



OTTO (GMBH & CO KG)

(Hamburg, Federal Republic of Germany)

EUR [●],000,000 [●] % Notes of 2012/2019 (the "Notes")

Issue Price of the Notes: [●] %

Otto (GmbH & Co KG), Hamburg, Federal Republic of Germany (the "**Issuer**" or "**Otto**") will issue on 1 November 2012 (the "**Issue Date**") the Notes in the denomination of EUR 1,000 each (the "**Notes**").

The Notes will be redeemed at par on 1 November 2019. They are subject to redemption (in whole, but not in part) at their principal amount at the option of the Issuer in the event of certain changes affecting taxation in the Federal Republic of Germany ("**Germany**") and following a change of control (see "Terms and Conditions of Issue - § 5 Redemption, Early Redemption subparagraph 2 and subparagraph 3", respectively).

This prospectus dated 23 October 2012 (the "**Prospectus**") constitutes a prospectus within the meaning of Article 5.3 of the Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 (as amended, inter alia, by Directive 2010/73/EU) (the "**Prospectus Directive**"). This Prospectus together with all documents incorporated by reference therein will be published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu). This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier of the Grand Duchy of Luxembourg* (the "**CSSF**") in its capacity as competent authority under the Luxembourg law relating to prospectuses (*Loi relative aux prospectus pour valeurs mobilières - "Luxembourg Prospectus Act"*), which implements the Prospectus Directive into Luxembourg law. By approving this Prospectus, the CSSF gives no undertaking as to the economic and financial opportuneness of the transaction and the quality or solvency of the Issuer in line with the provisions of article 7(7) of the Luxembourg Prospectus Law. The Issuer has requested the CSSF to provide the competent authorities in Germany, Austria and The Netherlands with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Luxembourg Prospectus Act (the "**Notification**").

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Interests in the temporary global note will be exchangeable for interests in a permanent global note on or after a date which is expected to be not earlier than 40 days after the date of issue of the temporary global note upon certification as to non-U.S. beneficial ownership.

The Notes will bear interest from and including 1 November 2012 to, but excluding, 1 November 2019 at a rate of [●] % per annum, payable annually in arrear on 1 November in each year, commencing on 1 November 2013.

The Notes will be governed by the laws of Germany.

Application will be made to list the Notes on the official list of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF market of the Luxembourg Stock Exchange. The Euro MTF market is not a regulated market within the meaning of Directive 2004/39/EC on markets in financial instruments.

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

Joint Lead Managers

Commerzbank

Deutsche Bank

RESPONSIBILITY STATEMENT

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

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

NOTICE

No person is authorised to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer or the Managers (as defined in "SUBSCRIPTION, OFFER AND SALE OF THE NOTES"). Neither the delivery of this Prospectus nor any offering, sale or delivery of any Notes made hereunder shall, under any circumstances, create any implication (i) that the information in this Prospectus is correct as of any time subsequent to the date hereof or, as the case may be, subsequent to the date on which this Prospectus has been most recently amended, or supplemented, or (ii) that there has been no adverse change in the financial situation of the Issuer which is material in the context of the issue and sale of the Notes since the date of this Prospectus or, as the case may be, the date on which this Prospectus has been most recently amended or supplemented, or the balance sheet date of the most recent financial statements which are deemed to be incorporated into this Prospectus by reference or (iii) that any other information supplied in connection with the issue of the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

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

This Prospectus should be read in conjunction with any supplement hereto and the Pricing Notice, once available, and with any other documents incorporated herein by reference.

This Prospectus contains certain forward-looking statements, including statements using the words "believes", "anticipates", "intends", "expects" or other similar terms. This applies in particular to statements under the "DESCRIPTION OF OTTO (GMBH & CO KG)" and statements elsewhere in this Prospectus relating to, among other things, the future financial performance, plans and expectations regarding developments in the business of the Group. These forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that may cause the actual results, including the financial position and profitability of the Group, to be materially different from or worse than those

expressed or implied by these forward-looking statements. The Managers do not assume any obligation to update such forward-looking statements and to adapt them to future events or developments.

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

This Prospectus reflects the status as of its date. The offering, sale and delivery of the Notes and the distribution of the Prospectus may not be taken as an implication that the information contained herein is accurate and complete subsequent to the date hereof or that there has been no adverse change in the financial condition of the Issuer since the date hereof.

To the extent permitted by the laws of any relevant jurisdiction, neither any Manager nor any of its respective affiliates accepts responsibility for the accuracy and completeness of the information contained in this Prospectus or any other document incorporated by reference.

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

Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange Ltd. or any other regulated trading facility in Switzerland, and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

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

The legally binding language of this Prospectus is English. Any part of the Prospectus in German language constitutes a translation, except for the terms and conditions of Issue of the Notes (the "**Terms and Conditions of Issue**") in respect of which German is the legally binding language.

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

IN CONNECTION WITH THE ISSUE OF THE NOTES, DEUTSCHE BANK AG, LONDON BRANCH (THE "**STABILISING MANAGER**") (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE

NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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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 contains all the Elements required to be included in a summary for this type of securities 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 securities and 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".

Section A – Introduction and warnings

Element	Description of Element	Disclosure requirement
A.1	Warnings	<p>This summary should be read as an introduction to the Prospectus.</p> <p>Any decision to invest in the Notes should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation in its Member State, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have 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 Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	<ul style="list-style-type: none"> • Consent to the use of the prospectus 	<p>The Issuer consents to the use of the Prospectus by all financial intermediaries (general consent) and accepts responsibility for the content of the Prospectus also with respect to subsequent resale or final placement of the Notes by any financial intermediary which was given consent to use the Prospectus.</p>
	<ul style="list-style-type: none"> • Indication of the offer period • Member States in which prospectus may be used 	<p>The subsequent resale or final placement of Notes by financial intermediaries can be made during the offer period which is expected to commence on 23 October 2012 and will be open until 1 November 2012 being the date of issuance of the Notes.</p> <p>Financial intermediaries may use the Prospectus for subsequent resale or final placement of the Notes in Luxembourg, Germany, The Netherlands and Austria.</p>

Element	Description of Element	Disclosure requirement
	<ul style="list-style-type: none"> • Conditions attached to the consent • Notice in bold to investors 	<p>Any financial intermediary using the Prospectus has to state on its website that it uses the Prospectus in accordance with the consent and the conditions attached thereto.</p> <p>In the event of an offer being made by a financial intermediary, this financial intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made.</p>

Section B – Issuer

Element	Description of Element	Disclosure requirement
B.1	Legal and commercial name of the Issuer	Otto (GmbH & Co KG)
B.2	Domicile / legal form / legislation / country of incorporation of the Issuer	The Issuer is a limited partnership with a limited liability company as general partner (<i>Gesellschaft mit beschränkter Haftung & Compagnie Kommanditgesellschaft (GmbH & Co KG)</i>) under the laws of the Federal Republic of Germany and was incorporated under the laws of the Federal Republic of Germany. The address of the head office is Wandsbeker Straße 3-7, 22172 Hamburg, Germany.
B.4b	Trends affecting the Issuer and the industries in which it operates	The Issuer operates in a competitive environment. Therefore, intensive competition in the retail sector could have a material adverse effect on the financial condition and results of operations of the Issuer. Especially within the E-commerce sector the competition over the last years intensified due to low entry barriers and a fast development of the online market. Furthermore, it cannot be excluded that the business model of Issuer will be partly or completely copied by existing or future competitors.
B.5	Group / Issuer's position within the Group	As the (operating) holding company the Issuer holds directly or indirectly the respective interest of the Otto Group's operating companies.
B.9	Profit forecast or estimate	Not applicable. No profit forecasts or estimates are published.
B.10	Qualifications in the audit report	Not applicable. The auditors have issued unqualified audit reports for the consolidated financial statements for the fiscal years ended 29 February 2012 and 28 February 2011.

		services operations across the Otto Group. Within the Financial Services segment the focus is on retail-related products such as consumer loans and liquidity management. The segment services combines Otto Group's logistic and sourcing companies.
B.16	Controlling interest over the Issuer	Limited Partners (<i>Kommanditisten</i>) of the Issuer are OTTO Aktiengesellschaft für Beteiligungen, GS Gesellschaft für Versand-Beteiligungen m.b.H. and Kommanditgesellschaft AURUM Beteiligungs- und Verwaltungs-G.m.b.H. & Co. These companies hold directly 100% of the limited partnership interests. Beneficial owner of the Issuer is the Otto family with an interest of more than 98%.
B.17	Credit ratings	Not applicable. The Issuer has not received any credit rating.

Section C – Securities

Element	Description of Element	Disclosure requirement
C.1	Type and class of securities being offered / security identification numbers	The EUR [●] [●] % notes due 2019 (the " Notes ") are senior ranking debt securities payable to bearer. Security codes: ISIN: XS0847087714 Common Code: 084708771 German Securities Code (WKN): A1RE7N
C.2	Currency	Euro
C.5	Restrictions on free transferability	Any offer and sale of the Notes is subject to the selling restrictions in particular in the member states to the Agreement on the European Economic Area (EEA), in the United States, Switzerland and the United Kingdom.
C.8	Rights attached to securities / ranking of the securities / limitations to the rights attached to the securities	The obligations under the Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking <i>pari passu</i> among themselves and <i>pari passu</i> with all other unsecured and unsubordinated obligations of the Issuer, present or future, unless such obligations are accorded priority under mandatory provisions of statutory law. In the Terms and Conditions of Issue the Issuer agrees and shall procure in respect of its material subsidiaries, subject to certain exceptions, not to provide nor permit to subsist any security for certain capital market indebtedness without at the same time according to the Holders equally and rateably the same security interest or an other equal security.

Element	Description of Element	Disclosure requirement
C.9	Interest / Due dates / Indication of yield	<p>See C.8.</p> <p>Unless previously redeemed, the Notes will bear interest from and including 1 November 2012 to, but excluding, 1 November 2019 at a rate of [●] % per annum, payable annually in arrears on 1 November in each year. The first payment of interest shall be made on 1 November 2013.</p> <p>Unless previously redeemed in whole or in part or purchased and cancelled, the Notes will be redeemed at their principal amount together with accrued interest (if any) on 1 November 2019.</p> <p>The Notes are redeemable in whole but not in part for tax reasons at the option of the Issuer at their principal amount together with accrued interest (if any).</p> <p>If a change of control occurs, the Issuer may at its sole discretion and after having given notice thereof elect to either obtain an investment grade rating or better for the Notes or to redeem the Notes, in whole but not in part, at their principal amount together with accrued interest (if any). If the Issuer has elected to apply for an investment grade rating for the Notes and such rating has not been granted within 6 months, the Issuer shall promptly publish a date for the redemption of the Notes.</p> <p>In certain events of default, each holder is entitled to declare his Notes due and demand immediate redemption thereof at their principal amount together with accrued interest.</p> <p>The interest rate and the yield of the Notes will be determined on the pricing date which is expected to be on or about 23 October 2012.</p> <p>The Holders may by majority resolution appoint a common representative.</p>
C.10	Derivative component in interest payment	<p>See C.9.</p> <p>Not applicable. The Notes have no derivative component when paying interest, which could influence the value of the Notes by having an impact on the value of the underlying instrument or several underlying instruments.</p>
C.11	Admission to trading of securities	<p>Not applicable. Application has been made for the Notes to be admitted to trading on the Luxembourg Stock Exchange and to be listed on the Euro MTF market of the Luxembourg Stock Exchange.</p>

Section D – Risks

Element	Description of Element	Disclosure requirement
D.2	Key risks specific to the Issuer	<p>The Issuer is exposed to the risks described below. The realisation of these risks may have material adverse effects on the financial position and results of operations of the Issuer and therefore on the ability of the Issuer to fulfil its obligations under the Notes.</p> <ul style="list-style-type: none"> • Intensive competition in the retail sector could have a material adverse effect on the financial condition and results of operations of the Issuer. • A significant portion of sales is exposed to the risk of constantly changing customer tastes and fashion trends. • The Otto Group has a substantial volume of trade receivables and the payment of these receivables depends on the creditworthiness of the customer and ultimately on the macroeconomic situation, in particular within the European Union. • The Otto Group extends loans to private individuals. There is a risk that the borrowers may default their obligations to the Otto Group due to bankruptcy, lack of liquidity, or for other reasons. • Otto Group's business depends considerably on the quality of its employees. Therefore, a loss of important employees could have a material adverse effect. • The Issuer has implemented a highly sophisticated logistics network that is vulnerable to external shocks not under control of the Issuer. • Otto Group uses information technology intensively in critical business processes. Despite extensive measures for data protection and the bypass of system losses, operational faults cannot be excluded. • Apart from organic growth Otto Group aims to explore additional opportunities in terms of acquisitions and market entries. Each acquisition bears substantial risks as the assumptions for the purchase price determination regarding profitability and synergy potentials may not prove correct. • Because of its worldwide setup, Otto Group is exposed to a number of financial risks e.g. counterparty credit risks, liquidity risks, interest rate risks, exchange rate risks and market risks. • The tax statements (corporation tax, trade tax and value added tax) of the years 2005-2009 are still subject to the reservation of the re-examination (<i>Betriebspfung</i>) by the competent tax authorities, tax statements for the years 2010 and 2011 are not present. • Otto Group seeks to cover foreseeable risks through insurance

Element	Description of Element	Disclosure requirement
		<p>coverage. Such insurance cover, however, may not fully cover the risks to which the companies are exposed.</p> <ul style="list-style-type: none"> • As a retailer the Issuer depends on external suppliers. In the current economic environment there is increased risk of insolvency in the supply chain, which could lead to restrictions in the deliverability of goods. • Otto Group is subject to risks associated with the international procurement of goods such as economic, political or social instability in the regions in which the Otto Group sources its goods. • A rise in raw material prices could have a significant effect on the acquisition price of goods and therefore on the gross product margin of the Issuer. • If independent manufacturers for Otto Group should not comply with relevant labour law provisions or should they be in breach of generally recognised environmental or social international standards, this could be detrimental to the Otto Group's image and consequently have a material adverse effect on Otto Group's financial condition and results of operations. • Restructuring measures in France contain the risk of significant one-off expenses. • Staff reduction under the programme 'FOKUS' could lead to strikes and negative press.
D.3	Key risks specific to the Notes	<p>An investment in the Notes involves certain risks associated with the characteristics, specification and type of the Notes which could lead to substantial or total losses the Holders would have to bear in the case of selling their Notes or with regard to receiving interest payments and repayment of principal. Those risks include and comprise, inter alia, the following:</p> <ul style="list-style-type: none"> • The Notes may not be a suitable investment for all investors. • Application has been made for the Notes to be admitted to trading on the Luxembourg Stock Exchange and to be listed on the Euro MTF market of the Luxembourg Stock Exchange. However, there can be no assurance that a liquid secondary market for the Notes will develop. • At the Issuer's option, the Notes may be redeemed for tax reasons and following a change of control. In such case, the Holders might only be able to reinvest the redemption proceeds in securities with a lower yield.

		<ul style="list-style-type: none"> • It cannot be ruled out that the price of the Notes may fall as a result of changes in different variables, such as overall economic development, inflation, demand for the Notes or the interest rate on the capital market. • 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 Euro-denominated Notes could represent a currency risk for a Holder if the euro represents a foreign currency to such Holder; in addition governments and competent authorities could impose exchange controls in the future. • Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer. • A Holder is subject to the risk of being outvoted and of losing rights towards the Issuer against his will in the case that the Holders agree to amendments of the Terms and Conditions of the Notes by majority vote according to the German Act on Issues of Debt Securities (<i>Gesetz über Schuldverschreibungen aus Gesamtemissionen</i>, "SchVG"). In the case of an appointment of a joint representative for all Holders a particular Holder may lose, in whole or in part, the possibility to enforce and claim his rights against the Issuer regardless of other Holders. • Assets of the Issuer and its material subsidiaries may be used as security in future asset-backed securities ("ABS") transactions of any type, without equal and rateable security being granted to the Holders. • There is no restriction on the amount of debt which the Issuer may issue ranking equal to the obligations under or in connection with the Notes.
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Section E – Offer

Element	Description of Element	Disclosure requirement
E.2b	Reasons for the offer and use of proceeds	The Issuer intends to use the net proceeds for general corporate purposes, which may include the early refinancing of existing indebtedness.
E.3	Terms and conditions of the offer	<p>The Notes will be offered in Austria, Germany, Luxembourg and the Netherlands during an offer period which will commence not earlier than 23 October 2012 and which will be open until 1 November 2012 subject to a shortening or extension of the offer period.</p> <p>Following the approval by the CSSF of the prospectus and its publication on the website of the Luxembourg Stock Exchange (www.bourse.lu) the Managers will publish a notice regarding the approval and the availability on such website of the prospectus in the Luxemburger Wort.</p> <p>The Issue Price, the aggregate principal amount of Notes to be issued, the interest rate, the issue proceeds and the yield of the Notes will be included in the Pricing Notice which will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu) on or prior to the Issue Date of the Notes.</p> <p>There are no conditions to which the offer is subject. During the Offer Period investors may submit their offers to purchase Notes, using the information system Bloomberg or any other commonly used information systems or, following the publication of the Pricing Notice, through banking institutions which are connected to the Clearing System. Any investor who has submitted an order in relation to the Notes whose order is accepted will receive a confirmation by electronic mail, fax or through commonly used information systems relating to the respective allotment of Notes.</p> <p>Delivery and payment of the Notes will be made within five business days after the date of pricing of the Notes and the confirmation of the allotment to investors.</p>
E.4	Material interests in the offer	Following the determination of the Pricing Details, Commerzbank Aktiengesellschaft and Deutsche Bank AG, London Branch (together, the " Joint Lead Managers ") and such co-managers, if any, appointed by the Issuer prior to the Issue Date (together with the Joint Lead Managers, the " Managers ") will, pursuant to a subscription agreement to be signed on or about 30 October 2012 (the " Subscription Agreement "), agree to subscribe the Notes. The Managers will be entitled, under certain circumstances, to terminate the Subscription Agreement. In such event, no Notes will be delivered to investors. Furthermore, the Issuer will agree to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

Element	Description of Element	Disclosure requirement
		<p>The commission payable to the Managers in connection with the offering, placement and subscription of the Notes will be up to 0.45 per cent. of the aggregate principal amount of the Notes.</p> <p>The Managers or their affiliates have provided from time to time, and expect to provide in the future, investment services to the Issuer and its affiliates, for which the Managers or their affiliates have received or will receive customary fees and commissions.</p> <p>There are no interests of natural and legal persons other than the Issuer involved in the issue, including conflicting ones that are material to the issue.</p>
E.7	Estimated expenses	<p>The Issuer will not charge any costs, expenses or taxes directly to any investor in connection with the Notes. Investors must, however, inform themselves about any costs, expenses or taxes in connection with the Notes which are generally applicable in their respective country of residence, including any charges their own depository banks charge them for purchasing or holding securities.</p>

GERMAN TRANSLATION OF THE SUMMARY (ZUSAMMENFASSUNG)

Zusammenfassungen bestehen aus Informationsblöcken, die als "Angaben" bezeichnet werden. Diese Angaben sind in Abschnitten A-E (A.1 – E.7) nummeriert.

Diese Zusammenfassung enthält alle Angaben, die für eine Zusammenfassung für diese Art von Wertpapier und diese Emittentin erforderlich sind. Da einige Angaben nicht aufgenommen werden müssen, kann die Nummerierung Lücken enthalten.

Auch wenn eine Angabe für diese Art von Wertpapier und diese Emittentin in diese Zusammenfassung aufgenommen werden muss, kann es sein, dass keine relevanten Informationen zur Verfügung stehen. In diesem Fall wird eine kurze Beschreibung der geforderten Angabe mit dem Hinweis "entfällt" in die Zusammenfassung aufgenommen.

