delivered to potential investors together with all supplements published before such delivery. Any supplement to the Base Prospectus is available for viewing in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) as well as on the website of the Covestro Group (www.covestro.com). When using the Base Prospectus, each Dealer and/or relevant further financial intermediary must make certain that it complies with all applicable laws and regulations in force in the respective jurisdictions.

In the event of an offer being made by a Dealer and/or a further financial intermediary the Dealer and/or the further financial intermediary, shall provide information to investors on the terms and conditions of the Notes at the time of that offer.

Any Dealer and/or a further financial intermediary using the Base Prospectus shall state on its website that it uses the Base Prospectus in accordance with this consent and the conditions attached to this consent.

Clearing Systems

Notes have been accepted for clearance through the Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and Clearstream Banking S.A., 42 Avenue JF Kennedy L-1855, Luxembourg and Clearstream Banking AG, Frankfurt am Main, Mergenthalerallee 61, 65760 Eschborn, Germany. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

Notes potentially eligible as collateral for the Eurosystem monetary policy and intra-day credit operations may be (i) deposited with either Clearstream, Frankfurt as classical global notes or (ii) issued in a form compliant with the new global note structure for international bearer debt securities and will be kept in safe custody with a common safekeeper ("**CSK**") to Euroclear and Clearstream, Luxembourg, the International Central Securities Depositories (the "**ICSDs**").

If Notes will be issued in the new global note structure this will be set out in the relevant Final Terms.

Interests of the Dealers

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the following document which has been previously published or are published simultaneously with this Base Prospectus and which has been filed with the CSSF and shall be deemed to be incorporated by reference in, and form part of, this Base Prospectus and which shall be deemed to modify or supersede the contents of this Base Prospectus to the extent that a statement contained in this document is inconsistent with such contents. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus with respect to any Notes issued thereafter:

Incorporation by Reference

The following information is incorporated by reference into this Base Prospectus:

- (1) Audited Consolidated Financial Statements (prepared in accordance with IFRS as adopted in the European Union and published in the 2018 Annual Report) of the Covestro Group as of and for the financial year ended December 31, 2018

Consolidated Income Statement	page 142
Consolidated Statement of Comprehensive Income	page 143
Consolidated Statement of Financial Position	page 144
Consolidated Statement of Cash Flows	page 145
Consolidated Statement of Changes in Equity	pages 146 - 147
Notes to the Consolidated Financial Statement	pages 148 - 227
Independent Auditor's Report ¹	pages 229 - 234

- (2) Audited Consolidated Financial Statements (prepared in accordance with IFRS as adopted in the European Union and published in the 2017 Annual Report) of the Covestro Group as of and for the financial year ended December 31, 2017

Consolidated Income Statement	page 168
Consolidated Statement of Comprehensive Income	page 169
Consolidated Statement of Financial Position	page 170
Consolidated Statement of Cash Flows	page 171
Consolidated Statement of Changes in Equity	pages 172 - 173
Notes to the Consolidated Financial Statements	pages 174 - 242
Independent Auditor's Report ²	pages 244 - 250

All of these pages shall be deemed to be incorporated in by reference, and to form part of, this Base Prospectus.

¹ The referenced auditors' report, prepared in accordance with § 322 HGB German Commercial Code, refer to the complete consolidated financial statements, comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and notes to the consolidated financial statements, together with the combined group management report for the financial year from 1 January to 31 December 2018. The combined group management report is not included in this prospectus. The referenced auditor's report and consolidated financial statements are both translations of the respective German-language documents.

² The referenced auditors' report, prepared in accordance with § 322 HGB German Commercial Code, refer to the complete consolidated financial statements, comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and notes to the consolidated financial statements, together with the combined group management report for the financial year from 1 January to 31 December 2017. The combined group management report is not included in this prospectus. The referenced auditor's report and consolidated financial statements are both translations of the respective German-language documents.

The non-incorporated parts of the document, i.e. the pages not listed in the table above, are either not relevant for the investor or covered elsewhere in the Base Prospectus pursuant to Art 28.4 of the Commission Regulation (EC) 809/2004. Copies of the document which is incorporated herein by reference will be available free of charge from the specified office of the Principal Paying Agent set out at the end of this Prospectus.

This Base Prospectus and the documents incorporated by reference are also available for viewing at www.bourse.lu.

Registered Office of the Issuer

Covestro AG
Kaiser-Wilhelm-Allee 60
51373 Leverkusen
Germany

Fiscal Agent and Paying Agent

Deutsche Bank Aktiengesellschaft
Taunusanlage 12
60325 Frankfurt am Main
Germany

Arranger

Deutsche Bank Aktiengesellschaft
Taunusanlage 12
60325 Frankfurt am Main
Germany

Dealers

BofA Securities Europe SA
51 rue La Boétie
75008 Paris
France

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

**Citigroup Global Markets Europe
AG**
Reuterweg 16
60323 Frankfurt am Main
Germany

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Deutsche Bank Aktiengesellschaft
Mainzer Landstrasse 11-17
60329 Frankfurt am Main
Germany

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Société Générale
29, boulevard Haussmann
75009 Paris
France

UniCredit Bank AG
Arabellastrasse 12
81925 Munich
Germany

Independent Auditors to the Issuer

Current Auditor:

KPMG AG Wirtschaftsprüfungsgesellschaft
Tersteegenstraße 19-23
40405 Düsseldorf
Germany

Previous Auditor:

**PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft**
Friedrich-List-Straße 20
45128 Essen
Germany

Legal Advisers

To the Issuer

Linklaters LLP
Taunusanlage 8
60329 Frankfurt am Main
Germany

To the Arranger and the Dealers

White & Case LLP
Bockenheimer Landstraße 20
60323 Frankfurt am Main
Germany