Abschnitt A – Einleitung und Warnhinweise

Punkt	Beschreibung	Geforderte Angaben
A.1	Warnhinweise	<p>Die Zusammenfassung sollte als Prospekt einleitung verstanden werden.</p> <p>Ein Anleger sollte sich bei jeder Entscheidung, in die Schuldverschreibungen zu investieren, auf den Prospekt als Ganzes stützen.</p> <p>Ein Anleger, der wegen der in dem Prospekt enthaltenen Angaben Klage einreichen will, muss möglicherweise nach den nationalen Rechtsvorschriften seines Mitgliedstaats für die Übersetzung des Prospekts aufkommen, bevor das Verfahren eingeleitet werden kann.</p> <p>Zivilrechtlich haften nur diejenigen Personen, die die Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt haben, und dies auch nur für den Fall, dass die Zusammenfassung verglichen mit den anderen Teilen des Prospekts irreführend, unrichtig oder inkohärent ist oder verglichen mit den anderen Teilen des Prospekts wesentliche Angaben, die in Bezug auf Anlagen in die Schuldverschreibungen für die Anleger eine Entscheidungshilfe darstellen, vermissen lassen.</p>
A.2	<ul style="list-style-type: none"> • Zustimmung zur Verwendung des Prospekts • Angabe der Angebotsfrist 	<p>Die Emittentin stimmt der Verwendung des Prospekts durch alle Finanzintermediäre zu (generelle Zustimmung) und übernimmt die Verantwortung für den Inhalt des Prospekts auch im Hinblick für die spätere Weiterveräußerung oder endgültige Platzierung der Schuldverschreibungen durch einen Finanzintermediär, der die Zustimmung zur Verwendung des Prospekts erhalten hat.</p> <p>Die spätere Weiterveräußerung oder endgültige Platzierung der Schuldverschreibungen durch Finanzintermediäre kann während der Angebotsfrist erfolgen. Der Beginn der Angebotsfrist wird für den 23. Oktober 2012 erwartet, und die Angebotsfrist endet am 1. November 2012, dem Tag der Begebung der Schuldverschreibungen.</p>

Punkt	Beschreibung	Geforderte Angaben
	<ul style="list-style-type: none"> • Mitgliedstaaten, in denen der Prospekt verwendet werden darf • Bedingungen, an die die Zustimmung gebunden ist • hervorgehobener Hinweis für die Anleger 	<p>Finanzintermediäre können diesen Prospekt für die spätere Weiterveräußerung oder endgültige Platzierung der Schuldverschreibungen in Luxemburg, Deutschland, den Niederlanden und Österreich verwenden.</p> <p>Jeder Finanzintermediär, der diesen Prospekt verwendet, muss auf seiner Internetseite bestätigen, dass er diesen Prospekt in Übereinstimmung mit der Zustimmung und den ihr beigefügten Bedingungen verwendet.</p> <p>Falls ein Angebot durch einen Finanzintermediär erfolgt, wird dieser Finanzintermediär den Anlegern Informationen über die Bedingungen des Angebots zum Zeitpunkt der Vorlage des Angebots zur Verfügung stellen.</p>

Abschnitt B – Emittent

Punkt	Beschreibung	Geforderte Angaben
B.1	Gesetzliche und kommerzielle Bezeichnung der Emittentin	Otto (GmbH & Co KG)
B.2	Sitz /Rechtsform / geltendes Recht / Land der Gründung der Emittentin	Die Emittentin ist eine Kommanditgesellschaft, mit einer Gesellschaft mit beschränkter Haftung als Komplementärin (GmbH & Co KG), nach dem Recht der Bundesrepublik Deutschland. Die Geschäftsadresse der Emittentin ist Wandsbeker Straße 3-7, 22172 Hamburg, Bundesrepublik Deutschland.
B.4b	Trends mit Auswirkung auf die Emittentin und ihre Branchen	Die Emittentin agiert in einem Umfeld mit starker Konkurrenz. Deshalb können intensiver Wettbewerb im Einzelhandel einen erheblichen nachteiligen Effekt auf die Finanz- und die Ertragslage der Emittentin haben. Insbesondere innerhalb des Bereichs des E-Commerce hat sich der Wettbewerb aufgrund niedriger Eintrittsbarrieren und einer schnellen Entwicklung des Onlinemarkts verstärkt. Des Weiteren kann nicht ausgeschlossen werden, dass das Geschäftsmodell der Emittentin teilweise oder komplett von bestehenden oder zukünftigen Wettbewerbern kopiert wird.
B.5	Gruppe / Stellung der Emittentin innerhalb der Gruppe	Als die (operativ tätige) Holdinggesellschaft hält die Emittentin direkt oder indirekt die jeweiligen Anteile der operativen Gesellschaften der Otto Gruppe.
B.9	Gewinnprognosen oder -schätzungen	Entfällt. Es wird keine Gewinnprognose oder Gewinnschätzung veröffentlicht.
B.10	Beschränkungen im Bestätigungsvermerk	Entfällt. Die Wirtschaftsprüfer haben für die Konzernabschlüsse der Geschäftsjahre, die am 29. Februar 2012 und am 28. Februar 2011 endeten, uneingeschränkte Bestätigungsvermerke erteilt.

B.15	Haupttätigkeiten der Emittentin	Otto GmbH & Co KG's Haupttätigkeiten sind in drei Geschäftsfelder untergliedert, namentlich (i) Multichannel-Einzelhandel, (ii) Finanzdienstleistungen und (iii) Service. Das Segment Multichannel-Einzelhandel konzentriert inländische und internationale Gesellschaften die ihre Handelswaren mittels Katalogversand, E-commerce und Stationärgeschäft anbieten. Das Segment Finanzdienstleistungen umfasst alle internationalen Finanzdienstleistungen innerhalb der Otto Gruppe. Innerhalb des Segmentes Finanzdienstleistungen liegt der Fokus auf einzelhandelsbezogenen Produkten, wie den Konsumentenkrediten und dem Liquiditätsmanagement. Das Segment Services verbindet die Logistik- und Einkaufsgesellschaften der Otto Gruppe miteinander.
B.16	Beteiligungen an der Emittentin / Beherrschungsverhältnisse	Kommanditisten der Emittentin sind OTTO Aktiengesellschaft für Beteiligungen, GS Gesellschaft für Versand-Beteiligungen m.b.H. und Kommanditgesellschaft AURUM Beteiligungs- und Verwaltungs-G.m.b.H. & Co. Diese Gesellschaften halten direkt 100% der Kommanditanteile. Wirtschaftlicher Eigentümer der Emittentin, ist die Otto Familie mit einem Anteil von mehr als 98%.
B.17	Ratings	Entfällt. Die Emittentin hat keine Ratings erhalten.

Abschnitt C – Wertpapiere

Punkt	Beschreibung	Geforderte Angaben
C.1	Art und Gattung der angebotenen Wertpapiere / Wertpapierkennnummern	Die EUR [●] [●] % Schuldverschreibungen ("die Schuldverschreibungen ") sind nicht nachrangige auf den Inhaber verbrieft Schuldtitel. Wertpapierkennung: ISIN: XS0847087714 Common Code: 084708771 Wertpapierkennnummer (WKN): A1RE7N
C.2	Währung	Euro
C.5	Beschränkungen für die freie Übertragbarkeit	Angebot und Verkauf der Schuldverschreibungen unterliegen Verkaufsbeschränkungen, insbesondere in den Vertragsstaaten des Europäischen Wirtschaftsraums, in den Vereinigten Staaten, der Schweiz und im Vereinigten Königreich.

Punkt	Beschreibung	Geforderte Angaben
C.8	Mit Wertpapieren verbundene Rechte / Rangordnung / Beschränkungen der Rechte	<p>Die Schuldverschreibungen begründen unmittelbare, unbedingte, nicht besicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen gegenwärtigen und zukünftigen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.</p> <p>In den Anleihebedingungen und unter gewissen Ausnahmen verpflichtet sich die Emittentin und stellt für ihre wesentlichen Tochtergesellschaften sicher, bestimmte Kapitalmarktverbindlichkeiten nicht zu besichern oder eine solche Besicherung bestehen zu lassen, ohne entweder die Gläubiger zur gleichen Zeit und im gleichem Rang an solchen Sicherheiten teilnehmen zu lassen oder den Gläubigern eine andere Sicherheit zu bestellen.</p>
C.9	Zinssatz / Fälligkeitstermine /Angabe der Rendite	<p>Siehe C.8.</p> <p>Vorbehaltlich einer vorzeitigen Rückzahlung werden die Schuldverschreibungen bezogen auf ihren Nennbetrag verzinst, und zwar ab dem 1. November 2012 (einschließlich) bis zum Endfälligkeitstag (ausschließlich) mit jährlich [●] %. Die Zinsen sind nachträglich am 1. November eines jeden Jahres zahlbar. Die erste Zinszahlung erfolgt am 1. November 2013.</p> <p>Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen zu ihrem Nennbetrag zuzüglich etwaiger aufgelaufener Zinsen am 1. November 2019 zurückgezahlt.</p> <p>Die Schuldverschreibungen können aus steuerlichen Gründen insgesamt, jedoch nicht teilweise, nach Wahl der Emittentin gekündigt und zu ihrem Nennbetrag zuzüglich etwaiger aufgelaufener Zinsen zurückgezahlt werden.</p> <p>Falls ein Kontrollwechsel eintritt, kann die Emittentin nach eigenem Ermessen und nachdem sie den Gläubigern entsprechende Mitteilung darüber gemacht hat, entweder mindestens ein Investment Grade Rating für die Schuldverschreibungen einholen oder die Schuldverschreibungen insgesamt, und nicht teilweise, zu ihrem Nennbetrag zuzüglich etwaiger aufgelaufener Zinsen zurückzahlen. Hat die Emittentin gewählt, ein Investment Grade Rating für die Schuldverschreibungen zu beantragen, und wird ein solches Rating nicht innerhalb von sechs Monaten nach Eintritt des Kontrollwechsels erteilt, so hat die Emittentin unverzüglich einen Rückzahlungstermin für die Schuldverschreibungen bekanntzumachen.</p> <p>Jeder Gläubiger ist unter bestimmten Kündigungsgründen berechtigt, seine Schuldverschreibungen zu kündigen und deren sofortige Rückzahlung zu ihrem Nennbetrag zuzüglich aufgelaufener Zinsen zu verlangen.</p> <p>Der Zinssatz und die Rendite der Emission werden am Preisfestsetzungstag festgesetzt, voraussichtlich am oder um den 23. Oktober 2012.</p> <p>Die Gläubiger können durch Mehrheitsbeschluss einen gemeinsamen Vertreter bestellen.</p>

Punkt	Beschreibung	Geforderte Angaben
C.10	Derivative Komponente bei Zinszahlung	Siehe C.9. Entfällt. Die Schuldverschreibungen haben keine derivative Komponente bei der Zinszahlung, wegen derer der Wert der Schuldverschreibungen durch den Wert eines Basisinstruments oder verschiedener Basisinstrumente beeinflusst wird.
C.11	Handel in Wertpapieren	Entfällt. Es wurde beantragt, die Schuldverschreibungen zum Handel am Euro MTF Markt der Luxemburger Wertpapierbörse zuzulassen.

Abschnitt D – Risiken

Punkt	Beschreibung	Geforderte Angaben
D.2	Zentrale Risiken bezogen auf den Emittenten	<p>Die Emittentin ist den nachfolgend aufgeführten Risiken ausgesetzt, deren Realisierung erhebliche nachteilige Auswirkungen auf die Vermögens-, Finanz- und Ertragslage und somit auf die Fähigkeit der Emittentin, ihren Verpflichtungen aus den Schuldverschreibungen nachzukommen, haben können.</p> <ul style="list-style-type: none"> • Intensiver Wettbewerb im Einzelhandelssektor könnte einen wesentlichen nachteiligen Effekt auf die Finanz- und Ertragslage der Emittentin haben. • Ein wesentlicher Anteil der Verkäufe ist dem fortwährenden Risiko wechselnder Kundenwünsche und Modetrends ausgesetzt. • Die Otto Gruppe hat ein erhebliches Volumen an Forderungen aus Lieferungen und Leistungen und die Begleichung dieser Forderungen hängt von der Bonität der Kunden und letztlich von der makroökonomischen Situation, insbesondere in der Europäischen Union, ab. • Die Otto Gruppe gewährt Darlehen an Privatpersonen. Es besteht das Risiko, dass die Darlehensnehmer ihre Verpflichtungen gegenüber der Otto Gruppe aufgrund von Insolvenz, fehlender Liquidität oder aus anderen Gründen nicht nachkommen können. • Das Geschäft der Otto Gruppe hängt wesentlich von der Qualität seiner Mitarbeiter ab. Deshalb könnte ein Verlust wichtiger Mitarbeiter einen erheblichen negativen Effekt haben. • Die Emittentin hat ein hochkomplexes Logistiknetzwerk eingeführt, welches anfällig ist für externe Schocks die nicht der Kontrolle der Emittentin unterstehen. • Die Otto Gruppe benutzt intensiv Informationstechnologie in kritischen Geschäftsprozessen. Trotz weitreichender Maßnahmen zum Datenschutz und zum Überbrücken von Systemverlusten können Betriebsstörungen nicht ausgeschlossen werden. • Abgesehen von organischem Wachstum beabsichtigt die Otto Gruppe zusätzliche Möglichkeiten in Form von Akquisitionen und Markteintritten zu erkunden. Jede Akquisition birgt erhebliche Risiken, da sich die Annahmen für die Kaufpreisbestimmung hinsichtlich Rentabilität und Synergiepotentiale als nicht korrekt erweisen könnten. • Aufgrund ihrer weltweiten Ausrichtung ist die Otto Gruppe einer Reihe von finanziellen Risiken ausgesetzt wie beispielweise Kontrahentenrisiken, Liquiditätsrisiken, Zinsänderungsrisiken, Wechselkursrisiken und Marktrisiken. • Die Steuerbescheide (Körperschaftsteuer, Gewerbeertragsteuer und Umsatzsteuer) der Jahre 2005-2009 unterliegen weiterhin dem

Punkt	Beschreibung	Geforderte Angaben
		<p>Vorbehalt der Betriebsprüfung durch die zuständigen Steuerbehörden. Die Steuerbescheide für die Jahre 2010 und 2011 liegen nicht vor.</p> <ul style="list-style-type: none"> • Die Otto Gruppe bemüht sich, vorhersehbare Risiken durch Versicherungsschutz abzudecken. Trotzdem kann ein solcher Versicherungsschutz nicht vollständig die Risiken abdecken, denen die Gesellschaften ausgesetzt sind. • Als Einzelhändler ist die Emittentin von externen Zulieferern abhängig. In dem derzeitigen wirtschaftlichen Umfeld besteht ein erhöhtes Risiko einer Insolvenz in der Versorgungskette, das zu Einschränkungen in der Lieferbarkeit von Waren führen könnte. • Die Otto Gruppe unterliegt Risiken aus der internationalen Beschaffung von Waren wie zum Beispiel wirtschaftliche, politische und soziale Instabilität in den Regionen, aus denen die Otto Gruppe ihre Waren bezieht. • Ein Anstieg der Rohstoffkosten könnte einen erheblichen Einfluss auf den Erwerbspreis der Waren und damit auf die Produktmarge der Emittentin haben. • Sollten unabhängige Produzenten der Otto Gruppe maßgebliche arbeitsrechtliche Vorschriften nicht einhalten oder gegen allgemein anerkannte internationale Umwelt- und Sozialstandards verstoßen, könnte dies für das Image der Otto Gruppe schädlich sein und infolgedessen einen nachteiligen Effekt auf die Finanz- und Ertragslage der Otto Gruppe haben. • Restruktierungsmaßnahmen in Frankreich enthalten das Risiko erheblicher Sonderaufwendungen. • Personalabbau unter dem Programm 'FOKUS' könnte zu Streiks und negativer Presse führen.
D.3	Zentrale Risiken bezogen auf die Wertpapiere	<p>Eine Anlage in die Schuldverschreibungen ist mit gewissen Risiken verbunden, die sich aus den typischen Eigenschaften, Spezifikationen und Arten der Schuldverschreibungen ergeben und zu erheblichen Verlusten für die Inhaber im Falle eines Verkaufs ihrer Schuldverschreibungen oder in Bezug auf den Erhalt von Zinszahlungen und die Rückzahlung von Kapital führen könnten. Zu diesen Risiken gehören insbesondere die folgenden:</p> <ul style="list-style-type: none"> • Die Schuldverschreibungen sind möglicherweise keine für alle Anleger geeignete Anlage. • Es wurde die Zulassung der Schuldverschreibungen zum Handel im Euro MTF Markt der Luxemburger Wertpapierbörse sowie zur Amtlichen Notierung (Official List) beantragt. Es kann jedoch keine Zusicherung dafür abgegeben werden, dass sich ein liquider Sekundärmarkt für die Schuldverschreibungen entwickeln wird. • Nach Wahl der Emittentin können die Schuldverschreibungen aus

Punkt	Beschreibung	Geforderte Angaben
		<p>steuerlichen Gründen oder bei einem Kontrollwechsel vorzeitig zurückgezahlt werden. In einem solchen Fall könnten die Gläubiger möglicherweise die Rückzahlungsbeträge nur in Wertpapiere mit einer geringeren Rendite wieder anlegen.</p> <ul style="list-style-type: none"> • Es kann nicht ausgeschlossen werden, dass der Kurs der Schuldverschreibungen fällt infolge von Veränderungen von verschiedenen Variablen wie der allgemeinen wirtschaftlichen Entwicklung, Inflation, Nachfrage nach den Schuldverschreibungen oder den Zinssätzen auf dem Kapitalmarkt. • Der Marktwert der Schuldverschreibungen könnte sinken, falls sich die Kreditwürdigkeit der Emittentin und/oder der Gruppe verschlechtert oder sich die Einschätzung der Marktteilnehmer hinsichtlich der Kreditwürdigkeit von Unternehmensschuldern allgemein oder von Schuldnern, die im selben Geschäftsbereich wie die Emittentin und/oder die Gruppe tätig sind, nachteilig verändert. • Die auf Euro lautenden Schuldverschreibungen könnten ein Währungsrisiko für einen Gläubiger darstellen, wenn der Euro für den betreffenden Gläubiger eine Fremdwährung ist; außerdem könnten Regierungen und zuständige Behörden künftig Devisenkontrollen verhängen. • Da die Globalurkunden von oder für Euroclear und Clearstream, Luxemburg gehalten werden, müssen sich Gläubiger auf deren Verfahren zur Übertragung, Zahlung und Kommunikation mit der Emittentin verlassen. • Für einen Gläubiger besteht das Risiko, dass er überstimmt wird und gegen seinen Willen Rechte gegenüber der Emittentin verliert, falls Gläubiger mit einer Stimmenmehrheit gemäß dem Schuldverschreibungsgesetz (SchVG) ihre Zustimmung zu Änderungen der Anleihebedingungen erteilen. Im Falle der Ernennung eines gemeinsamen Vertreters aller Gläubiger besteht das Risiko, dass ein einzelner Gläubiger ganz oder teilweise die Möglichkeit verliert, seine Rechte gegenüber der Emittentin unabhängig von den anderen Gläubigern durchzusetzen und geltend zu machen. • Vermögensgegenstände der Emittentin und ihrer wesentlichen Tochtergesellschaften können als Sicherheiten in künftigen Transaktionen zur Begebung von Asset-backed Schuldverschreibungen ("ABS") verwendet werden, ohne dass den Gläubigern zur gleichen Zeit und im gleichen Rang Sicherheiten bestellt werden. • Es besteht keine Beschränkung hinsichtlich der Ausgabe von Schuldtiteln durch die Emittentin, die den Verpflichtungen aus oder im Zusammenhang mit den Schuldverschreibungen im Rang gleichstehen.

Abschnitt E – Angebot

Punkt	Beschreibung	Geforderte Angaben
E.2b	Gründe für das Angebot und Zweckbestimmung der Erlöse	Die Emittentin beabsichtigt, den Nettoemissionserlös aus der Begebung der Schuldverschreibungen für generelle Unternehmenszwecke, was die frühe Refinanzierung bestehender Verbindlichkeiten umfassen kann, zu verwenden.
E.3	Angebotskonditionen	<p>Die Schuldverschreibungen werden in Österreich, Deutschland, Luxemburg und den Niederlanden innerhalb eines Angebotszeitraumes angeboten, der nicht vor dem 23. Oktober 2012 beginnt und bis zum 1. November 2012 dauern wird, vorausgesetzt es findet keine Verkürzung oder Verlängerung des Angebotszeitraumes statt.</p> <p>Im Anschluss an die Billigung des Prospekts durch die CSSF und die Veröffentlichung des Prospekts auf der Internetseite der Luxemburger Wertpapierbörse (www.bourse.lu) werden die Konsortialbanken eine Hinweisbekanntmachung hinsichtlich der Billigung der Verfügbarkeit des Prospekts auf der betreffenden Internetseite im Luxemburger Wort veröffentlichen.</p> <p>Der Emissionspreis, der Gesamtnennbetrag der zu begebenden Schuldverschreibungen, der Zinssatz, der Emissionserlös und die Rendite der Emission werden in der Preismitteilung (<i>Pricing Notice</i>) enthalten sein, die auf der Internetseite der Luxemburger Wertpapierbörse (www.bourse.lu) am oder vor dem Begebungstag der Schuldverschreibungen veröffentlicht wird.</p> <p>Das Angebot unterliegt keinen Bedingungen. Anleger können ein Angebot zum Kauf der Schuldverschreibungen durch Nutzung des Informationssystems Bloomberg oder eines anderen üblicherweise verwendeten Informationssystems oder nach Veröffentlichung der Pricing Notice über die Konsortialbanken oder über Bankinstitutionen, die am Clearingsystem teilnehmen, übermitteln. Jeder Anleger, der ein Angebot bezüglich der Schuldverschreibungen abgegeben hat und dessen Angebot angenommen wurde, erhält bezüglich der Zuteilung der Schuldverschreibungen eine Bestätigung per E-Mail, Fax oder über ein anderes üblicherweise verwendetes Informationssystem.</p> <p>Lieferung und Zahlung der Schuldverschreibungen erfolgen innerhalb von fünf Werktagen nach dem Tag der Preisfestsetzung der Schuldverschreibungen und der Bestätigung der Zuteilung an den Anleger.</p>

Punkt	Beschreibung	Geforderte Angaben
E.4	Für die Emission wesentliche Beteiligungen	<p>Nach Festsetzung der Preisdetails werden sich Commerzbank Aktiengesellschaft und Deutsche Bank AG, London Branch (zusammen, die "Konsortialführer") und die etwaigen weiteren Banken, die von der Emittentin bis zum Begebungstag ernannt werden (zusammen mit den Konsortialführern, die "Konsortialbanken") nach Maßgabe eines Übernahmevertrags, der am oder um den 30. Oktober 2012 unterzeichnet wird (der "Übernahmevertrag") verpflichten, die Schuldverschreibungen zu übernehmen. Die Konsortialbanken sind unter bestimmten Voraussetzungen berechtigt, diesen Vertrag mit der Emittentin zu kündigen. In diesem Fall werden keine Schuldverschreibungen an Investoren geliefert. Weiterhin wird die Emittentin sich bereit erklären, die Konsortialbanken von gewissen Haftungsrisiken im Zusammenhang mit dem Angebot und dem Verkauf der Schuldverschreibungen freizustellen.</p> <p>Die Kommission, die an die Konsortialbanken im Zusammenhang mit dem Angebot, der Platzierung und der Zeichnung der Schuldverschreibungen zu zahlen ist, beträgt bis zu 0,45 % des Gesamtnennbetrags der Schuldverschreibungen.</p> <p>Die Konsortialbanken sowie mit ihnen verbundene Unternehmen haben bisher Investment-Dienstleistungen gegenüber der Emittentin und den mit ihr verbundenen Unternehmen erbracht und werden dies auch in Zukunft tun.</p> <p>Außer den Interessen der Emittentin bestehen keinerlei Interessen von natürlichen oder juristischen Personen an der Begebung, auch nicht solche Interessen, die im Widerspruch stehen und wesentlich für die Begebung sein würden.</p>
E.7	Schätzung der Ausgaben	<p>Die Emittentin wird den Gläubigern in Verbindung mit den Schuldverschreibungen keine Kosten, Ausgaben oder Steuern direkt in Rechnung stellen. Gläubiger müssen sich aber über etwaige Kosten, Ausgaben oder Steuern in Verbindung mit den Schuldverschreibungen informieren, die generell in ihrem jeweiligen Herkunftsstaat anfallen, einschließlich etwaiger Gebühren, die ihre eigenen Depotbanken für den Erwerb oder das Halten von Wertpapieren berechnen.</p>

RISK FACTORS

The below description relates to risk factors that are material for the assessment of the market risk associated with the Notes and risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes. Any of these risks could have a material adverse effect on the financial condition and results of operations of the Issuer. The market price of the Notes could decline due to the materialisation of any of these risks, and investors could lose all or part of their investments.

Prospective investors should consider all information provided in this Prospectus and consult with their own professional advisers (including their financial, accounting, legal and tax advisers) if they consider it necessary before making a decision to acquire the Notes. In addition, investors should be aware that the risks described may combine and thus intensify one another.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons than those described below and the Issuer does not represent that the statements below are exhaustive. Potential investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision. The sequence in which the risk factors are presented below is not indicative of their likelihood of occurrence or the scope of their financial consequences.

Words and expressions defined in the "Terms and Conditions of Issue" shall have the same meanings in this section "Risk Factors".

Risk Factors relating to the Issuer

Before deciding upon the purchase of the Notes potential investors should in addition to all other information in this Prospectus carefully consider the specific risk factors outlined below that may affect the capacity of the Issuer to fulfil its obligations under the Notes and consult with their own professional advisers if they deem it necessary.

Risks in general

Some statements refer to the future and contain forecasts which are exposed to special risks and uncertainties. It cannot be excluded that there are further risks which are not known to the Issuer or that are not considered as substantial at present. The materialisation of these risks could have a material adverse effect on the financial situation of the Issuer. The following is a non-exhaustive description of certain risk factors. The Issuer has the view that the risk factors mentioned below represent the substantial risks connected with an investment in the Notes. The sequence in which the following risk factors are listed is not an indication of their likelihood to occur or of the extent of their commercial consequences.

Risk factors in respect of market and competition

Intensive competition in the retail sector could have a material adverse effect on the financial condition and results of operations of the Issuer. A decreased level of economic activity could lead to deterioration in consumer spending and therefore have a material adverse effect on the Otto Group's financial condition and result of operations. The Issuer will tap new markets which could lead to high expenditures for market development, market launch and market penetration. The market objectives connected with the business expansion may not be achieved.

It cannot be excluded that the business model of the Issuer and/or of its subsidiaries which contribute considerably to the Otto Group's results of operations will be partly or completely copied by existing or future competitors. Should competition intensify in the market segments, then a decrease in profit

margins cannot be excluded. In the worst case the Issuer and/or its subsidiaries could be forced out of the market.

Especially within the E-commerce sector the competition over the last years intensified due to low entry barriers and a fast development of the online market. In addition, the competition about gaining new market shares takes place by the strategy of lowering prices, especially for fashion and electronic devices. This does not match with the sustainable growth strategy of the Otto Group and therefore, represents a noteworthy risk.

In France, a difficult market environment led to sales losses in the 3 Suisses International Group. The decline in consumer sentiment on the fashion market put pressure on the group and makes a restructuring of the 3 Suisses International Group necessary in order to create conditions for an increasing profitability in the medium term. If the restructuring process should not be successful, this could have a negative impact on the financial condition and the results of operations of the Otto Group.

The global financial crisis has exerted pressure on the payment history of debtors in the financial services sector, with banks intensifying checks of creditworthiness criteria before granting loans. Consequently, there has been an increase in demand for services in receivables management. This leads to future potential growth for financial services companies, which would in turn increase the importance of the management of these financial services-related risks for the Otto Group.

Changing Customer Taste and Fashion Trends

Although the Otto Group offers a wide range of products in its retail segment, a significant portion of sales is exposed to the risk of constantly changing customer tastes and fashion trends. Should assortments fail to appeal to customers' taste, or only do so in part, this would lead to declining sales and a write down of the inventory, and would have a material adverse effect on the Otto Group's financial condition and results of operations.

Defaults by Customers in respect of their Payment Obligations

As a result of its instalment sale operations, especially in the mail-order activities, the Otto Group has a substantial volume of trade receivables. The risk of non-payment under these receivables depends on the creditworthiness of the customers and ultimately on the macroeconomic situation, in particular within the European Union. Should the risk measurement and risk control systems which Otto Group has employed turn out to be insufficient for any reason, this could have a material adverse effect on Otto Group's financial condition and results of operations.

Borrower Default Risk

The Otto Group extends loans to third parties, primarily by providing consumer loans to private individuals. The borrowers may default on their obligations to the Otto Group due to bankruptcy, lack of liquidity, downturns in the economy, or for other reasons. Any such default could have a material adverse effect on the Otto Group's financial condition and results of operations.

Fluctuations in Currency Exchange Rates

The Issuer has subsidiaries which are not located in the Euro zone. Furthermore, as a result of its global sourcing and selling activities, the Otto Group is affected by the developments of financial markets, e.g. fluctuations in currency exchange rates. Within the Otto Group financial instruments are used to hedge the exposure to foreign currency fluctuations. However, to the extent that such financial instruments are not sufficient or not effective, fluctuations of local currencies against the Euro therefore affect the Otto Group's financial condition and results of operations.

Additionally, many goods are purchased outside of the Euro zone so that fluctuations in currency exchange rates could affect the Otto Group's results of operations.

Risk factors in respect of management and employees

Otto Group's business success depends considerably on the quality of its employees. A loss of important employees could have a material adverse effect on the Otto Group's financial condition and results of operations. If within an appropriate period no qualified personnel can be found for the seamless continuation of its business, this could also have a material adverse effect on the Otto Group's financial condition and results of operations.

Efficiency of logistical system

Since logistics are crucial to the Otto Group's business, highly advanced processes and systems are employed for everything from merchandise pickup and goods movement to intelligent route planning for the Group's own parcel services providers. Based on long years of experience in logistics services, the Group maintains resources that are able to cope even with seasonal peaks. However, as this logistics network is highly sophisticated it is also vulnerable to external shocks not under control of the Issuer. The Otto Group invests substantially in high performance warehousing and logistic technologies. Therefore there is a potential risk of an insufficient return of the investments in the up-to-date fulfilment facilities due to lacking sales volumes.

IT-Risk

The business model of the Otto group relies on a good working IT system. With all IT systems there is a risk of system failure or a server breakdown. Such incidents may result in a loss of sales and a reputational damage. Additionally, the customer base may decrease. In order to avoid these consequences the Otto Group regularly maintains the system and aims to improve the performance wherever possible.

The increased use of information technology, including for confidential business processes, increases the risk of unauthorised access and fraud. The Otto Group minimises these IT-related risks with extensive security concepts, supported by a Group directive on IT security. The Group's key business processes are handled in a homogeneous system environment. Its IT systems are constantly being updated and adapted to new standards and requirements. Apart from instituting rules for using information systems, the Group also takes extensive technical precautions, such as installing firewall systems, virus scanners and access controls at both the operating system and the application level.

Otto Group uses information technology intensively in critical business processes. Despite extensive measures for data protection and the bypass of system losses, operational faults cannot be excluded. This could lead to data losses and false pricing information being implemented. Moreover, lack of data availability, operational problems of the assigned software, a decreased data transfer rate and/or server losses could occur due to soft and hardware errors, accident, sabotage or other reasons. It can also not be excluded that despite appropriate provisions the telephone system which is crucial for the daily business does not operate efficiently.

This could result in a substantial reputational damage or market disadvantages for the Otto Group and/or its subsidiaries, to turnover losses as well as affect the operational business and its customer relations. This could have a material adverse effect on Otto Group's financial condition and results of operations.

Risk factors in respect of mergers and acquisitions

Apart from organic growth Otto Group aims to explore additional opportunities in terms of acquisitions and market entries. Each acquisition bears substantial risks as the assumptions for the purchase price determination regarding profitability and synergy potentials may not prove correct. It cannot be excluded that an investment will not generate the expected returns or will be a total loss. This risk increases with increasing size and/or complexity of the acquisition target or market entry.

Where necessary, strategic partnerships will be entered into to ensure success. However, the Issuer cannot guarantee that it is able to find and successfully form such partnerships. With respect to

marketing and risk information, risks result from changes in the legal environment in Germany, the European Union and the United States (among others new privacy terms).

Risk factors in respect of debt and other financial risks

The Otto Group's worldwide setup exposes it to a number of financial risks. Counterparty credit risk, liquidity risk, interest rate risk and market risk are of particular importance for the Otto Group.

Counterparty credit risk refers to the risk of a borrower or counterparty defaulting or partly defaulting on liabilities due to a deterioration in its financial situation. The liquidity risk refers to the risk inherent in a company not having sufficient funds to meet its payment obligations, or when the liquidity required cannot be obtained at anticipated conditions.

The main financing sources of the Otto Group are credit lines granted by banks and other funding instruments consisting of, amongst others, asset backed securities and other investments in the capital market.

Regarding its debt financing, the Otto Group depends on the economic environment, in particular on the national and international bank and capital markets. These markets are affected by several factors like for example stock exchange trends, market expectations and international conflicts which cannot be influenced by the Issuer. Given the changes in the banking sector as a whole, banks have and may continue to change their financing policies. It cannot be excluded that banks or financial services institutions will apply in future a more restrictive lending policy. Should the envisaged financial planning prove inadequate a refinancing risk might arise and have a significant negative impact on the financial position of Otto Group. Potential risks arising out of refinancing requirements for maturing financial liabilities have to be accounted for. This may increase the financing costs for the Otto Group.

Considerable expenses accrue each year for the payment of interest and other costs relating to the Issuer's various sources of funding. These material costs affect the liquidity and profitability of the Issuer. In case of an increase in interest rates or the other costs of financing or if the availability of financings is affected, this could have a material adverse effect on the financial condition of Otto.

Tax risk

The tax statements (corporation tax, trade tax and value-added tax) of the years 2005-2009 are still subject to the reservation of the re-examination (*Betriebsprüfung*) by the competent tax authorities, tax statements for the years 2010 and 2011 are not present.

The Issuer believes that the tax returns of the Issuer and its subsidiaries are prepared in agreement with the relevant fiscal regulations. If the tax authority has different legal opinions to particular issues this could lead to additional tax claims which would have a material adverse effect on the Otto Group's financial condition and results of operations.

Existing insurance coverage may turn to be inadequate

The Otto Group seeks to cover foreseeable risks through insurance coverage. Such insurance cover, however, may not fully cover the risks to which the companies are exposed. This can be the case with insurance covering legal and administrative claims, as well as with respect to insurance covering other risks. For certain risks, adequate insurance coverage may not be available on the market or may not be available at reasonable conditions. Consequently, any harm resulting from the materialisation of these risks could result in significant capital expenditures and expenses as well as liabilities, thereby harming business and operating results.

Solvency of suppliers

As a retailer the Issuer depends on its external suppliers. In the current economic environment there is increased risk of insolvency in the supply chain, which in turn could lead to restrictions in the deliverability of goods.

International procurement of goods

Otto Group is subject to risks associated with the international procurement of goods. Otto Group purchases a considerable quantity of its goods in Asia (primarily in China and Hong Kong/Macao).

Economic, political or social instability in the regions in which the Otto Group sources its goods, import or export restrictions as well as adverse trade tariffs may have a detrimental effect on the Otto Group's operations. In the logistics segment, there is a risk of increased transport costs and higher fuel prices. Any of the aforementioned events could have a material adverse effect on the Otto Group's financial condition and results of operations.

Increase in acquisition price of goods

The negative effects of the sharp rise in raw materials prices which took place in the fiscal year 2011/12 were only partially mitigated by an anticipatory rise in the level of inventories and long-term supplier relations. An easing in the raw materials market is expected in the course of the second half of 2012. Nevertheless, the 2010 level will presumably not be reached yet. Those responsible for the individual product groups will – within the framework of risk management – regularly monitor the development of purchasing prices and markets and aim to take suitable measures to strengthen the gross product margin. However, there is the risk that the easing in the raw material market will not take place and therefore, the gross margin will not recover as expected by the Issuer.

Working conditions of suppliers

The Otto Group does not have its own production and purchases the products marketed by it directly from manufacturers and/or trade companies. Several of these manufacturers are based in countries where working and environmental conditions as well as social standards are inconsistent with Western European or generally recognised international standards. The Otto Group has committed itself to environmentally sustainable and socially responsible practices and endeavours to commit its suppliers to comply therewith. However, the Otto Group cannot guarantee that its suppliers will always comply with these standards in practice. Should one of the independent manufacturers not comply with the relevant labour law provisions or should they be in breach of generally recognised environmental or social international standards, this could be detrimental to the Otto Group's image and consequently have a material adverse effect on Otto Group's financial condition and results of operations.

Development in France

The French activities, which are organised in the 3 Suisses International Group, experienced a difficult development. This was due in part to the somewhat depressed consumer market for fashion and the restructuring of the distance selling business model in France. In the recent past, the 3 Suisses International Group sold and closed several activities. It also put in place major restructuring programs

for activities in the mail-order-business, in particular within the segment B2C. This restructuring contains the risk of significant one-off expenses. The 3 Suisses International Group will continue to review appropriate actions in order to optimize its portfolio of activities. Furthermore, the Otto Group, as one of the main two shareholders of the 3 Suisses International Group, is evaluating on a regular basis its portfolio, including an evaluation of the option to dispose of parts of subsidiaries, such as the interest of the Otto Group in 3 Suisses International Group.

FOKUS

The new project 'FOKUS' concentrates on the positioning of the three brands OTTO, Baur and Schwab. In the course of the project FOKUS, the three brands, all of which delivered positive contributions to earnings, are to be more clearly positioned. Under the aegis of a dedicated management board, OTTO is to be more distinctively and energetically positioned on the market as the leading universal online retailer with its focus on fashion and living which will bring it back to a course of growth. The Otto Group has announced that in the course of the project the workforce will be reduced. As details have not yet been worked out, such staff reduction program bears the risk of strikes and negative press.

Risk Factors relating to the Notes

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

Notes may not be a suitable investment for all investors

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

- (i) Have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;
- (ii) Have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) In the Notes, including where principal or interest is payable in one or more currencies, or 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 the content of this Prospectus; and
- (v) Be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Liquidity Risk

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

Risk of Early Redemption

The Notes may be redeemed at the option of the Issuer (in whole, but not in part) at the principal amount of the Notes plus accrued interest to the date fixed for redemption, for reasons of taxation and following a Change of Control, as more fully described in the Terms and Conditions of Issue. In the event that the Issuer exercises the option to redeem the Notes, the Holders might suffer a lower than expected yield and might not be able to reinvest the funds on the same terms.

Market Price Risk

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

EU might impose a financial transaction tax

The European Commission has published on 28 September 2011 the Proposal for a Council Directive on a common system of financial transaction tax and amending Directive 2008/7/EC. Should the European Council adopt such proposal and should such financial transaction tax being implemented, Holders in EU member states will be exposed to increased transaction costs. Up to now no uniform regulation for the EU member states do exist. However, as first member France implemented on 1 August 2012 a financial transaction tax. The implications are not fully foreseeable at the moment.

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

If, e.g., because of the materialisation of any of the risks regarding the Issuer, the likelihood that the Issuer will be in a position to fully perform all obligations under the Notes when they fall due decreases, the market value of the Notes will suffer. In addition, even if the likelihood that the Issuer will be in 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 Otto Group could adversely change.

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

Currency risk

The Notes are denominated in Euro. If such currency represents a foreign currency to a Holder, such Holder is particularly exposed to the risk of changes in currency exchange rates which may affect the yield of such Notes in the currency of the Holder. Changes in currency exchange rates result from

various factors such as macro-economic factors, speculative transactions and interventions by central banks and governments.

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

Fixed Rate Notes

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

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Notes will be represented by one or more Global Notes. Such Global Notes will be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and the Issuer will discharge its payment obligations under the Notes by making payments to the common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of beneficial interests in the Global Notes.

Risks in connection with the application of the German Act on Issues of Debt Securities (Gesetz über Schuldverschreibungen aus Gesamtemissionen, "SchVG")

A Holder is subject to the risk to be outvoted and to lose rights towards the Issuer against his will in the case that Holders agree pursuant to the Terms and Conditions of Issue to amendments of the Terms and Conditions of Issue by majority vote according to the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen, "SchVG"*) of 2009. In the case of an appointment of a noteholders' representative for all Holders a particular Holder may lose, in whole or in part, the possibility to enforce and claim his rights against the Issuer regardless of other Holders.

No limitations on issuing further debt

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

Negative pledge and potential ABS transactions

§ 2(2) of the Terms and Conditions of Issue sets out the negative pledge of the Issuer under which it undertakes not to grant any security (other than a Permitted Security) for any existing or future Capital

Market Indebtedness (including any guarantees or indemnities in respect thereof) on the existing or future assets of the Issuer or any of its Material Subsidiary without at the same time granting to the Holders an equal and rateable security. However, § 2 (2) of the Terms and Conditions of Issue stipulates that this provision shall not apply to any security that has been or will be granted within the scope of asset-backed securities ("**ABS**") transactions of the Issuer or its Material Subsidiaries. Accordingly, assets of the Issuer and its Material Subsidiaries may be used as security in future ABS transactions of any type, without equal and rateable security being granted to the Holders. Any such transactions will reduce the amount recoverable by the Holders upon winding-up or insolvency of the Issuer.

Negative pledge and borrowings not classified as Capital Market Indebtedness

Any borrowings that do not meet the definition of Capital Market Indebtedness (including but not limited to bank loans) are excluded from the negative pledge. Therefore, in any of these cases the Issuer is under no obligation to grant the Holders an equal and rateable security. Such transactions may reduce the amount recoverable by the Holders upon winding-up or insolvency of the Issuer.

ANLEIHEBEDINGUNGEN / TERMS AND CONDITIONS OF ISSUE

The following is the text of the terms and conditions of the notes (the "**Terms and Conditions of Issue**") applicable to the Notes. The final Terms and Conditions of Issue of the Notes will be an integral part of the Global Note.

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

Nachfolgend ist der Text der Anleihebedingungen (die "**Anleihebedingungen**") für die Schuldverschreibungen abgedruckt. Die endgültigen Anleihebedingungen für die Schuldverschreibungen werden Bestandteil der Globalurkunde.

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

Anleihebedingungen

Terms and Conditions of Issue

§ 1 WÄHRUNG, STÜCKELUNG, FORM, BESTIMMTE DEFINITIONEN

§ 1 CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

(1) *Währung; Nennbetrag.* Die Anleihe der Otto (GmbH & Co KG) (die "**Emittentin**"), begeben am 1. November 2012 (der "**Begebungstag**") im Gesamtnennbetrag von EUR [●] ist eingeteilt in auf den Inhaber lautende Schuldverschreibungen im Nennbetrag von je EUR 1.000 (die "**Schuldverschreibungen**" oder die "**Anleihe**").

(1) *Currency; Principal Amount.* The issue by Otto (GmbH & Co KG) (the "**Issuer**") issued on 1 November 2012 (the "**Issue Date**") in the aggregate principal amount of EUR [●] is divided into notes in the principal amount of EUR 1,000 each payable to bearer (the "**Notes**" or the "**Issue**").

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

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

(3) *Vorläufige Globalurkunde – Austausch.*

(3) *Temporary Global Note – Exchange.*

(a) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die "**vorläufige Globalurkunde**") ohne Zinsscheine verbrieft. Die vorläufige Globalurkunde wird gegen Schuldverschreibungen, die durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**") ohne Zinsscheine verbrieft sind, ausgetauscht. Die vorläufige Globalurkunde und die Dauerglobalurkunde tragen jeweils die eigenhändigen Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin und sind jeweils von der Hauptzahlstelle (wie in § 6 definiert) oder in deren Namen mit einer eigenhändigen Kontrollunterschrift versehen. Einzelkunden und Zinsscheine werden nicht ausgegeben.

(a) The Notes are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable for Notes represented by a permanent global note (the "**Permanent Global Note**") without coupons. The Temporary Global Note and the Permanent Global Note shall each be signed manually by two authorised signatories of the Issuer and shall each bear the manual control signature of or on behalf of the Principal Paying Agent (as defined in § 6). Definitive Notes and interest coupons will not be issued.

(b) Die vorläufige Globalurkunde wird an

(b) The Temporary Global Note shall be

einem Tag (der "**Austauschtag**") gegen eine Dauerglobalurkunde ausgetauscht, der nicht mehr als 180 Tage nach dem Tag der Ausgabe der vorläufigen Globalurkunde liegt. Der Austausch tag für einen solchen Austausch darf nicht weniger als 40 Tage nach dem Tag der Ausgabe der vorläufigen Globalurkunde liegen. Ein solcher Austausch soll nur nach Vorlage von Bescheinigungen erfolgen, wonach der oder die wirtschaftlichen Eigentümer der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U.S.-Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten). Zinszahlungen auf durch eine vorläufige Globalurkunde verbrieft Schuldverschreibungen erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist hinsichtlich einer jeden solchen Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Ausgabe der vorläufigen Globalurkunde eingeht, wird als ein Ersuchen behandelt werden, diese vorläufige Globalurkunde gemäß diesem Absatz auszutauschen. Wertpapiere, die im Austausch für die vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten (wie in § 4(3) definiert) zu liefern.

(4) *Clearing System.* Die Globalurkunde, die die Schuldverschreibung verbrieft wird solange von einem oder im Namen eines Clearing Systems verwahrt, bis sämtliche Verbindlichkeiten der Emittentin aus den Schuldverschreibungen erfüllt sind. "**Clearing System**" bedeutet jeweils folgendes: Clearstream Banking, société anonyme, Luxemburg ("**CBL**") und Euroclear Bank SA/NV ("**Euroclear**") – (CBL und Euroclear jeweils ein "**ICSD**" und zusammen die "**ICSDs**").

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

(5) *Gläubiger von Schuldverschreibungen.* "**Gläubiger**" bedeutet jeder Inhaber eines Miteigentumsanteils oder anderen Rechts an den Schuldverschreibungen.

(6) *Register der ICSDs.* Der

exchanged for the Permanent Global Note on a date (the "**Exchange Date**") not later than 180 days after the date of issue of the Temporary Global Note. The Exchange Date for such exchange will not be earlier than 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is, or are, not a U.S. person or persons (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to this subparagraph. Any Notes delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 4(3)).

(4) *Clearing System.* The global note representing the Notes will be kept in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Notes have been satisfied. "**Clearing System**" means each of the following: Clearstream Banking, société anonyme, Luxembourg ("**CBL**") and Euroclear Bank SA/NV ("**Euroclear**") – (CBL and Euroclear each an "**ICSD**" and together the "**ICSDs**").

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

(5) *Holder of Notes.* "**Holder**" means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

(6) *Records of the ICSDs.* The aggregate

Gesamtnennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen entspricht dem jeweils in den Registern beider ICSDs eingetragenen Gesamtnennbetrag. Die Register der ICSDs (unter denen die Register zu verstehen sind, die jeder ICSD für seine Kunden über den Betrag ihres Anteils an den Schuldverschreibungen führt) sind maßgeblicher Nachweis des Nennbetrages der durch die Globalurkunde verbrieften Schuldverschreibungen, und eine für zu diesem Zweck von einem ICSD jeweils ausgestellte Bescheinigung mit dem Nennbetrag der so verbrieften Schuldverschreibungen ist maßgebliche Bestätigung des Inhalts des Registers des betreffenden ICSD zu dem fraglichen Zeitpunkt.

Bei jeder Tilgung oder einer Zinszahlung auf die durch die Globalurkunde verbrieften Schuldverschreibungen bzw. beim Kauf und der Entwertung der durch die Globalurkunde verbrieften Schuldverschreibungen stellt die Emittentin sicher, dass die Einzelheiten der Rückzahlung, Zahlung oder des Kaufs und der Entwertung bezüglich der Globalurkunde entsprechend in die Unterlagen der ICSDs eingetragen werden, und dass nach dieser Eintragung vom Nennbetrag der in die Register der ICSDs aufgenommenen und durch die Globalurkunde verbrieften Schuldverschreibungen der Nennbetrag der zurückgekauften bzw. gekauften und entwerteten Schuldverschreibungen abgezogen wird.

Bei Austausch nur eines Teils von Schuldverschreibungen, die durch eine vorläufige Globalurkunde verbrieft sind, wird die Emittentin sicherstellen, dass die Einzelheiten dieses Austauschs entsprechend in die Register der ICSDs aufgenommen werden.

§ 2

STATUS, NEGATIVVERPFLICHTUNG

(1) *Status.* Die Schuldverschreibungen begründen unmittelbare, unbedingte, nicht besicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen gegenwärtigen und zukünftigen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.

(2) *Negativverpflichtung.* Solange die Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle Beträge an

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 customer's interest in the Notes) shall be conclusive evidence of the principal amount of Notes represented by the global note and, for these purposes, a statement issued by a 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 any redemption, payment or purchase and cancellation (as the case may be) in respect of the global note shall be entered accordingly in the records of the ICSDs and, upon any such entry being made, the principal amount of the Notes recorded in the records of the ICSDs and represented by the global note shall be reduced by the 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 accordingly in the records of the ICSDs.

§ 2

STATUS, NEGATIVE PLEDGE

(1) *Status.* The obligations under the Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, present or future, except for any obligations preferred by mandatory provisions of law.

(2) *Negative Pledge.* So long as any of the Notes remains outstanding, but only until all amounts of principal and interest have been

Kapital und Zinsen der Hauptzahlstelle zur Verfügung gestellt worden sind, verpflichtet sich die Emittentin und stellt für ihre Wesentlichen Tochtergesellschaften (wie in § 9 definiert) sicher, keine Kapitalmarktverbindlichkeiten (einschließlich dafür gegebener Garantien oder Gewährleistungen) durch Belastung ihres gegenwärtigen oder zukünftigen Vermögens bzw. des Vermögens einer Wesentlichen Tochtergesellschaft zu besichern oder eine solche Besicherung bestehen zu lassen (ausgenommen "**zugelassene Sicherheiten**"), ohne entweder die Gläubiger zur gleichen Zeit und im gleichem Rang an solchen Sicherheiten teilnehmen zu lassen oder den Gläubigern eine andere Sicherheit zu bestellen, die von den externen Wirtschaftsprüfern der Emittentin als gleichwertige Sicherheit anerkannt wird.

"**Kapitalmarktverbindlichkeit**" bezeichnet jede Verbindlichkeit zur Zahlung aufgenommener Geldbeträge, die durch Schuldverschreibungen oder sonstige Wertpapiere, die an einer Börse oder einem anderen Wertpapiermarkt (einschließlich des außerbörslichen Handels) notiert oder gehandelt werden oder werden könnten, verbrieft oder verkörpert sind sowie Schuldscheindarlehen. Nur zum Zweck dieses Absatzes gelten Verbindlichkeiten aus der Begebung von Asset-backed Schuldverschreibungen, bei denen die Rückgriffsmöglichkeit eines Gläubigers solcher Schuldverschreibungen auf bestimmte Vermögenswerte oder andere Wertpapiere, die die Schuldverschreibungen besichern, begrenzt ist, nicht als Kapitalmarktverbindlichkeiten.

"**Zugelassene Sicherheiten**" sind

- (i) Sicherheiten, die kraft Gesetzes eingeräumt sind;
- (ii) Sicherheiten für Kapitalmarktverbindlichkeiten, die am Begebungstag (wie in § 3(1) definiert) bereits bestehen, solange sie diese Kapitalmarktverbindlichkeiten besichern, sowie künftige diese bestehenden Sicherheiten ersetzende andere Sicherheiten bis zur gleichen Höhe, jedoch nur soweit und solange sie der Besicherung der bestehenden Kapitalmarktverbindlichkeiten dienen; und
- (iii) Sicherheiten, die bei der Finanzierung von Investitionen / Akquisitionen an diesen Investitions- bzw. Akquisitionsobjekten bestellt werden.

made available to the Principal Paying Agent, the Issuer undertakes, and shall procure in respect of its Material Subsidiaries (as defined in § 9) neither to create nor permit to subsist any lien or other security interest (other than "**Permitted Securities**") upon any of its or any of its Material Subsidiaries' present or future assets to secure any Capital Markets Indebtedness (including any guarantees or indemnities in respect thereof), without at the same time according to the Holders equally and rateably the same security interest or such other security as will be recognised by the external auditors of the Issuer as being an equal security.

"**Capital Markets Indebtedness**" means any obligation for the payment of borrowed monies which is in the form of, or represented by, bonds, notes, debentures or similar security, which are or are capable of being listed or traded on a stock exchange or other security market (including any over-the-counter market), as well as assignable loans (*Schuldscheindarlehen*). For the purposes of this subparagraph only, any indebtedness resulting from any issue of asset-backed securities under which the recourse of any holder of such securities is limited to certain assets or other securities securing those securities, shall not constitute a Capital Market Indebtedness.

"**Permitted Security**" means

- (i) any security arising by operation of law,
- (ii) any security on Capital Market Indebtedness existing on the Issue Date (as defined in § 3(1)) as long as such security is given in relation to such Capital Market Indebtedness and any other future security replacing such existing security up to the original amount thereof, but only to the extent such security is given in relation to the existing Capital Market Indebtedness, and
- (iii) any security is given upon any investment or acquisition object with a view to secure the financing of such investment or acquisition.

§ 3 ZINSEN

(1) *Zinssatz und Zinszahlungstage.* Die Schuldverschreibungen werden bezogen auf ihren Nennbetrag ab dem Begebungstag (einschließlich) bis zum Rückzahlungstag (wie in § 5(1) definiert) (ausschließlich) mit jährlich [●] % verzinst. Die Zinsen sind nachträglich am 1. November eines jeden Jahres zahlbar (jeweils ein "**Zinszahlungstag**"). Die erste Zinszahlung erfolgt am 1. November 2013.

(2) *Auflaufende Zinsen.* Der Zinslauf der Schuldverschreibungen endet an dem Tag, der dem Tag vorausgeht, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlöst, erfolgt die Verzinsung der Schuldverschreibungen vom Tag der Fälligkeit bis zum Tag der tatsächlichen Rückzahlung der Schuldverschreibungen in Höhe des gesetzlich festgelegten Satzes für Verzugszinsen.

(3) *Berechnung der Zinsen für Teile von Zeiträumen.* Sofern Zinsen für einen Zeitraum von weniger als ein Kalenderjahr zu berechnen sind, erfolgt die Berechnung auf der Grundlage des Zinstagequotienten (wie nachstehend definiert).

(4) *Zinstagequotient.* "**Zinstagequotient**" bezeichnet im Hinblick auf die Berechnung eines Zinsbetrages auf eine Schuldverschreibung für einen beliebigen Zeitraum (der "**Zinsberechnungszeitraum**") die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum, dividiert durch die tatsächliche Anzahl von Tagen in der jeweiligen Zinsperiode (Act/Act ICMA).

§ 4 ZAHLUNGEN

(1)(a) *Zahlungen auf Kapital.* Zahlungen auf Kapital in Bezug auf die Schuldverschreibungen erfolgen nach Maßgabe des nachstehenden Absatzes (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems gegen Vorlage und (außer im Fall von Teilzahlungen) Einreichung der die Schuldverschreibungen verbriefenden Globalurkunde bei der bezeichneten Geschäftsstelle der Hauptzahlstelle.

(b) *Zahlung von Zinsen.* Die Zahlung von

§ 3 INTEREST

(1) *Rate of Interest and Interest Payment Dates.* The Notes shall bear interest on their principal amount at the rate of [●] % per annum from (and including) the Issue Date to (but excluding) the Maturity Date (as defined in § 5(1)). Interest shall be payable annually in arrears on 1 November in each year (each such date, an "**Interest Payment Date**"). The first payment of interest shall be made on 1 November 2013.

(2) *Accrual of Interest.* The Notes shall cease to bear interest as from the day preceding their due date for redemption. If the Issuer shall fail to redeem the Notes when due, interest shall continue to accrue on the outstanding principal amount of the Notes beyond the due date until the actual redemption of the Notes at the default rate of interest established by law.

(3) *Calculation of Interest for Partial Periods.* If interest is required to be calculated for a period of less than a calendar year, such interest shall be calculated on the basis of the Day Count Fraction (as defined below).

(4) *Day Count Fraction.* "**Day Count Fraction**" means with regard to the calculation of interest on any Note for any period of time (the "**Calculation Period**") the actual number of days in the Calculation Period divided by the actual number of days in the respective interest period (Act/Act ICMA).

§ 4 PAYMENTS

(1)(a) *Payment of Principal.* Payment of principal in respect of Notes shall be made, subject to subparagraph (2) below, to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System upon presentation and (except in the case of partial payment) surrender of the Global Note representing the Notes at the specified office of the Principal Paying Agent.

(b) *Payment of Interest.* Payment of interest

Zinsen auf Schuldverschreibungen erfolgt nach Maßgabe von Absatz (2) an das Clearing System oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems.

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Schuldverschreibungen in Euro.

(3) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.

(4) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in Bezug auf eine Schuldverschreibung auf einen Tag, der kein Geschäftstag ist, dann hat der Gläubiger keinen Anspruch auf Zahlung vor dem nächsten Geschäftstag. Der Gläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen. Für diese Zwecke bezeichnet "**Geschäftstag**" einen Tag (außer einem Samstag oder Sonntag), an dem alle betroffenen Bereiche des Trans-European Automated Real-time Gross Settlement Express Transfer 2 ("**TARGET2**") System betriebsbereit sind und das Clearing System Zahlungen abwickelt.

(5) *Bezugnahmen auf Kapital und Zinsen.* Bezugnahmen in diesen Anleihebedingungen auf Kapital der Schuldverschreibungen schließen den Nennbetrag der Schuldverschreibungen sowie jeden Aufschlag sowie sonstige auf oder in Bezug auf die Schuldverschreibungen zahlbaren Beträge ein. Bezugnahmen in diesen Anleihebedingungen auf Zinsen auf Schuldverschreibungen sollen, soweit anwendbar, sämtliche gemäß § 7 zahlbaren zusätzlichen Beträge einschließen.

(6) *Hinterlegung von Kapital und Zinsen.* Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Zins- oder Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht in Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt, und auf das Recht der Rücknahme verzichtet wird, erlöschen die diesbezüglichen Ansprüche der Gläubiger gegen die Emittentin.

on Notes shall be made, subject to subparagraph (2), to the Clearing System or to its order for credit to the relevant account holders of the Clearing System.

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in Euro.

(3) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(4) *Payment Business Day.* If the date for payment of any amount in respect of any Note is not a Business Day, then the Holder shall not be entitled to payment until the next such Business Day and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Business Day**" means any day which is a day (other than a Saturday or a Sunday) on which all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer 2 ("**TARGET2**") System are operational and the Clearing System settles payments.

(5) *References to Principal and Interest.* Reference in these Terms and Conditions of Issue to principal in respect of the Notes shall be deemed to include, the principal amount of the Notes and any premium and any other amounts which may be payable under or in respect of the Notes. Reference in these Terms and Conditions of Issue to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 7.

(6) *Deposit of Principal and Interest.* The Issuer may deposit with the *Amtsgericht* in Frankfurt am Main principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

§ 5
RÜCKZAHLUNG, VORZEITIGE
RÜCKZAHLUNG

(1) *Rückzahlung bei Endfälligkeit.* Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen zu ihrem Nennbetrag zuzüglich etwaiger aufgelaufener Zinsen am 1. November 2019 (der "**Rückzahlungstag**") zurückgezahlt.

(2) *Vorzeitige Rückzahlung aus steuerlichen Gründen.* Die Schuldverschreibungen können insgesamt, jedoch nicht teilweise, nach Wahl der Emittentin mit einer Kündigungsfrist von nicht weniger als 30 und nicht mehr als 60 Tagen gegenüber der Hauptzahlstelle und gemäß § 12 gegenüber den Gläubigern vorzeitig gekündigt und zum Nennbetrag zuzüglich etwaiger bis zum für die Rückzahlung festgesetzten Tag aufgelaufener Zinsen zurückgezahlt werden, falls die Emittentin als Folge einer Änderung oder Ergänzung der Steuer- oder Abgabengesetze oder –vorschriften der Bundesrepublik Deutschland oder deren politischen Untergliederungen oder Steuerbehörden oder als Folge einer Änderung oder Ergänzung der Anwendung oder der offiziellen Auslegung dieser Gesetze und Vorschriften (vorausgesetzt diese Änderung oder Ergänzung wird am oder nach dem Begebungstag wirksam) am nächsten Zinszahlungstag (wie in § 3 (1) definiert) zur Zahlung von zusätzlichen Beträgen (wie in § 7 dieser Anleihebedingungen definiert) verpflichtet sein wird und diese Verpflichtung nicht durch das Ergreifen vernünftiger der Emittentin zur Verfügung stehender Maßnahmen vermieden werden kann.

Eine solche Kündigung darf allerdings nicht (i) früher als 90 Tage vor dem frühestmöglichen Termin erfolgen, an dem die Emittentin verpflichtet wäre, solche zusätzlichen Beträge zu zahlen, falls eine Zahlung auf die Schuldverschreibungen dann fällig sein würde, oder (ii) erfolgen, wenn zu dem Zeitpunkt, zu dem die Kündigung erfolgt, die Verpflichtung zur Zahlung von zusätzlichen Beträgen oder zum Einbehalt oder Abzug nicht mehr wirksam ist.

Eine solche Kündigung hat gemäß § 12 zu erfolgen. Sie ist unwiderruflich, muss den für die Rückzahlung festgelegten Termin nennen und eine zusammenfassende Erklärung enthalten, welche die das Rückzahlungsrecht der Emittentin begründenden Umstände darlegt.

(3) *Vorzeitige Rückzahlung bei Eintritt eines*

§ 5
REDEMPTION, EARLY REDEMPTION

(1) *Redemption at Maturity.* Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their principal amount together with accrued interest (if any) on 1 November 2019 (the "**Maturity Date**").

(2) *Early Redemption for Reasons of Taxation.* If as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Germany or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the Issue Date, the Issuer is required to pay Additional Amounts (as defined in § 7 herein) on the next succeeding Interest Payment Date (as defined in § 3(1)), and this obligation cannot be avoided by the use of reasonable measures available to the Issuer, the Notes may be redeemed, in whole but not in part, at the option of the Issuer, upon not more than 60 days' nor less than 30 days' prior notice of redemption given to the Principal Paying Agent and, in accordance with § 12 to the Holders, at their principal amount together with interest (if any) accrued to the date fixed for redemption.

However, no such notice of redemption may be given (i) earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts were a payment in respect of the Notes then due, or (ii) if at the time such notice is given, such obligation to pay such Additional Amounts or make such deduction or withholding does not remain in effect.

Any such notice shall be given in accordance with § 12. It shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem.

(3) *Early Redemption following a Change of*

Kontrollwechsels.

- (a) Ein "**Kontrollwechsel**" gilt als eingetreten, wenn eine Person oder mehrere Personen, die am Begebungstag nicht Gesellschafter der Emittentin oder ihrer Komplementärin waren und die im Sinne von § 22 Absatz 2 Wertpapierhandelsgesetz (WpHG) abgestimmt handeln, oder einer oder mehrere Dritte, die im Auftrag einer solchen Person oder Personen handeln, zu irgendeiner Zeit mittelbar oder unmittelbar (i) mehr als 50 % des Kommanditkapitals der Emittentin oder mehr als 50 % des Stammkapitals ihrer Komplementärin oder (ii) eine solche Anzahl von Anteilen am Kommanditkapital der Emittentin oder Stammkapital ihrer Komplementärin erworben hat, auf die mehr als 50 % der bei jeweiligen Gesellschafterversammlungen der Emittentin oder ihrer Komplementärin stimmberechtigten Stimmrechte entfallen.
- (b) Wenn ein Kontrollwechsel eingetreten ist, kann die Emittentin nach eigenem Ermessen entweder
- (i) von Moody's Investors Services Limited ("**Moody's**") oder Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. ("**S&P**") (oder einer jeweiligen Nachfolgegesellschaft) innerhalb von 6 Monaten nach dem Kontrollwechsel mindestens ein Investment Grade Rating für die Schuldverschreibungen einholen; oder
- (ii) die Schuldverschreibungen insgesamt, und nicht teilweise, zu ihrem Nennbetrag zuzüglich etwaiger aufgelaufener Zinsen zurückzahlen.
- (c) Wenn ein Kontrollwechsel eingetreten ist, wird die Emittentin innerhalb von 14 Tagen nach dem Kontrollwechsel den Gläubigern davon Mitteilung gemäß § 12 machen (eine "**Kontrollwechselmitteilung**"). In der Kontrollwechselmitteilung sind die Umstände des Kontrollwechsels und die Information anzugeben, ob die Emittentin beabsichtigt, die Schuldverschreibungen zurückzuzahlen oder ein Investment Grade Rating für die Schuldverschreibungen zu beantragen. Wählt die Emittentin die Rückzahlung der Schuldver-

Control.

- (a) A "**Change of Control**" will be deemed to have occurred if any person or persons, who on the Issue Date were not partners of the Issuer or shareholders its general partner, acting in concert (as defined in § 22 (2) of the German Securities Trading Act (*Wertpapierhandelsgesetz - WpHG*) or any person or persons acting on behalf of any such person(s), at any time directly or indirectly acquire(s) (i) more than 50 % of the limited liability capital (*Kommanditkapital*) of the Issuer or more than 50 % of the share capital (*Stammkapital*) of its general partner or (ii) such number of partnership interests (*Anteile am Kommanditkapital*) of the Issuer or shares in the capital (*Anteile am Stammkapital*) of its general partner carrying more than 50 % of the voting rights exercisable at respective general meetings of the Issuer or its general partner.
- (b) If a Change of Control occurs, the Issuer may at its sole discretion elect to either
- (i) obtain, within six months following the Change of Control, at least an Investment Grade Rating for the Notes from Moody's Investors Services Limited ("**Moody's**") or Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. ("**S&P**") or its respective successor companies; or
- (ii) redeem the Notes, in whole but not in part, at their principal amount together with accrued interest (if any).
- (c) If a Change of Control has occurred then, within 14 days following the Change of Control the Issuer shall give notice thereof (a "**Change of Control Notice**") to the Holders in accordance with § 12 specifying the circumstances of the Change of Control and whether the Issuer intends to redeem the Notes or to apply for an Investment Grade Rating of the Notes. If the Issuer elects to redeem the Notes, it shall publish simultaneously the date for redemption which shall be a day not earlier than 30 and not later than 60 days

schreibungen, wird sie gleichzeitig den Rückzahlungstermin bekannt machen, der auf einen Tag frühestens 30 und höchstens 60 Tage nach Veröffentlichung der Kontrollwechsellmitteilung festzusetzen ist.

- (d) Hat die Emittentin gemäß § 5(3)(b)(i) gewählt, ein Investment Grade Rating für die Schuldverschreibungen zu beantragen, und wird ein solches Rating nicht innerhalb von sechs Monaten nach Eintritt des Kontrollwechsels erteilt, so hat die Emittentin unverzüglich einen Rückzahlungstermin für die Schuldverschreibungen gemäß § 12 bekanntzumachen, der auf einen Tag frühestens zehn und höchstens zwanzig Tage nach Veröffentlichung der Mitteilung festzusetzen ist.

"**Investment Grade Rating**" bezeichnet ein Rating von BBB- im Fall eines von S&P erteilten Ratings und Baa3 im Fall eines von Moody's (oder einer jeweiligen Nachfolgegesellschaft) erteilten Ratings.

§ 6 DIE ZAHLSTELLE

- (1) *Bestellung; bezeichnete Geschäftsstelle.* Die anfänglich bestellte Emissions- und Hauptzahlstelle (die "**Hauptzahlstelle**") und deren jeweilige bezeichnete Geschäftsstelle lauten wie folgt:

Deutsche Bank Aktiengesellschaft
Große Gallusstraße 10-14
60272 Frankfurt am Main
Deutschland

Die Hauptzahlstelle behält sich das Recht vor, jederzeit ihre bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

- (2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Hauptzahlstelle oder einer Zahlstelle zu ändern oder zu beenden und eine andere Hauptzahlstelle oder zusätzliche oder andere Zahlstellen zu bestellen. Die Emittentin wird zu jedem Zeitpunkt eine Hauptzahlstelle unterhalten. Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern die Gläubiger hierüber gemäß § 12 vorab unter Einhaltung einer Frist

after publication of the Change of Control Notice.

- (d) In the case that the Issuer has elected pursuant to § 5(3)(b) (i) that it will apply for the assignment of an Investment Grade Rating for the Notes and such rating will not be granted within six months after the Change of Control has occurred, the Issuer shall promptly publish in accordance with § 12 a date for the redemption of the Notes which date shall not be earlier than ten and not be later than twenty days after such publication.

"**Investment Grade Rating**" means a level of BBB- (in the case of S&P) and Baa3 (in the case of Moody's) or its respective successor companies.

§ 6 THE PAYING AGENT

- (1) *Appointment; Specified Offices.* The initial fiscal and principal paying agent (the "**Principal Paying Agent**") and their respective initial specified offices are:

Deutsche Bank Aktiengesellschaft
Große Gallusstraße 10-14
60272 Frankfurt am Main
Deutschland

The Principal Paying Agent reserves the right at any time to change its specified office to some other specified office in the same city.

- (2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent or any Paying Agent and to appoint another Principal Paying Agent or additional or other paying agents the "**Additional Paying Agent**"). The Issuer shall at all times maintain a Principal Paying Agent. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Holders in

von mindestens 30 und nicht mehr als 45 Tagen informiert wurden.

(3) *Erfüllungsgehilfen der Emittentin.* Die Hauptzahlstelle und jede weitere Zahlstelle handeln ausschließlich als Erfüllungsgehilfen der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Gläubigern und es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und den Gläubigern begründet.

§ 7 STEUERN

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde der oder in der Bundesrepublik Deutschland auferlegt oder erhoben werden, es sei denn, die Emittentin ist zu einem solchen Einbehalt oder Abzug gesetzlich verpflichtet. In diesem Fall wird die Emittentin diejenigen zusätzlichen Beträge (die "**zusätzlichen Beträge**") zahlen, die erforderlich sind, damit die den Gläubigern zufließenden Nettobeträge nach einem solchen Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Gläubigern empfangen worden wären; die Verpflichtung zur Zahlung solcher zusätzlichen Beträge besteht jedoch nicht für solche Steuern und Abgaben, die:

- (a) von einer als Depotbank oder Inkassobeauftragter des Gläubigers 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) wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Gläubigers zur Bundesrepublik Deutschland zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen in der Bundesrepublik Deutschland stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder

accordance with § 12.

(3) *Agents of the Issuer.* The Principal Paying Agent and any additional Paying Agent act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

§ 7 TAXATION

All amounts payable in respect of the Notes shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction by or on behalf of the Federal Republic of Germany or any political subdivision or any authority thereof or therein having power to tax unless the Issuer is required by law to make such withholding or deduction. In such event, the Issuer shall pay such additional amounts (the "**Additional Amounts**") as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction. No such Additional Amounts shall be payable on account of any taxes or duties which:

- (a) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, 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) are payable by reason of the Holder having, or having had, some personal or business connection with the Federal Republic of Germany and not merely by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the Federal Republic of Germany, or

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| <p>(c) von einer Zahlstelle einbehalten oder abgezogen werden, wenn die Zahlung von einer anderen Zahlstelle ohne den Einbehalt oder Abzug hätte vorgenommen werden können; oder</p> | <p>(c) are withheld or deducted by a Paying Agent from a payment if the payment could have been made by another Paying Agent without such withholding or deduction, or</p> |
| <p>(d) aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (ii) einer zwischenstaatlichen Vereinbarung über deren Besteuerung, an der die Bundesrepublik Deutschland oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung oder Vereinbarung umsetzt oder befolgt, abzuziehen oder einzubehalten sind, oder</p> | <p>(d) are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which the Federal Republic of Germany or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding, or</p> |
| <p>(e) wegen 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 § 12 wirksam wird.</p> | <p>(e) 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 § 12, whichever occurs later.</p> |

**§ 8
VORLEGUNGSFRIST**

Die in § 801 Absatz (1) Satz 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf zehn Jahre verkürzt.

**§ 8
PRESENTATION PERIOD**

The presentation period provided in § 801 (1), sentence 1 BGB (German Civil Code) is reduced to ten years for the Notes.

**§ 9
KÜNDIGUNG**

(1) *Kündigungsgründe.* Jeder Gläubiger ist berechtigt, seine Schuldverschreibungen zu kündigen und deren sofortige Rückzahlung zu ihrem Nennbetrag zuzüglich etwaiger bis zum Tage der Rückzahlung aufgelaufener Zinsen zu verlangen, falls:

- (a) die Emittentin Kapital oder Zinsen nicht innerhalb von 7 Tagen nach dem betreffenden Fälligkeitstag zahlt, oder
- (b) die Emittentin die ordnungsgemäße Erfüllung irgendeiner anderen wesentlichen Verpflichtung aus den Schuldverschreibungen unterlässt und die Unterlassung länger als 15 Tage fort dauert, nachdem die Zahlstelle hierüber eine Benachrichtigung von einem Gläubiger erhalten hat, oder
- (c) die Emittentin oder eine ihrer

**§ 9
EVENTS OF DEFAULT**

(1) *Events of default.* Each Holder shall be entitled to declare his Notes due and demand immediate redemption thereof at their principal amount together with accrued interest (if any) to the date of repayment, in the event that

- (a) the Issuer fails to pay principal or interest within 7 days from the relevant due date; or
- (b) the Issuer fails duly to perform any other material obligation arising from the Notes and such failure continues for more than 15 days after the Paying Agent has received notice thereof from a Holder; or
- (c) the Issuer or any Material Subsidiary fails

- Wesentlichen Tochtergesellschaften eine Zahlungsverpflichtung aus anderen Kapitalmarktverbindlichkeiten (wie in § 2 definiert) oder aus einer Garantie oder Gewährleistung für eine solche Zahlungsverpflichtung aus Kapitalmarktverbindlichkeiten Dritter bei Fälligkeit nicht erfüllt und diese Nichterfüllung länger als 30 Tage fort dauert, nachdem die Emittentin hierüber von einem Gläubiger eine Benachrichtigung erhalten hat, oder eine solche Zahlungsverpflichtung der Emittentin oder eine ihrer Wesentlichen Tochtergesellschaften infolge Vorliegens eines Kündigungsgrundes vorzeitig fällig wird, soweit der Betrag der Zahlungsverpflichtungen, einzeln oder zusammen, den Betrag von EUR 10.000.000 (oder dessen Gegenwert in einer anderen Währung oder anderen Währungen) übersteigt, oder
- (d) die Emittentin oder eine Wesentliche Tochtergesellschaft ihre Zahlungen einstellt oder ihre Zahlungsunfähigkeit allgemein bekannt gibt, oder
- (e) ein Gericht ein Insolvenzverfahren oder ähnliches Verfahren gegen die Emittentin oder eine Wesentliche Tochtergesellschaft eröffnet, ein solches Verfahren eingeleitet und nicht innerhalb von 60 Tagen aufgehoben oder ausgesetzt worden ist, oder die Emittentin oder eine Wesentliche Tochtergesellschaft ein solches Verfahren beantragt oder einleitet oder eine allgemeine Schuldenregelung zugunsten ihrer Gläubiger anbietet oder trifft oder falls in Bezug auf die Emittentin oder eine Wesentliche Tochtergesellschaft Maßnahmen beschlossen oder eingeleitet werden, die eine Zahlungseinstellung oder Schuldenregelung veranlassen oder bewirken, oder
- (f) die Emittentin oder eine Wesentliche Tochtergesellschaft ihre Geschäftstätigkeit ganz oder überwiegend einstellt, alle oder wesentliche Teile ihrer Vermögenswerte veräußert oder anderweitig abgibt und dadurch den Wert ihres Vermögens wesentlich vermindert, oder
- (g) die Emittentin oder eine Wesentliche Tochtergesellschaft in Liquidation tritt, es sei denn, dies geschieht im Zusammenhang mit einer Verschmelzung, Konsolidierung oder einer anderen Form des Zusammenschlusses mit einer
- to fulfil any payment obligation, when due, arising from any other Capital Market Indebtedness (as defined in § 2) or from any guarantee or indemnity for the payment obligation from a Capital Market Indebtedness on the part of a third party and such default continues for more than 30 days after notice of such default is given to the Issuer by a Holder, or any such payment obligation can become due prematurely by reason of any default of the Issuer or any Material Subsidiary, provided the amount of such payment obligations, individually or in aggregate, exceeds the amount of EUR 10,000,000 (or its equivalent in another currency or other currencies), or
- (d) the Issuer or a Material Subsidiary ceases to effect payments or announces its inability to meet its financial obligations; or
- (e) a court institutes insolvency or similar proceedings against the Issuer or a Material Subsidiary, such proceedings are commenced and not set aside or suspended within 60 days, or the Issuer or a Material Subsidiary applies for or institutes such proceedings or offers or makes a general arrangement for the benefit of its creditors or if in respect of the Issuer or a Material Subsidiary measures are determined or instituted which result in a suspension of payments or a general arrangement with creditors; or
- (f) the Issuer or a Material Subsidiary ceases to carry on its business in whole or greater part, sells or otherwise disposes of all or a material part of its assets and thereby materially reduces the value of its assets; or
- (g) the Issuer or a Material Subsidiary goes into liquidation unless this is done in connection with a merger, consolidation or other form of combination, with another company or in connection with a change in the legal form of the Issuer or a Material

anderen Gesellschaft oder im Zusammenhang mit einer Umwandlung und die andere oder neue Gesellschaft übernimmt alle Verpflichtungen, die die Emittentin im Zusammenhang mit diesen Schuldverschreibungen eingegangen ist.

Im Sinne dieser Anleihebedingungen bedeutet

"Tochtergesellschaft" jede Gesellschaft, an der die Emittentin direkt oder indirekt mehrheitlich beteiligt ist; und

"Wesentliche Tochtergesellschaft" (i) jede nach den International Financial Reporting Standards (IFRS) oder dem jeweils angewendeten Bilanzierungsstandard konsolidierte Tochtergesellschaft der Emittentin, deren Nettoumsatz bzw. deren Vermögenswerte gemäß ihres letzten geprüften, nicht konsolidierten Jahresabschlusses (bzw., wenn die betreffende Tochtergesellschaft selbst Konzernabschlüsse erstellt, deren konsolidierter Umsatz bzw. deren konsolidierte Vermögenswerte gemäß ihres letzten geprüften Konzernabschlusses), der für die Erstellung des letzten geprüften Konzernabschlusses der Emittentin genutzt wurde, mindestens 10 % des konsolidierten Gesamtumsatzes und/oder 10 % der konsolidierten Vermögenswerte der Emittentin und ihrer konsolidierten Tochtergesellschaften betragen hat oder (ii) eine Tochtergesellschaft, auf die der gesamte oder im Wesentlichen gesamte Betrieb und Vermögenswerte von einer Wesentlichen Tochtergesellschaft übertragen wurde.

Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde.

(2) *Bekanntmachung.* Eine Benachrichtigung, einschließlich einer Kündigung der Schuldverschreibungen gemäß vorstehendem Absatz 1 ist schriftlich in deutscher oder englischer Sprache gegenüber der Hauptzahlstelle zu erklären und von der Depotbank des Gläubigers persönlich oder per Einschreiben an deren bezeichnete Geschäftsstelle zu übermitteln. Der Benachrichtigung ist ein Nachweis beizufügen, aus dem sich ergibt, dass der betreffende Gläubiger zum Zeitpunkt der Abgabe der Benachrichtigung Inhaber der betreffenden Schuldverschreibung ist. Der Nachweis kann durch eine Bescheinigung der Depotbank (wie in § 13(3) definiert) oder auf andere geeignete Weise erbracht werden.

Subsidiary and the other or new company assumes all obligations which the Issuer has undertaken in connection with the Notes.

For the purpose of these Terms and Conditions of Issue,

"Subsidiary" means an entity in which the Issuer holds directly or indirectly a majority interest; and

"Material Subsidiary" means (i) any Subsidiary of the Issuer consolidated in accordance with the International Financial Reporting Standards (IFRS) or any other relevant accounting standards applicable to the Issuer, whose net revenues or total assets pursuant to its most recent audited non-consolidated financial statements (or, if the relevant Subsidiary itself prepares own consolidated financial statements, whose consolidated net revenues or consolidated total assets pursuant to its most recent audited consolidated financial statements), which was used for the preparation of the most recent audited consolidated financial statements of the Issuer amounts to at least 10 % of the consolidated total net revenues and/or 10 % of the consolidated total assets of the Issuer and its consolidated Subsidiaries or (ii) any Subsidiary, to whom the total of or substantially all of the business and assets of a Material Subsidiary was transferred.

The right to declare Notes due shall terminate if the situation giving rise to it has been cured before the right is exercised.

(2) *Form of Notice.* Any notice, including any notice declaring Notes due, in accordance with subparagraph (1) shall be made by means of a written declaration in the German or English language delivered by the Custodian by hand or registered mail to the specified office of the Principal Paying Agent together with proof that such Holder at the time of such notice is the holder of the relevant Notes by means of a certificate of his Custodian (as defined in § 13 (3)) or in any other appropriate manner.

**§ 10
ERSETZUNG**

(1) *Ersetzung.* Die Emittentin ist jederzeit berechtigt, sofern sie sich nicht mit einer Zahlung von Kapital oder Zinsen auf die Schuldverschreibungen in Verzug befindet, ohne Zustimmung der Gläubiger eine Wesentliche Tochtergesellschaft an ihrer Stelle als Hauptschuldnerin (die "**Nachfolgeschuldnerin**") für alle Verpflichtungen aus und im Zusammenhang mit diesen Schuldverschreibungen einzusetzen, vorausgesetzt, dass:

- (a) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin in Bezug auf die Schuldverschreibungen übernimmt;
- (b) die Emittentin und die Nachfolgeschuldnerin alle erforderlichen Genehmigungen erlangt haben und berechtigt sind, an die Hauptzahlstelle die zur Erfüllung der Zahlungsverpflichtungen aus den Schuldverschreibungen zahlbaren Beträge in Euro zu zahlen, ohne verpflichtet zu sein, jeweils in dem Land, in dem die Nachfolgeschuldnerin oder die Emittentin ihren Sitz oder Steuersitz haben, erhobene Steuern oder andere Abgaben jeder Art abzuziehen oder einzubehalten;
- (c) die Nachfolgeschuldnerin sich verpflichtet hat, jeden Gläubiger hinsichtlich solcher Steuern, Abgaben oder behördlichen Lasten freizustellen, die einem Gläubiger bezüglich der Ersetzung auferlegt werden;
- (d) die Emittentin unwiderruflich und unbedingt gegenüber den Gläubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zahlbaren Beträge garantiert; und
- (e) der Hauptzahlstelle ein oder mehrere Rechtsgutachten von anerkannten Rechtsanwälten vorgelegt werden, die bestätigen, dass die Bestimmungen in den vorstehenden Unterabsätzen (a), (b), (c) und (d) erfüllt wurden.

(2) *Bekanntmachung.* Jede Ersetzung ist gemäß § 12 bekannt zu machen.

(3) *Änderung von Bezugnahmen.* Im Fall einer Ersetzung gilt jede Bezugnahme in diesen Anleihebedingungen auf die Emittentin ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgeschuldnerin, und jede Bezugnahme

**§ 10
SUBSTITUTION**

(1) *Substitution.* The Issuer may, without the consent of the Holders, if no payment of principal of or interest on any of the Notes is in default, at any time substitute for the Issuer any Material Subsidiary as principal debtor in respect of all obligations arising from or in connection with the Notes (the "**Substitute Debtor**") provided that:

- (a) the Substitute Debtor assumes all obligations of the Issuer in respect of the Notes;
- (b) the Issuer and the Substitute Debtor have obtained all necessary authorisations and may transfer to the Principal Paying Agent in euro and without being obligated to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the Substitute Debtor or the Issuer has its domicile or tax residence, all amounts required for the fulfilment of the payment obligations arising under the Notes;
- (c) the Substitute Debtor has agreed to indemnify and hold harmless each Holder against any tax, duty, assessment or governmental charge imposed on such Holder in respect of such substitution;
- (d) the Issuer irrevocably and unconditionally guarantees in favour of each Holder the payment of all sums payable by the Substitute Debtor in respect of the Notes; and
- (e) there shall have been delivered to the Principal Paying Agent an opinion or opinions of lawyers of recognised standing to the effect that subparagraphs (a), (b), (c) and (d) above have been satisfied.

(2) *Notice.* Notice of any such substitution shall be published in accordance with § 12.

(3) *Change of References.* In the event of any such substitution, any reference in these Terms and Conditions of Issue to the Issuer shall from then on be deemed to refer to the Substitute Debtor and any reference to the Federal

auf die Bundesrepublik Deutschland gilt ab diesem Zeitpunkt als Bezugnahme auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat. Des Weiteren gilt im Fall einer Ersetzung folgendes:

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

§ 11 BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, ANKAUF UND ENTWERTUNG

(1) *Begebung weiterer Schuldverschreibungen.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tags der Begebung, des Verzinsungsbeginns und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit diesen Schuldverschreibungen eine einheitliche Serie bilden.

(2) *Ankauf.* Die Emittentin ist berechtigt, Schuldverschreibungen im Markt oder anderweitig zu jedem beliebigen Preis zu kaufen. Die von der Emittentin erworbenen Schuldverschreibungen können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei der Hauptzahlstelle zwecks Entwertung eingereicht werden. Sofern diese Käufe durch öffentliches Angebot erfolgen, muss dieses Angebot allen Gläubigern gemacht werden.

(3) *Entwertung.* Sämtliche vollständig zurückgezahlten und bei der Hauptzahlstelle zur Entwertung eingereichten Schuldverschreibungen sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

§ 12 MITTEILUNGEN

(1) *Bekanntmachung.* Alle die Schuldverschreibungen betreffenden Mitteilungen erfolgen

Republic of Germany shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor. Furthermore, in the event of such substitution the following shall apply:

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

§ 11 FURTHER ISSUES, PURCHASES AND CANCELLATION

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same Terms and Conditions of Issue as the Notes in all respects (or in all respects except for the issue date, interest commencement date and/or issue price) so as to form a single Series with the Notes.

(2) *Purchases.* The Issuer may at any time purchase Notes in the open market or otherwise and at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Principal Paying Agent for cancellation. If purchases are made by tender, tenders for such Notes must be made available to all Holders of such Notes alike.

(3) *Cancellation.* All Notes redeemed in full and delivered to the Principal Paying Agent for cancellation shall be cancelled forthwith and may not be reissued or resold.

§ 12 NOTICES

(1) *Publication.* All notices concerning the Notes will be made by means of electronic

durch elektronische Publikation auf der Website der Luxemburger Börse (www.bourse.lu). Jede Mitteilung gilt am dritten Tag nach dem Tag der Veröffentlichung als wirksam erfolgt.

(2) *Mitteilungen an das Clearing System.* Die Emittentin wird alle die Schuldverschreibungen betreffenden Mitteilungen an das Clearing System zur Weiterleitung an die Gläubiger übermitteln. Jede derartige Mitteilung gilt am siebten Kalendertag nach dem Tag der Mitteilung an das Clearing System als den Gläubigern mitgeteilt.

§ 13

ANWENDBARES RECHT, GERICHTSSTAND; GERICHTLICHE GELTENDMACHUNG, ÄNDERUNGEN DER ANLEIHEBEDINGUNGEN UND GEMEINSAMER VERTRETER

(1) *Anwendbares Recht.* Form und Inhalt der Schuldverschreibungen sowie die Rechte und Pflichten der Gläubiger und der Emittentin bestimmen sich in jeder Hinsicht nach deutschem Recht.

(2) *Gerichtsstand.* Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstige Verfahren ("**Rechtsstreitigkeiten**") ist das Landgericht Hamburg.

(3) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Schuldverschreibungen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage zu schützen oder geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; und (ii) er legt eine Kopie der die betreffenden Schuldverschreibungen verbrieften Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte

publication on the internet website of the Luxembourg Stock Exchange (www.bourse.lu). Any notice so given will be deemed to have been validly given on the third day following the date of such publication.

(2) *Notification to Clearing System.* The Issuer shall deliver the relevant notice to the Clearing System for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been validly given on the seventh calendar day after the day on which the said notice was given to the Clearing System.

§ 13

APPLICABLE LAW, PLACE OF JURISDICTION, ENFORCEMENT, AMENDMENTS OF THE TERMS AND CONDITIONS OF ISSUE AND HOLDERS' REPRESENTATIVE

(1) *Applicable Law.* The Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by German law.

(2) *Place of Jurisdiction.* The District Court (*Landgericht*) in Hamburg shall have non-exclusive jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Notes.

(3) *Enforcement.* Any Holder of Notes may in any Proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in his own name his rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a Notes account in respect of the Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Notes credited to such Notes account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) a copy of the Note in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the global note representing the Notes. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in Notes custody business with which the Holder maintains a Notes account in respect of

Person des Clearing Systems oder des Verwahrers des Clearing Systems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "**Depotbank**" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearing Systems. Dessen ungeachtet kann jeder Gläubiger seine Rechte aus den Schuldverschreibungen auf jede andere Weise schützen und durchsetzen, die in dem Land der Rechtsstreitigkeit zulässig ist.

§ 14 ÄNDERUNGEN DER ANLEIHEBEDINGUNGEN UND GEMEINSAMER VERTRETER

(1) *Änderungen der Anleihebedingungen.* Die Emittentin kann mit Zustimmung durch Mehrheitsbeschluss der Gläubiger nach Maßgabe des Gesetzes über Schuldverschreibungen aus Gesamtemissionen in seiner jeweiligen gültigen Fassung (*Schuldverschreibungsgesetz – "SchVG"*) die Anleihebedingungen ändern. Die Gläubiger können insbesondere einer Änderung wesentlicher Inhalte der Bedingungen, 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 Absatz (2) genannten Mehrheiten zustimmen. Die Mehrheitsbeschlüsse der Gläubiger sind für alle Gläubiger gleichermaßen verbindlich. Ein Mehrheitsbeschluss der Gläubiger, der nicht gleiche Bedingungen für alle Gläubiger vorsieht, ist unwirksam, es sei denn, die benachteiligten Gläubiger stimmen ihrer Benachteiligung ausdrücklich zu.

(2) *Mehrheitserfordernisse.* Die Gläubiger entscheiden mit einer Mehrheit von 75 % der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Anleihebedingungen nicht geändert wird und die keinen Gegenstand der § 5 Absatz (3), Nr. 1 bis Nr. 8 des SchVG betreffen, bedürfen zu ihrer Wirksamkeit einer einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte.

(3) *Abstimmung ohne Versammlung.* Alle Abstimmungen werden ausschließlich im Wege

the Notes and includes the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce his rights under the Notes also in any other way which is admitted in the country of the Proceedings.

§ 14 AMENDMENTS OF THE TERMS AND CONDITIONS OF ISSUE AND HOLDERS' REPRESENTATIVE

(1) *Amendment of the Terms and Conditions of Issue.* The Issuer may amend the Terms and Conditions of Issue with the consent by a majority resolution of the Holders pursuant to § 5 et seq. of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*) (the "**Bond Act**"), as amended from time to time. In particular, the Holders may consent to amendments which materially change the substance of the Terms and Conditions of Issue, including such measures as provided for under § 5(3) of the Bond Act, 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 Holders as stated under § 14(2) below. Majority resolutions shall be binding on all Holders. Resolutions which do not provide for identical conditions for all Holders are void, unless Holders who are disadvantaged have expressly consented to their being treated disadvantageously.

(2) *Majority.* Resolutions shall be passed by a majority of not less than 75 per cent. of the votes cast. Resolutions relating to amendments of the Terms and Conditions of Issue which are not material and which do not relate to the matters listed in § 5 para. 3, nos. 1 to 8 of the Bond Act require a simple majority of the votes cast.

(3) *Vote without a meeting.* All votes will be taken exclusively by vote taken without a

der Abstimmung ohne Versammlung durchgeführt. Eine Gläubigerversammlung und eine Übernahme der Kosten für eine solche Versammlung durch die Emittentin findet ausschließlich im Fall des § 18 Absatz (4), Satz 2 SchVG statt.

(4) *Leitung der Abstimmung.* Die Abstimmung wird von einem von der Emittentin beauftragten Notar oder, falls der Gemeinsame Vertreter (wie in Absatz (6) definiert) zur Abstimmung aufgefordert hat, vom Gemeinsamen Vertreter geleitet.

(5) *Stimmrecht.* An Abstimmungen der Gläubiger nimmt jeder Gläubiger nach Maßgabe des Nennwerts oder des rechnerischen Anteils seiner Berechtigung an den ausstehenden Schuldverschreibungen teil.

(6) *Gemeinsamer Vertreter.* Die Gläubiger können durch Mehrheitsbeschluss zur Wahrnehmung ihrer Rechte einen gemeinsamen Vertreter für alle Gläubiger (der "**Gemeinsame Vertreter**") bestellen.

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

(7) *Gerichtsstand.* 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 Gläubiger ist gemäß § 20 Absatz 3 SchVG das Landgericht ausschließlich zuständig, in dessen Bezirk die Emittentin ihren Sitz hat.

§ 15 SPRACHE

Diese Anleihebedingungen sind in deutscher Sprache abgefasst. Eine Übersetzung in die

meeting. A meeting of Holders and the assumption of the fees by the Issuer for such a meeting will only take place in the circumstances of § 18 para. 4, sentence 2 of the Bond Act.

(4) *Chair of the vote.* The vote will be chaired by a notary appointed by the Issuer or, if the Holders' Representative (as defined in subparagraph (6)) has convened the vote, by the Holders' Representative.

(5) *Voting rights.* Each Holder participating in any vote shall cast votes in accordance with the principal amount or the notional share of its entitlement to the outstanding Notes.

(6) *Holders' Representative.* The Holders may by majority resolution appoint a common representative (the "**Holders' Representative**") to exercise the Holders' rights on behalf of each Holder.

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

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

§ 15 LANGUAGE

These Terms and Conditions of Issue are written in the German language and provided with an

englische Sprache ist beigefügt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.

English language translation. The German text shall be controlling and binding. The English language translation is provided for convenience only.

DESCRIPTION OF OTTO (GMBH & CO KG)

1. AUDITORS

KPMG AG Wirtschaftsprüfungsgesellschaft, Michaelis Quartier, Ludwig-Erhard-Straße 11-17, 20459 Hamburg, Germany (hereinafter referred to as "**KPMG**"), was appointed as the statutory auditor of the Issuer for the fiscal years ended 29 February 2012 and 28 February 2011. KPMG audited the consolidated financial statements of the Issuer as of and for the fiscal years ended 29 February 2012 and 28 February 2011 and issued an unqualified auditor's report (*uneingeschränkte Bestätigungsvermerke*) in each case. KPMG is a member of the Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstrasse 26, 10787 Berlin, Germany.

2. GENERAL INFORMATION ABOUT THE ISSUER

A. INCORPORATION, REGISTRATION, REGISTERED OFFICE AND LEGAL FORM

Otto (GmbH & Co KG) was established on 17 August 1949 under German law by Prof. Dr. h.c. Werner Otto initially as a sole proprietorship and has been conducted in the legal form of a German *Kommanditgesellschaft* (limited partnership) since the beginning of the 1960s. The partnership's name was changed from Otto Versand GmbH & Co to Otto (GmbH & Co KG) by partners' resolution of 2 September 2002. The registration of the change of the partnership's name in the commercial register was effected on 8 October 2002. Otto is incorporated in Germany and was established under German law for an indefinite term and is registered with the commercial register of Hamburg under HRA 62024. Otto is operating under the legal name of "Otto (GmbH & Co KG)" and under the commercial name of "OTTO".

The corporate seat of the Issuer is Hamburg. The address of the head office is Wandsbeker Straße 3-7, 22172 Hamburg, telephone number: +49 (40) 6461-0.

The fiscal year of Otto (GmbH & Co KG) starts on 1 March of each year and ends on the last day of February of the following year.

In accordance with German law, the "*Gesellschaft mit beschränkter Haftung & Compagnie Kommanditgesellschaft (GmbH & Co KG)*" is a special form of a limited partnership and hence a partnership. In contrast to a typical limited partnership the sole general partner is a limited liability company instead of a natural person. Shareholders of the general partner (*Komplementärin*) of the Issuer, the "*Verwaltungsgesellschaft Otto mbH*" (the "**General Partner**"), are the limited partners (*Kommanditisten*) of the Issuer.

B. CORPORATE OBJECTS

In accordance with Article 2 of its partnership agreement, the corporate purpose of the Issuer is the mail-order selling of goods and services of all kinds, retailing within the framework of officially granted authorisations and the serial production of goods offered, excluding mechanical manufacturing. In order to achieve these purposes, the Issuer is entitled to set up, acquire or participate in similar companies or companies of the same kind.

C. LIMITED LIABILITY CAPITAL (KOMMANDITKAPITAL) OF THE ISSUER

On 29 February 2012, the limited liability capital (*Kommanditkapital*) of the Issuer amounted to EUR 770,000,000, held by the limited partners (*Kommanditisten*).

D. OWNERSHIP STRUCTURE OF THE LIMITED LIABILITY CAPITAL (KOMMANDITKAPITAL) OF THE ISSUER

Limited Partners (*Kommanditisten*) of the Issuer are:

- OTTO Aktiengesellschaft für Beteiligungen

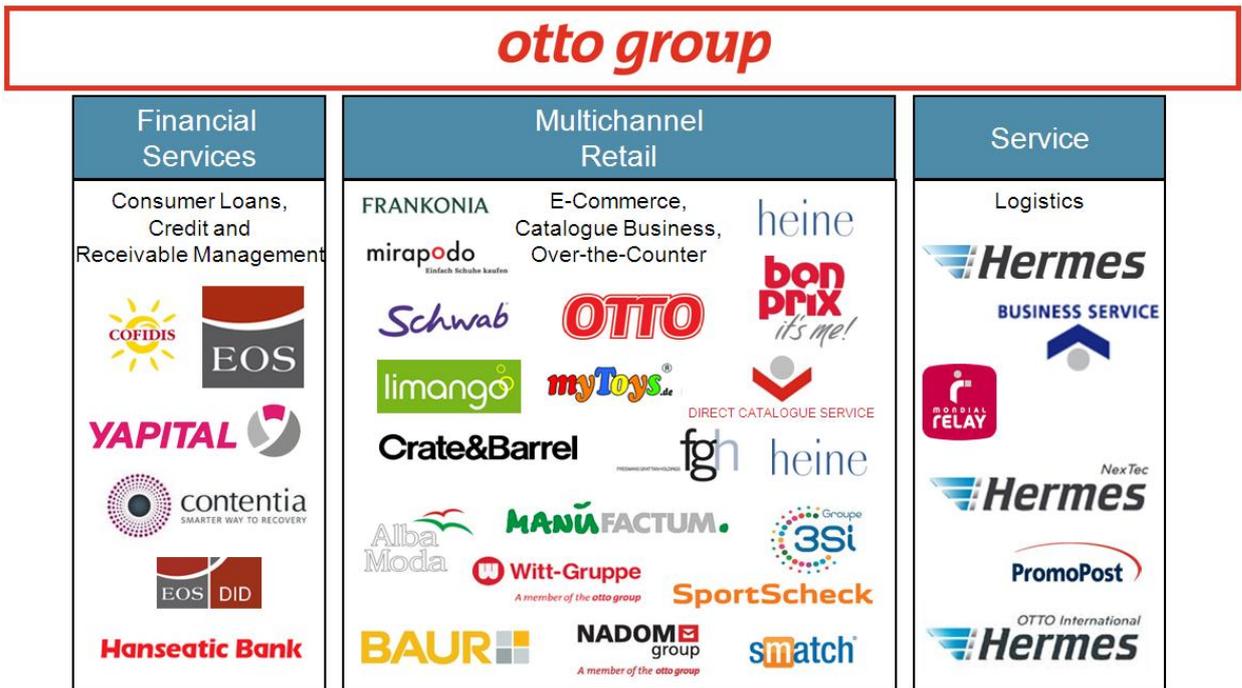
- GS Gesellschaft für Versand-Beteiligungen m.b.H.
- Kommanditgesellschaft AURUM Beteiligungs- und Verwaltungs-G.m.b.H. & Co.

These companies hold directly 100 % of the limited partnership interests.

Beneficial owner of the Issuer is the Otto family with an interest of more than 98 %.

3. ORGANISATIONAL STRUCTURE

As the (operating) holding company the Issuer holds directly or indirectly the respective interest of the Otto Group's operating companies. Otto GmbH & Co KG's principal activities are divided into three business segments, namely (i) Multichannel Retail, (ii) Financial Services and (iii) Services. The segment Multichannel Retail pools domestic and international companies that offer their merchandise via catalogue business, e-commerce, and over-the-counter retail. The Financial Services segment comprises all international financial services operations across the Otto Group. Within the Financial Services segment the focus is on retail-related products such as consumer loans and liquidity management. The segment services combines Otto Group's logistic and sourcing companies. The Issuer performs management and control functions within the Otto Group and is responsible for supporting the Otto Group's business strategy by managing its participations and providing access to the capital markets.



4. BUSINESS OVERVIEW

A. CORE BUSINESS, MOST IMPORTANT MARKETS

Founded in 1949, the Otto Group now is a worldwide-operating trade and services group with approximately 53,000 employees. The Group consists of 123 significant companies and operates in 20 countries. It is organised into three business segments: Multichannel Retail, Financial Services and Services.

Revenues of the Otto Group in the fiscal year 2011/12 (to 29 February 2012) amounted to EUR 11,597 million. Total assets aggregated to EUR 7,506 million. Around 43 % of sales were generated outside Germany.

Out of the three segments of the Otto Group, Multichannel Retail is the core business. Multichannel Retail comprises Otto Group's commercial activities conducted through various distribution channels: the catalogue business, e-commerce, and over-the-counter retail business. This segment pools domestic and international companies that offer their merchandise via the above distribution channels.

The segment Financial Services offers a broad range of financial services, along the value chain of retail companies such as debt collection, information management, receivable management as well as liquidity management.

The companies of the Services segment enable the Otto Group to provide a complete retail services portfolio. This includes a broad range of services along the logistics value chain from procurement to distribution and marketing. As of 1 January 2012 Otto Group sold 49 % of its stake in its Otto Freizeit und Touristik GmbH, Hamburg to VR meine Raiffeisenbank Altötting-Mühldorf. Through this transaction, the Otto Group has lost the power to control OTTO Freizeit und Touristik GmbH, Hamburg, and its subsidiaries, due to the terms of the company agreement. Therefore, these companies were deconsolidated at the end of the fiscal year 2011/12 and are included in the consolidated financial statement using the equity method after sale of the 49 % due to the on-going significant influence.

The diversification and the internationalisation of the Otto Group started in the mid 1970's when a variety of investments, joint ventures and strategic partnerships turned the Otto Group into a globally operating group, which acts in the three major economic regions Europe, Asia and North America. With Brazil the Otto Group also entered into the South American market in 2011. Brazil is a fast growing consumer market, in which the Otto Group can offer its wide range of services. As retail business requires adaptation to local conditions, local Group companies act with a relatively high degree of autonomy to assure both, flexibility and a close customer relationship, as well as good target group appeal in the respective country.

As a multichannel retailer, the Otto Group offers a variety of purchasing opportunities in the different distribution channels: around 60 e-commerce shops receive almost 700 millions hits per year, the relevant merchandise can be ordered via around 1,800 different catalogues or can be bought in more than 400 retail stores. These different possibilities are supported by the services along the value chain. Up-to-date storage systems combined with sorting systems and Group-owned delivery systems ensure a smooth processing. Hermes Logistic Group is able to deliver within 24 hours or at any later point in time if requested by the customer. In addition, the Otto Group offers its customers financial services, e.g. the payment in up to 48 monthly instalments or deferred billing in case of payment by credit card.

Multichannel Retail

The Multichannel Retail segment embraces of Otto Group companies that sell their goods through catalogues, e-commerce and in over-the-counter retail. Depending on their needs, customers choose the shopping channel that most appeals to them.

Multichannel Retail contributed EUR 10,035 million, representing 86.5 % of consolidated revenue in 2011/12.

The market position of Otto Group is based on a number of family brands. Besides Otto, the Group uses SportScheck, Schwab, Heine, Bonprix, Baur in Germany. Examples for international family brands of the Otto Group are 3 Suisses International in France, Crate and Barrel in the U.S. and Grattan and Freemans in the UK. Some of the German family brands have already been introduced to other countries like Otto, Witt and Bonprix to Russia.

E-commerce has been the major revenue driver in recent years and is the main source of growth of this segment. Online sales grew in the fiscal year 2011/12 by 9.2 %. In total, the Otto Group achieved an online demand (customer orders at sales prices) of EUR 5.3 billion in 2011/12. Worldwide, the Otto Group sees itself as the largest B2C online vendor of fashion and lifestyle and the number two vendor behind Amazon. In Germany, it has consolidated its leading position as the largest e-commerce provider (B2C).

As a multichannel operator, the Otto Group is increasingly committed to expand its retail store portfolio and is broadly positioned to do so with a wide variety of concepts. These include for instance the brands Bonprix, Crate and Barrel, Witt, Frankonia, SportScheck and myToys.de.

Since 2006, Otto Group is also active in the Russian market. The Otto Group offers products Russian-wide by use of the brands OTTO, Bonprix and Witt. The three brands target different groups of consumers, similar to their focus in the German market. In 2008, Otto Group acquired the three core business areas of the mail-order group Nadom, including its logistics company Promopost. In addition, Otto Group took over the complete business of the mail-order company Quelle Russia in November 2009. With a turnover of almost EUR 0,5 billion in 2011 the Otto Group is one of the biggest mail-order companies in Russia.

In October 2008, the Otto Group founded the holding company eVenture Capital Partners. eVenture Capital Partners offers the possibility for co-operations between third parties and companies of the Otto Group. eVenture Capital Partners offers selected companies, a so-called "Seed" or "Early Stage" financing, i.e. the necessary capital equipment for the critical early growth phase.

In 2012, the Otto Group also entered the Brazilian market. Together with mail-order company Posthaus, the Otto Group has founded DBR CÔMERCIO DE ARTIGOS DO VESTUÁRIO S.A. ("**DBR**") as a joint venture, in which the Otto do Brasil Participacoes Ltda, located in Blumenau, enjoys a slight majority shareholding (ca. 51%). DBR has taken over posthaus.com.br, a well-known Internet marketplace in Brazil, from Posthaus, where it will sell Posthaus' own labels as well as other suppliers' fashion brands. Posthaus is an established and strong mail-order company in this market, with integrated warehousing. With this strategic step the Otto Group created an excellent starting position. Based on the posthaus.com.br platform, the Otto Group will launch its brands in the coming years.

The following table shows the contribution of the various business lines to the overall revenues of the multichannel retail business segment and the number of persons employed:

	Revenues (in € million)		Employees (average)	
	2011/12	2010/11	2011/12	2010/11
Multichannel Retail	10,035	10,004	30,264	30,023
Thereof:				
OTTO	2,086	2,114	3,878	3,864
Schwab Group	1,148	1,093	3,287	3,202
Baur Group	575	573	2,490	2,596
Heine Group	643	666	2,640	1,854
Bonprix Group	1,162	1,136	2,216	2,017
SportScheck	347	327	1,072	1,032
3 Suisses International Group	1,842	1,952	6,254	6,828
Crate and Barrel Group	1,026	1,061	5,047	5,271
Freemans Grattan Holdings	164	199	973	1,194
Otto Group Russia (Retail)	468	349	967	728

OTTO

OTTO's core target group consists of women aged between 25 and 45 as well as families. Against the background of rising intensity of competition in the traditional catalogue business, high growth rates in e-commerce have compensated declining catalogue revenues. The increasing transparency enabled by web-based retailing requires e-commerce providers to be open to new and unconventional ways of presenting themselves. The online business generates about 75 % of total revenues, and is growing steadily. OTTO's online shop is characterised by a wide range of brands, simple order processing and excellent customer service. Beyond these aspects, the one-stop-shopping platform otto.de is especially focused on its customers' need for privacy protection and an easy return service. The retail company has repeatedly been voted Germany's most popular online shop with the best level of service. OTTO uses social media to communicate with customers as well as employees.

Among the websites of OTTO is:

www.otto.de

Schwab Group

SCHWAB VERSAND GmbH ("**Schwab**") was founded in 1954 by the merchandiser Friedrich Schwab. Since 1976, the Otto Group is the majority shareholder of Schwab and owns now nearly 100 % of the shares. The distance seller also exports its range of products up to 30 countries around the world. E-commerce is a rapidly growing addition to the traditional catalogue business.

Schwab is becoming increasingly specialised in larger-size ladies' fashion under the name of Sheego. The first Sheego catalogue was distributed at the end of December 2008 and the sheego.de website was launched at the same time. In the process, the fashion company has closed a market gap and opened up a previously unavailable world of fashion for plus-size women.

Joseph Witt GmbH ("**Witt**"), parent company of the Witt Group, has been part of the Otto Group since 1987. Germany's oldest mail-order company specialised in textiles operates as well in Austria, in

Switzerland and in Russia. From the experience gained with the brand in over a century also benefits the group's new brands Sieh an!, creation L, ambria and wäschepur.

Witt is expanding into new markets through a variety of collaborations. Its objective is to be Europe's leading specialist mail-order retailer of textiles for the 50+ age group.

As an internet start-up originating from the late 1990's, myToys.de GmbH has been showing huge growth in e-commerce. myToys is a specialist for toys and children clothing in the internet. The Otto Group has owned a majority stake since 2000. Apart from the German shop, there are French and Russian shops, and an English-language shop. In Germany, parents and children can also shop at more than ten myToys stores. An annual catalogue rounds off myToys.de's status as a multichannel vendor.

Among the websites of Schwab are:

www.schwab.de

www.sheego.de

www.myToys.de, www.myToys.fr, www.myToys.ru, www.myToys.com.

www.witt-weiden.de, www.witt-international.co.uk, www.witt-international.fr

www.ambria.de

www.creation-l.de

www.sieh-an.de

Baur Group

Baur Versand (GmbH & Co KG) ("**Baur**"), based in Burgkumstadt, Germany, was founded by Dr. Friedrich Baur as Germany's first mail-order shoe company in 1925. In 1997, the Otto Group gained control by acquiring an equity interest of 49 % in Baur, which is still the current shareholding. Sole shareholder of the general partner of Baur is Otto. The step-by-step implementation of the new business model intends to refocus the full-line catalogue business on its core competences - fashion, shoes and furniture.

Baur is the majority owner of UNITO Versand & Dienstleistungen GmbH ("**Unito**"), Graz. Minority shareholder is Schwab. Unito sells selected merchandise under the brands Universal, Otto and Quelle by catalogues and by e-commerce in Austria and Switzerland.

The online mail-order shoe business **Mirapodo** has been offering a vast selection of shoes for every occasion and in a variety of looks – from classic to offbeat – since 2009. Mirapodo developed a special 'shoe compass' for online fitting. It automatically checks whether the desired shoe fits the customer's foot.

Among the websites of Baur are:

www.baur.de

www.unito.at

www.mirapodo.de

www.quelle.at

www.ackermann.ch

Heine Group

Heinrich Heine GmbH ("**Heine**"), Karlsruhe, was founded by Heinrich Heine in 1951. Since 1981, Heine has been fully integrated into the Otto Group as sole owner of the Heine Group. Heine serves the high-end segments of the fashion and furniture markets.

Alba Moda GmbH ("**Alba Moda**"), Bad Salzflun, was acquired by Heine in the second half of the 1980's. Alba Moda sells up-market fashion assortments for women and men not only in Germany, but also in Austria and Switzerland.

At the beginning of 2008, Heine fully acquired Manufactum GmbH & Co. KG ("**Manufactum**"), Waltrop, to broaden its positioning in the high-end life-style market.

Frankonia is, based on Otto Group's own assessment, the European market leader for hunting equipment. Frankonia now operates 25 retail stores. In addition to over-the-counter stores, Frankonia offers its range through catalogues and online. The Frankonia Card, introduced in 2011, lets customers shop at Frankonia on all channels, without cash and on reasonable terms.

Among the websites of the Heine Group are:

www.heine.de, www.heine.ch, www.heine.at, www.helline.fr

www.manufactum.de,

www.albamoda.de

www.frankonia.de

Bonprix Group

Bonprix Handelsgesellschaft mbH ("**Bonprix**"), Hamburg, was established by the Otto Group in 1986. Bonprix sells fashion, textiles and accessories to very price-conscious customer groups by mail-order, e-commerce and in retail stores. Bonprix operates in Germany, France, Italy and Central-Eastern Europe. Bonprix branded merchandise is also sold in Russia. Since the 1990s, the company has pursued a multichannel strategy – a mix of catalogues, branded stores in Germany, Italy, Austria and Switzerland, and e-commerce. Over the past few years, its Web shop bonprix.de has developed into the company's main sales channel, and upon its own assessment is now one of Germany's Top 10 online shops.

Among the websites of Bonprix are:

www.bonprix.de

www.bonprix.it

www.bonprix.fr

www.bonprix.pl

www.bonprix.se

SportScheck

Sport Scheck GmbH ("**SportScheck**"), Munich, became a minority participation of the Otto Group in 1988, and a wholly-owned subsidiary in 1991. SportScheck, founded in 1946, is today one of Germany's biggest retailers of sportswear and accessories. SportScheck sells a wide range of sportswear and leisure wear in 18 stores in Germany, as well as via Internet and catalogue.

Among the websites of sportScheck is:

www.sportscheck.com

Multichannel retail companies in Germany

In order to leverage synergy and earnings potentials in the German market, the Issuer enacted the so - called FOKUS project which refocuses the position of the OTTO, Schwab and Baur brands. Apart from streamlining the organisation, the project aims to combine strengths and implement an integrated growth strategy by means of active and common management.

Multichannel retail companies outside Germany

3 Suisses International

3 SUISSES INTERNATIONAL S.A. ("**3SI**"), Croix, France, is the holding company of a group which originates from a company established in 1932. The Otto Group acquired a minority interest in 3SI in 1974. This was the first cross-border investment of the Otto Group. Later on the share in 3SI was increased to slightly more than 51 %, which is still the current shareholding. 3SI Group engages in all business segments covered by Otto Group, i.e. multichannel retail, financial services and services.

Merchandise offered by the various Group companies via catalogue and internet ranges from specialised assortments in fashion and gifts to full-line assortments. Family brands of the 3SI Group are Le Chouchou, Blanche Porte, Vitrine Magique, Becquet and Unigro. In addition, 3SI operates B2B activities selling office products under the brands JM Bruneau and Otto Office.

3SI Group's business activities include multichannel retail, services and financial services in 16 countries across Europe and Asia. **Mondial Relay** organises the delivery of parcels to customers of 3SI Group companies and other companies outside the Group. The French activities, which are organised in the 3SI Group, experienced a difficult development. This was due in part to the somewhat depressed consumer market for fashion and the restructuring of the distance selling business model in France. In the recent past, the 3SI Group sold and closed several activities. It also put in place major restructuring programs for activities in the mail-order-business, in particular within the segment B2C. The 3SI Group will continue to review appropriate actions in order to optimize its portfolio of activities. Furthermore, the Otto Group, as one of the main two shareholders of the 3SI Group, is evaluating on a regular basis its portfolio, including an evaluation of the option to dispose of parts of subsidiaries, such as the interest of the Otto Group in 3SI Group.

Among the websites of 3 Suisses are:

www.3suisses.com

www.3suisses.fr

www.3suisses.it

www.3suisses.de

www.jm-bruneau.fr

www.blancheporte.fr

www.mondialrelay.com

Crate and Barrel Group

Founded in 1962, Crate and Barrel Holdings, Inc. ("**Crate and Barrel**") has built-up a family brand for household goods, furniture as well as for home accessories in the United States. In 1998, the Otto Group acquired a controlling interest (72.5 %) in Crate and Barrel Holdings, Chicago, Illinois. Since 2011 the Otto Group holds all voting common stock. Since 1998, the company has significantly expanded its activities through additional retail stores and as well as in the catalogue business and the internet. Since 2003, the entire assortment can be ordered online. The successful launch of the additional brand "CB2" with a new store concept in 2000 is complemented by catalogues since 2006. The brand offers affordable designer furniture and trendy accessories and is aimed at younger, more price-conscious customers. Crate and Barrel operates 164 stores all over the United States as well as in Canada. Crate and Barrel has an additional presence in Dubai through a franchise concept.

Among the websites of Crate and Barrel are:

www.crateandbarrel.com

www.cb2.com

www.landofnod.com

Freemans Grattan Holdings

Freemans PLC ("**Freemans**") founded in 1905 and Grattan PLC ("**Grattan**") founded in 1912, are multichannel retailers based in Bradford, United Kingdom. The Otto Group acquired a controlling interest in Grattan in 1991 which was increased to 100 % in 1996. All shares in Freemans were acquired in 1999. Subsequently, the administration of the two businesses was merged under the roof of Freemans Grattan Holdings Limited ("**FGH**") in 2000. Both companies offer a broad assortment of merchandise ranging from fashionable clothing to household goods within the UK to different target groups via catalogue, internet and agents.

Among the websites of the Freemans Grattan Group are:

www.freemans.com

www.grattan.co.uk

www.lookagain.co.uk

www.kaleidoscope.co.uk

Otto Group Russia

The Otto Group has been active on the Russian market since 1990. In 2006 the Otto Group set up Direct Catalogue Services (DCS) marketing the brands OTTO, Bonprix and Witt. In 2008, a central warehouse opened its doors in Tver, 150 km northwest of Moscow, to hold stock for the Russian market. By autumn 2008, the Otto Group had become Russia's leading mail-order company, having acquired the Nadom Group and its three brands Home, Meggy Mall and Health & Beauty from Russia's Direct Group, along with Nadom's logistics operator PromoPost.

In November 2009, the Otto Group took over the complete business of the mail-order company **Quelle Russia**. The acquired trademark rights include the use of the brands, logos, images and most of the internet domains. Quelle has been operating in the Russian market for several years with catalogues and e-commerce. Its range of products – similar to the Otto Group – focused on fashion, shoes and home textiles.

Among the websites in Russia are:

www.otto-online.ru

www.bonprix.ru

www.meggymall.ru

www.quelle.ru

Financial Services

The segment covers an international portfolio of financial services. The companies bundled in this segment offer their customers not only commercial services along the value chain of retail companies (B2C), but also B2B-services for banks and other financial institutions (e.g. insurance companies) or other companies outside the retail business. Main lines of such B2B services are information, brokerage, receivables and liquidity management services as well as debt collection services. The Financial Services segment is largely covered by the companies of the internationally operating EOS Group. In addition, the Otto Group holds non-controlling interests in the Hanseatic Bank and the Cofidis Group, which are specialised in consumer debt and closely related to multichannel retail. The third-party business to customers outside the Otto Group generated more than 93 % of the segment's overall business volume.

The increasing internationalisation has led to rising revenues in the Financial Services segment. The Otto Group intends to strengthen its market position in financial services in particular by a regional expansion especially in France and South America.

In order to strengthen its market position within the Financial Service segment further, the Otto Group is investing in innovative payment services and continues to expand Financial Services with Yapital. With the Yapital brand, consumers will be able to make payments easily and securely from next year on (2013).

	Revenues (in € million)		Employees (average)	
	2011/12	2010/11	2011/12	2010/11
Financial Services	532	455	7,033	5,111
Thereof:				
EOS Group	427	341	6,576	4,677

EOS Group

EOS Group, i.e. Kommanditgesellschaft EOS Holding GmbH & Co, Hamburg and its subsidiaries, originates from a spin-off of the debt collection department of Otto in 1974. Based on Otto's analysis the EOS Group is among the leading international service providers in receivables management. Ultimate holding company of the EOS Group is Kommanditgesellschaft EOS Holding GmbH & Co, Hamburg.

With more than 45 companies in over 20 countries in Europe, North and South America as well as Asia the EOS Group offers its clients up-to-date financial services. The services encompass the entire value chain, e.g. solvency checks, factoring, debt purchase or debt collection. The EOS Group has more than 20,000 customers worldwide. EOS services are tailored e.g. for large insurance companies, banks, credit card companies, leasing companies, utilities, industrial and trading companies as well as publishing houses and mail-order companies. The EOS Group continued to grow its revenue in 2011/12. Besides the continuing improvement in the segment's competitive position, the rise was primarily due to the group's regional expansion.

Having acquired 100 % of the shares in the U.S. company **True North AR, LLC**, the EOS Group has continued its expansion strategy in the USA in 2010/11. The company is one of the leading providers of healthcare revenue cycle solutions as well as a provider of pre- and post-write-off debt collection services to public bodies. As such, it supplements the existing expertise of EOS's U.S. subsidiary Collecto Inc. The Spanish company Eos Acción de Cobro España S.A.U., acquired in 2009, was fully included in the annual accounts of the EOS Group for the first time in 2010/11, making a considerable contribution to the increase in revenue for the Western Europe region.

In April 2011, the EOS group acquired a 100 % stake in **Credirec Finance SAS, Paris, France**.

As of 15 June 2011, the EOS group acquired 60 % of the shares in **Hoepers Recuperadora de Crédito S.A.**, one of the top three debt collection companies in Brazil.

Among the websites of EOS Group are:
www.eos-solutions.com

3SI Group / Cofidis Group

Cofidis group is a large group of consumer finance companies in Europe. In 2009/10, an agreement was concluded between the 3SI Group and the French cooperative bank Banque Fédérative du Crédit Mutuel, Strassbourg, France, (Crédit Mutuel) relating to the sale of shares in Cofidis Participations S.A. Croix, France. The Otto Group remains with 29 % a shareholder in Cofidis through the holding company 3SI. Due to several put and call options the Otto Group's shares in Cofidis Participations might be further reduced in several steps until 2017. Because of its capacity to manage the business, Crédit Mutuel took control of Cofidis Participations S.A. and its subsidiaries in Belgium, the Czech Republic, France, Italy, Portugal and Spain. The Otto Group continues to exercise influence on the strategic financial and

business policies of the Cofidis Group and therefore includes Cofidis in its consolidated financial statements using the equity method.

Hanseatic Bank

Hanseatic Bank GmbH & Co KG, Hamburg ("**Hanseatic Bank**"), a bank with a full banking license, was established by Otto in 1969 to provide consumer credits to mail-order customers. The Otto Group sold 75 % of the shares to Société Générale in 2005 in order to expand the product portfolio under this strategic partnership. Currently, Otto's stake in Hanseatic Bank is 25 %.

Services

Companies bundled in the Services segment ensure that the Otto Group performs the full range of trading services, from sourcing and end-to-end logistics through to sales. In 2011/12, the segment achieved revenues of EUR 1,030 million, representing 8.9 % of the Group's total revenues.

The logistics service providers support the Otto Group's multichannel retail businesses and have also established themselves as independent logistics service providers in the marketplace. The Hermes Group handles more than one million deliveries to private households in Europe every day through its selection of parcel services, delivery of furniture and bulky items as well as mail services. Warehousing and integrated solutions in the area of global logistics procurement completes the Services portfolio.

	Revenues (in € million)		Employees (average)	
	2011/12	2010/11	2011/12	2010/11
Services	1,030	945	15,497	14,282
Thereof:				
HLGD	410	402	3,513	3,576
PARCELNET GB	285	228	1,475	1,210
HERMES FULFILMENT	26	17	3,627	3,255

Hermes Logistic Group

By founding Hermes Versandservice in 1972 the Otto Group set the base for a logistic group which is growing continuously. Today, Hermes Logistik Gruppe Deutschland GmbH ("**HLGD**"), Hamburg, as a part of the group headed by Hermes Europe GmbH, Hamburg, delivers nearly every third B2C or C2C package in Germany. With around 14,000 Hermes parcel shops, HLGD has Germany's largest network for receiving private parcel shipments (based on Otto Group's own market analysis). By means of Hermes Europe the Otto Group has a pan-European specialist in parcel deliveries to private households at hand. Logistic operations are not only provided for retail companies within the Otto Group, but also for some well-known companies in Europe, e.g. for QVC, Hennes&Mauritz, Deutsche Bahn, Lands End, Tom Tailor and others. In 2011/12 roughly half of the revenues were generated through third-party business.

Hermes outside Germany

Thanks to its close collaboration with **Hermes Parcelnet Limited** in the UK, **Mondial Relay S.A.S.** in France and **HERMES PORTA A PORTA S.P.A.** in Italy, Hermes is present in the key European markets. Hermes Parcelnet Limited is specialised in shipping B2C parcels to private households in the UK, moving roughly 115 million consignments annually. **Mondial Relay S.A.S.** has over 6,000 parcel shops in France, Portugal, Spain and Belgium and ships more than 40 million parcels annually. HERMES PORTA

A PORTA S.P.A. concentrates on B2C parcel distribution in Italy. Its network includes a hub in Milan, a cross-docking platform in Rome, 65 depots and over 1,000 drivers.

In the logistics centre in Tver, Russia, **OOO BUSINESS SERVICE** manages all processes for the Russian business, from importing the goods, warehouse storage, order acceptance and processing through to packing and dispatch. **OOO PROMOPOST**, located in Tver, provides a full range of warehousing services including order picking and returns processing and customer centre services.

Hermes Fulfilment GmbH

Hermes Fulfilment GmbH ("**Hermes Fulfilment**") completes the range of services. It provides the smooth handling of all parts of the process, from the receipt of products in Europe, through to processing and contact with the end consumer, including customised preparation of goods for specific clients, labelling, picking and packing, shipment and return processing. Thanks to a special warehousing concept, Hermes Fulfilment is adept at efficiently processing all combinations of goods from small items through to a broad range of bulky items. For the initial or follow-up stocking of branch stores, as well as for distance selling, Hermes Fulfilment draws on the benefits of tried-and-tested, highly-automated processes.

Hermes Hansecontrol Group

The **Hermes Hansecontrol Group ("Hermes Hansecontrol")** is an international group of certified testing institutes for quality assurance. Hermes Hansecontrol comprises Prüfinstitut Hansecontrol GmbH and the independent Hansecontrol Zertifizierungsgesellschaft mbH (Hansecontrol-CERT) which is a legally authorized GS testing institute. These international companies examine products in their laboratories before they are imported to Germany. Since 2010, Hermes Hansecontrol has local operations in Dongguan in China.

Among the websites of Hermes websites are:
www.hansecontrol.de

Otto Freizeit und Touristik Group

The Otto Freizeit und Touristik Group ("**OFT**") includes all Otto Group companies operating in tourism. As of 1 January 2012 Otto Group sold 49 % of its stake in its **Otto Freizeit und Touristik GmbH** holding to VR meine Raiffeisenbank Altötting-Mühldorf. Through this transaction, the Otto Group has lost the power to control OTTO Freizeit und Touristik GmbH, Hamburg, and its subsidiaries, due to the terms of the company agreement. Therefore, these companies were deconsolidated at the end of the fiscal year 2011/12 and are included in the consolidated financial statement using the equity method after sale of the 49 % due to the on-going significant influence.

B. FINANCIAL PROFILE OF THE OTTO GROUP

To finance its business Otto Group uses a variety of financial instruments: e.g. bilateral bank loans, asset backed financings and bond financing. The financing portfolio encompasses a well balanced maturity profile.

Otto Group has access to a considerable amount of credit lines granted by several banks on a bilateral basis. The use of these credit lines fluctuates within the year, but a significant amount is undrawn by the Otto Group.

C. INVESTMENTS

The Issuer makes various venture capital investments in early stage e-commerce start-up companies. These investments are conducted through the eVenture Capital Funds and Project A Ventures. The management set up funds with special focuses on regional markets in the USA, Europe, Russia, China and Brazil with a total invested volume of approximately EUR 80 million and a committed capital of EUR

100 million, which will be partially funded by returns from investments made. The Otto Group intends to fund these investments from its own cash flow.

Additionally, the Otto Group, together with mail-order company Posthaus, has founded DBR C MERCIO DE ARTIGOS DO VESTU RIO S.A. as a joint venture, in which the Issuer enjoys a slight majority shareholding. DBR has taken over posthaus.com.br, a well-known Internet marketplace in Brazil, from Posthaus, where it will sell Posthaus' own labels as well as other suppliers' fashion brands. Posthaus is an established and strong mail-order company in this market, with integrated warehousing. Otto Group considers this strategic step as an excellent starting position. Based on the posthaus.com.br platform, the Otto Group is planning to launch its brands in the coming years.

D. MATERIAL CONTRACTS

Otto Group did not enter into any contracts outside the ordinary course of business, which could result in any obligation or entitlement that is material to the Issuer's ability to meet its obligations to the Holders in respect of the Notes.

However, Otto Group enters into agreements including put and call options which might lead to a sale or purchase of shares regarding the respective entities. On 23 March 2009, an agreement was concluded between 3SI Group and the French cooperative bank Banque F d rative du Cr dit Mutuel, Paris, France, (Cr dit Mutuel) relating to the sale of shares in Cofidis Participations S.A., Villeneuve d'Ascq, France. As a result the share Cr dit Mutuel holds increased from 34.0 % to about 43.0 %. Thus, the Otto Group's share in Cofidis decreased slightly by 5.0 % to currently 29%. Due to several put and call options the Otto Group shares in Cofidis Participations might be further reduced in several steps up to 2017. Further, Otto Group concludes in the usual course of its business profit and loss agreements as well as loss transfer declarations with its subsidiaries.

5. TREND INFORMATION

Save as disclosed in this Prospectus at the section "*Recent Developments and Outlook*" on page 77 of this Prospectus, there has been no material adverse change in the prospects of the Issuer since 29 February 2012.

6. CORPORATE BODIES

The relevant corporate bodies are

- the executive board (*Management*) of the General Partner ("**Executive Board**");
- the supervisory board (*Aufsichtsrat*) of the General Partner ("**Supervisory Board**");
- the general partners' meeting (*Gesellschafterversammlung*) ("**General Partners' Meeting**");
- the Partners' Committee (*Gesellschafterrat*) ("**Partners' Committee**").

Executive Board

The management is conducted exclusively by the General Partner. Pursuant to its articles of association, the General Partner acts through its managing directors, who are appointed and dismissed by the Supervisory Board. In connection with its management duties, the General Partner is bound by the instructions of the General Partners' Meeting.

The current members of the Supervisory Board and Executive Board of the General Partner are:

Supervisory Board

Dr. Michael Otto, Hamburg
Chairman, Businessman

Uwe Rost, Seevetal*
Chairman of the Works' Council (*Betriebsrat*) of the Issuer, Deputy Chairman

Annette Adam, Kahl/Main*
Deputy Chairwoman of the Works' Council (*Betriebsrat*) of SCHWAB VERSAND GmbH

Thomas Armbrust, Reinbek
General Manager Kommanditgesellschaft CURA Vermögensverwaltung G.m.b.H. & Co.

Horst Bergmann, Michelau*
Chairman of the Works' Council Baur Versand (GmbH & Co KG)

Olaf Brendel, Hamburg*
Chairman of the General Works' Council Hermes Fulfillment GmbH

Dr. Michael E. Crüsemann, Hamburg
General Manager (retired)

Dr. Thomas Finne, Hamburg
General Manager Kommanditgesellschaft CURA Vermögensverwaltung G.m.b.H. & Co.

Diethard Gagelmann, Hamburg
General Manager (retired)

Hans Jörg Hammer, Hamburg
General Manager (retired)

Herta Heuberger, Sauerlach/Arget*
Chairwoman of the General Works' Council SportScheck GmbH

Frank Leibig, Nürnberg*
Secretary, Salaried Employees' Union ver.di

Dr. Wolfgang Linder, Hamburg
General Manager (retired)

Arno Peukes, Hannover*
Regional Head of Sector Trade, Union ver.di

Alexander Otto, Hamburg
Chairman of the Management ECE Projektmanagement G.m.b.H. & Co. KG

Lars-Uwe Rieck, Hamburg*
Secretary, Salaried Employees' Union ver.di

Dr. Winfried Steeger, Hamburg
Attorney

Monika Vietheer-Grupe, Barsbüttel*
Chairwoman of the Works' Council Bonprix Handelsgesellschaft mbH

Mechtild Wigger, Hamburg*
Division Manager Corporate Benefits & Policies Otto (GmbH & Co KG)

Prof. Dr. Peer Witten, Hamburg
Personally Liable Partner of Kommanditgesellschaft AURUM Beteiligungs- und Verwaltungs-G.m.b.H. & Co.

* Employee representative

Executive Board

Hans-Otto Schrader, Hamburg

Chairman of the Executive Board and Chief Executive Officer Otto Group (CEO)

Dr. Rainer Hillebrand, Hamburg

Vice Chairman of the Executive Board Otto Group, Member of the Executive Board, Corporate Strategy, E-Commerce and Business Intelligence Otto Group

Alexander Birken, Hamburg

Member of the Executive Board, Multichannel Distance Selling Otto Group, Spokesman OTTO

Dr. Timm Homann, Bendestorf

Member of the Executive Board, Multichannel Retail Otto Group

Hanjo Schneider, Hamburg

Member of the Executive Board, Services Otto Group

Jürgen Schulte-Laggenbeck, Hamburg

Member of the Executive Board, Finance and IT Otto Group, Chief Financial Officer (CFO)

Dr. Winfried Zimmermann, Reinbek

Member of the Executive Board, Human Resources and Controlling Otto Group

The following list sets forth the current principal activities of the members of the Executive Board currently performed by them outside the Otto Group:

1. Hans-Otto Schrader no external mandates
2. Alexander Birken Chairman of the Executive Board (*Vorstandsvorsitzender*) "The Young ClassX e. V."
Member of the Curatorship (*Kuratorium*) "HSBA Hamburg School of Business Administration"
Member of the Curatorship (*Kuratorium*) "WERTE ERLEBEN e. V."
Member of the Trading Committee "Handelskammer Hamburg"
Member of "Hochschulforum der Wirtschaft", Hamburg
Member of the Steering Committee (*Präsidium*) "Handelsverband BAG"
3. Dr. Rainer Hillebrand Member of the Advisory Board (*Beirat*) "CBR Fashion Holding GmbH"
Member of the Steering Committee (*Präsidium*) and the Executive Board (*Vorstand*) "Bundesverband d. Deutschen Versandhandels e.V."
4. Dr. Timm Homann Member of the Advisory Board (*Beirat*) "Dodenhof"
Member of the Board (*Präsidium*) "Institut für Handelsforschung", University of Cologne, Cologne
Vice-President "HDE" (German Retail Federation), Berlin
Member of the Curatorship (*Kuratorium*) "Jahrbuch Markentechnik", Genf
Member of the "Kellogg Alumni Council Europe"
Member of the Dean's Advisory Board "WHU Koblenz"
5. Hanjo Schneider Member of the Supervisory Board (*Beiratsmitglied*) "TNT Post GmbH & CO KG"

- | | |
|----|--|
| | Member of the Advisory Board (<i>Beirat</i>) "IMADEC University",
Wien |
| 6. | Jürgen Schulte-Laggenbeck |
| | Member of the Supervisory Board (<i>Aufsichtsrat</i>) "SCHUFA
Holding AG" Wiesbaden,
Member of the Advisory Board (<i>Beirat</i>) "HDI-Gerling Industrie
Versicherung AG", Hannover
Member of the Central Advisory Board (<i>Zentralbeirat</i>)
"Commerzbank AG", Frankfurt |
| 7. | Dr. Winfried Zimmermann |
| | no external mandates |

There are no potential conflicting interests of the members of the Executive Board and the Supervisory Board between any duties to the Issuer and their private interests and/or other duties.

The members of the Executive Board and the Supervisory Board can be contacted under the Issuer's business address.

General Partners' Meeting

Resolutions of the General (Partners') Meetings of the Issuer are adopted by simple majority of the votes attributable to the limited liability capital (*Kommanditkapital*), unless otherwise provided for in individual provisions of the partnership agreement or other agreements of the partners. There are numerous provisions in the partnership agreement requiring a majority other than the simple majority. Each EUR 1.00 of the capital confers one vote.

The current partners are:

General Partner (Komplementärin)

Verwaltungsgesellschaft Otto mbH (the shares of which are owned by the limited partners (*Kommanditisten*)).

Limited Partners (Kommanditisten)

- OTTO Aktiengesellschaft für Beteiligungen, Hamburg
- GS Gesellschaft für Versand-Beteiligungen m.b. H., Hamburg, and
- Kommanditgesellschaft AURUM Beteiligungs- und Verwaltungs- G.m.b.H. & Co., Hamburg,

hold 100 % of the limited partnership interests.

Partners' Committee (Gesellschafterrat)

The Partners' Committee renders advice to the limited partners entitled to vote regarding their decisions to be adopted at General Partners' Meetings or otherwise in connection with the responsibilities assigned to them under applicable law and the articles of incorporation.

The Partners' Committee currently comprises the following members:

- Thomas Armbrust
- Hans Jörg Hammer
- Alexander Otto
- Dr. Michael Otto
- Prof. Dr. Peer Witten

7. BOARD PRACTICES

The Issuer does not have to comply with the recommendations of the Government Commission of the German Corporate Governance Code (*Regierungskommission Deutscher Corporate Governance-Kodex* ("DCGC")), as the DCGC is primarily focused on listed companies and does not reflect the concept of a general partner being personally liable.

8. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

A. HISTORICAL FINANCIAL INFORMATION

The audited consolidated financial statements of the Issuer for the fiscal year ending 29 February 2012 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements of German law pursuant to § 315a (1) HGB (*Handelsgesetzbuch*, German Commercial Code) and the auditor's report (*Bestätigungsvermerk*) thereon, together contained in Otto Group's Annual Report (*Geschäftsbericht*) 2011/12, are incorporated by reference into this Prospectus.

The audited consolidated financial statements of the Issuer for the fiscal year ending 28 February 2011 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements of German law pursuant to § 315a (1) HGB (*Handelsgesetzbuch*, German Commercial Code) and the auditor's report (*Bestätigungsvermerk*) thereon, together contained in Otto's Annual Report (*Geschäftsbericht*) 2010/11, are incorporated by reference into this Prospectus.

A.1. EXTRACT FROM THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2011/12

The following tables set out selected consolidated financial information of the Issuer for the financial year 2011/12 ended 29 February 2012 as defined above under A.

Consolidated Balance Sheet

	Fiscal Year 1 March 2011 until 29 February 2012	Fiscal Year 1 March 2010 until 28 February 2011
in EUR million		
<i>Assets</i>		
Non-current assets.....	3,432	3,242
Deferred tax.....	93	91
Current assets.....	3,981	4,384
Total assets.....	7,506	7,718
<i>Equity and liabilities</i>		
Equity.....	2,000	2,081
Non-current provisions and liabilities.....	2,621	2,811
Deferred tax.....	47	74
Current provisions and liabilities.....	2,838	2,752
Total equity and liabilities.....	7,506	7,718
Net financial debt (incl. Pension provisions).....	2,392	2,393

Consolidated Income Statement and Consolidated Cash Flow Statement

	Fiscal Year 1 March 2011 until 29 February 2012	Fiscal Year 1 March 2010 until 28 February 2011
	in EUR million	
Revenue.....	11,597	11,404
Revenue and other operating income.....	12,492	12,175
EBITDA.....	539	667
EBIT.....	259	378
EBT.....	55	257
Profit for the year.....	23	181
Gross cash flow from operating activities.....	628	693
Net cash generated from operating activities.....	475	183
Cash flow from operating activities.	422	132
Cash flow from investing activities..	53	-167
Free cash flow.....	475	-35
Cash flow from financing activities.	-541	-380
Cash and cash equivalents at end of period.....	338	402

A.2 FINANCIAL INFORMATION WITH THE FINANCIAL SERVICES SEGMENT ACCOUNTED FOR AT-EQUITY FOR THE FINANCIAL YEAR 2011/12

The business undertaken by Group companies in the Financial Services segment differs fundamentally from the Otto Group's retail and service activities. To provide an even more differentiated insight into the financial position, result of operations and cash flows in the Otto Group's trading and service activities by eliminating the structures in the Financial Services segment, another view was prepared for the financial year 2011/12.

It eliminates the assets, liabilities, expenses and income of Group companies in the Financial Services segment from the consolidated financial statements, and instead reports the interests in Financial Services companies using the equity method. This reporting of interests in Group companies in Financial Services using the equity method is based on the overall percentage held at the level of the parent companies concerned which are not allocated to the Financial Services segment. Hence, minority interests in the share of results or share of net assets of Group companies in the Financial Services

segment are only reported if these interests are held by third-party shareholders of parent companies in other segments.

The procedure described here deviates from IFRS in that it forgoes the full consolidation of companies in the Financial Services segment that would have to be consolidated pursuant to IAS 27 (and, that is, reported in the IFRSs consolidated financial statements), based on the Otto Group's ability to exercise control over such companies.

All other recognition and measurement methods are applied consistently with those used in the consolidated interim financial information.

Consolidated Balance Sheet

	Fiscal Year 1 March 2011 until 29 February 2012	Fiscal Year 1 March 2010 until 28 February 2011
	in EUR million	
<i>Assets</i>		
Non-current assets.....	3,303	3,286
Deferred tax.....	87	87
Current assets.....	3,789	3,974
Total assets.....	7,179	7,347
<i>Equity and liabilities</i>		
Equity.....	1,935	2,015
Non-current provisions and liabilities.....	2,470	2,646
Deferred tax.....	26	23
Current provisions and liabilities.....	2,747	2,663
Total equity and liabilities.....	7,179	7,347
Net financial debt (incl. Pension provisions).....	1,922	1,931

Consolidated Income Statement and Consolidated Cash Flow Statement

	Fiscal Year 1 March 2011 until 29 February 2012	Fiscal Year 1 March 2010 until 28 February 2011
	in EUR million	
Revenue.....	11,066	10,950
Revenue and other operating income.....	11,923	11,716
EBITDA.....	498	697
EBIT.....	237	420
EBT.....	62	228
Profit for the year.....	16	173
Gross cash flow from operating activities.....	680	583
Net cash generated from operating activities.....	513	119
Cash flow from operating activities.	499	99
Cash flow from investing activities..	-159	-143
Free cash flow.....	340	-44
Cash flow from financing activities.	-426	-371
Cash and cash equivalents at end of period.....	278	362

A.3. EXCERPT FROM THE NOTES TO THE FINANCIAL STATEMENTS 2011/12

The Otto Group's financial performance in the fiscal years 2010/11 and 2011/12 was affected by one-off items which are explained in the following selected notes taken from the annual report for the fiscal year 2011/2012 (the "**Annual Report**"). In addition, investors should analyse the whole Annual Report for a comprehensive understanding of the financial information.

One-off items (Annual Report, page 16):

"The 2011/12 financial year's earnings include the costs of restructuring and also of optimising business processes and the supporting IT environment totalling EUR 90.3 million which relate to subsidiaries in France. In the past financial year, the realignment of the business and IT processes of German retail activities led to one-off expenses totalling EUR 46.9 million. Moreover, unscheduled write-downs of EUR 37.9 million were made in the 2011/12 financial year."

Related party transactions with partners (Annual Report, page 141):

"In the year under review, loans were extended to partners of Otto (GmbH & Co KG) which bear variable rates of interest (EONIA + 0.65 %) and are not subject to a contractual term. The dividends paid out by Otto (GmbH & Co KG) during the financial year were partially used by these partners in part-repayment of the loans. The loans, including accrued interest, have a carrying amount totalling EUR 325,688 thousand as at 29 February 2012 (28 February 2011: EUR 396,085 thousand). No events of significant importance for the Otto Group occurred after the balance sheet date (29 February 2012)."

B. RECENT DEVELOPMENTS AND OUTLOOK

Since the Balance sheet date (29 February 2012) internal management reports show a positive development of key financial figures for the first half of the year, which are derived in accordance with IFRS-standards.

All three segments contributed in the first half of the year to increase the revenue in comparison to the preceding year by EUR 106 million to EUR 5,675 million. This revenue growth translated into an upswing of the EBITDA by around 38 % to EUR 353 million.

The EBIT in comparison to the number for the first half of the preceding year grows by around 66 % to around EUR 233 million. The growth results especially from the multichannel-retail sector while the EBIT-growth for the first half of the year is negative for the other two segments (Financial Services, Services).

In the first half of the financial year 2012/2013 net financial debt increased due to the redemption of the Hybrid capital, which took place in mid August 2012.

The Otto Group extends its business and invests in new business and business models to obtain a sustainable growth in future. Since the Balance sheet date (29 February 2012) the Brazilian market was entered with the posthaus.com.br platform and the Otto Group tries to strengthen its business in this region.

The Issuer's organizational structure changed in August. The Executive Board was given a new and clear allocation of executive functions. The goal is consistent separation of responsibility for the Group and for the company OTTO. With effect of August 1, 2012, the responsibilities of part of the Otto Group Board Members have therefore changed. In order to emphasise the autonomy and significance of OTTO's core business, a Management Board has been nominated below the Group Executive Board and focuses exclusively on the business of the company OTTO. In this process Dr Michael Heller gave up his mandate as Member of the Executive Board to become Deputy Spokesman of the core company OTTO. In addition to Dr Michael Heller, Marc Opelt and Petra Scharner-Wolff were appointed as Members of the Management Board within OTTO's new leadership structure.

On 10 August 2012 the Otto Group called its hybrid subordinated bond with a notional amount of EUR 150 million, which was classified as equity in the IFRS consolidated financial statements.

In September 2012 the Issuer has announced to start a new e-commerce company within the Group. The CEO of this new start-up will be Benjamin Otto, the son of Dr. Michael Otto (chairman of the supervisory board).

Also in September 2012 the Otto Group specified that in the course of the FOKUS project it will terminate up to 700 employees until 2015. Further the Otto Group distances itself from the move towards introducing a standard IT software package for the entire Group. Instead, all subsidiaries of the Otto Group will modernize its own IT environments. Also the Issuer will relaunch the online platform Quelle.de with a new business concept.

C. FUTURE DEVELOPMENT OF THE OTTO GROUP

The Otto Group is planning for further growth in all segments in the coming years, above all due to increasing multiplication and internationalisation of high-margin business activities, accompanied by the tapping of new markets (e.g. Brazil and China) and also focussed orientation towards successful business models. To do so, the Group companies' structures and processes are planned to be more strongly orientated towards customer needs in every respect. In order to leverage synergy and earnings potentials in the German market, the Issuer enacted the FOKUS project. Apart from streamlining the organisation, the project aims to combine the strengths of the involved companies and implement an integrated growth strategy.

Expectations for business development are not inconsiderably dependent on the development of the world economy and the risks in the Eurozone, but also on cost developments in the procurement markets. Gross-product-margins have been under pressure in the past financial year, in particular due to sharp price rises for cotton and labour and energy costs.

Moderate sales increases are planned in the Multichannel Retail segment in the next two financial years. In the German market, the Otto, Schwab and Baur brands are to be brought closer together in order to leverage synergy and earnings potentials. Apart from streamlining the organisation, the project aims to combine strengths and implement an integrated growth strategy by means of active and common management.

Distinct growth perspectives are expected in Russia. The constant expansion and further development of online retail, such as via mobile terminals or the constant further development of the online platforms, remain the Otto Group's strategic goals. In developing the brand variety offered, the Otto Group aims to position itself even more strongly in future, for example with own brands.

The Financial Services segment is particularly marked by the EOS Group's successful business activities. Distinct sales increases are expected for this segment in the next two years. In addition to the international expansion of receivables management, the information management and payment services lines of business are expected to gain in significance.

The growth in the Services segment (essentially the Hermes Group) planned for the next two financial years results from a series of growth initiatives. One example is Hermes NexTec GmbH, a 360° full-service partner which enables retailers and producers of brand-name articles to market their products on the Internet, beginning with the creation and operation of the Web shop, management of the customer relationship and sourcing of the products via Hermes-OTTO International. Hermes-OTTO International's new B2B platform, KeenOn Fashion, offers, as a virtual showroom, a marketplace for international branded fashion in the area of women's and men's wear, as well as accessories and shoes, and represents a further growth initiative.

D. SIGNIFICANT CHANGE IN THE FINANCIAL OR TRADING POSITIONS OF OTTO (GMBH & CO KG)

Save as disclosed in this prospectus at the section "Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses" on page 71 of this Prospectus and apart of the call of the hybrid subordinated bond with a notional amount of EUR 150 million on 10 August 2012, there has been no significant change in the financial or trading position of the Issuer or the Otto Group since 29 February 2012.

9. LEGAL AND ARBITRATION PROCEEDINGS

The Issuer currently is not aware of any governmental, legal, arbitration proceedings or proceedings before administrative authorities to which either the Issuer or any of its subsidiaries is a party that could have a material impact on the financial condition of the Issuer or the Otto Group or did have such impact within the last 12 months. The Issuer is also not aware of any threat of any such proceedings.

USE OF PROCEEDS

In connection with the offering of the Notes, the Issuer will receive net proceeds of approximately EUR [●], after deducting aggregate costs of approximately EUR 40,000 and commissions of up to 0.45 per cent. of the aggregate principal amount of the Notes. The Issuer intends to use the net proceeds for general corporate purposes, which may include the refinancing of existing indebtedness.

TAXATION

The following is a general overview of certain tax considerations relating to the purchasing, holding and disposing of Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular Holder. The discussions that follow for each jurisdiction are based upon the applicable laws in force and their interpretation on the date of this Prospectus. These tax laws and interpretations are subject to change that may occur after such date, even with retroactive effect.

Prospective holders of Notes ("Holders") should consult their own tax advisers as to the particular tax consequences of subscribing, purchasing, holding and disposing the Notes, including the application and effect of any federal, state or local taxes, under the tax laws of the Federal Republic of Germany ("Germany"), the Grand Duchy of Luxembourg, the Netherlands, Austria and each country of which they are residents or citizens.

Taxation in the Federal Republic of Germany

The following general overview applies to holders of the Notes, who are solely tax resident in Germany. It is not intended to be, nor should it be construed to be, legal or tax advice.

German resident Holders

Interest income

If the Notes are held as private assets (*Privatvermögen*) by an individual investor whose residence or habitual abode is in Germany, payments of interest under the Notes are taxed as investment income (*Einkünfte aus Kapitalvermögen*) at a 25 % flat tax (*Abgeltungsteuer*) (plus a 5.5 per cent. solidarity surcharge (*Solidaritätszuschlag*) thereon and, if applicable to the individual investor, church tax (*Kirchensteuer*)).

The flat tax is generally collected by way of withholding (see subsequent paragraph – *Withholding tax*) and the tax withheld shall generally satisfy the individual investor's tax liability with respect to the Notes. If, however, no or not sufficient tax was withheld (e.g., in case there is no German Disbursing Agent), the investor will have to include the income received with respect to the Notes in its income tax return. The flat tax will then be collected by way of tax assessment. The investor may also opt for inclusion of investment income in its income tax return if the aggregated amount of tax withheld on investment income during the year exceeded the investor's aggregated flat tax liability on investment income (e.g., because of available losses carried forward or foreign tax credits). If the investor's total income tax liability on all taxable income including the investment income determined by generally applicable individual progressive tax rates is lower than 25 per cent., the investor may opt to be taxed at individual progressive tax rates with respect to its investment income.

Individual investors are entitled to a saver's lump sum tax allowance (*Sparer-Pauschbetrag*) for investment income of 801 Euro per year (1,602 Euro for jointly assessed husband and wife). The saver's lump sum tax allowance is considered for purposes of the withholding tax (see subsequent paragraph – *Withholding tax*) if the investor has filed a withholding tax exemption request (*Freistellungsauftrag*) with the respective credit or financial service institution where the securities deposit account to which the Notes are credited is held. The deduction of related expenses for tax purposes is not possible.

If the Notes are held as business assets (*Betriebsvermögen*) by an individual or corporate investor who is tax resident in Germany (i.e., a corporation with its statutory seat or place of management in Germany), interest income from the Notes is subject to personal income tax at individual progressive tax rates or corporate income tax (each plus solidarity surcharge thereon) and trade tax. The trade tax liability depends on the applicable trade tax factor of the relevant municipality where the business is located. In case of individual investors the trade tax may, however, be partially or fully creditable against

the investor's personal income tax liability depending on the applicable trade tax factor and the investor's particular circumstances. The interest income will have to be included in the investor's personal or corporate income tax return. Any German withholding tax (including surcharges) is generally fully creditable against the investor's personal or corporate income tax liability or refundable, as the case may be.

Withholding tax

If the Notes are kept or administered in a domestic securities deposit account by a German credit or financial services institution (*Kredit- oder Finanzdienstleistungsinstitut*) (or by a German branch of a foreign credit or financial services institution), or by a German securities trading business (*Wertpapierhandelsunternehmen*) or a German securities trading bank (*Wertpapierhandelsbank*) (altogether the "**Domestic Disbursing Agent**") which pays or credits the interest, a 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon, resulting in a total withholding tax charge of 26.375 per cent., is levied on the interest payments. The applicable withholding tax rate is in excess of the aforementioned rate if church tax is collected for the individual investor.

Capital gains from sale or redemption

Subject to the saver's lump sum tax-allowance for investment income described under the paragraph *Interest income* above, capital gains from the sale or redemption of the Notes held as private assets are taxed at the 25 per cent. flat tax (plus a 5.5 per cent. solidarity surcharge thereon and, if applicable to the individual investor, church tax). The capital gain is determined as the difference between the proceeds from the sale or redemption of the Instruments and the acquisition costs. Expenses directly and factually related (*unmittelbarer sachlicher Zusammenhang*) to the sale or redemption are taken into account. Otherwise, the deduction of related expenses for tax purposes is not possible.

Where the Notes are acquired and/or sold in a currency other than Euro, the acquisition costs will be converted into Euro at the time of acquisition, the sales proceeds will be converted in Euro at the time of sale, and only the difference will then be computed in Euro.

Losses from the Notes held as private assets are tax-recognised irrespective of the holding period of the Notes. The losses may, however, not be used to offset other income like employment or business income but may only be offset against investment income subject to certain limitations. 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.

The flat tax is generally collected by way of withholding (see subsequent paragraph – *Withholding tax*) and the tax withheld shall generally satisfy the individual investor's tax liability with respect to the Notes. With respect to the return filing, investors shall refer to the description under paragraph *Interest income* above.

If the Notes are held as business assets (*Betriebsvermögen*) by an individual or corporate investor that is tax resident in Germany, capital gains from the Notes are subject to personal income tax at individual progressive tax rates or corporate income tax (plus solidarity surcharge thereon) and trade tax. The trade tax liability depends on the applicable trade tax factor of the relevant municipality where the business is located. In case of an individual investor the trade tax may, however, be partially or fully creditable against the investor's personal income tax liability depending on the applicable trade tax factor and the investor's particular circumstances. The capital gains will have to be included in the investor's personal or corporate income tax return. Any German withholding tax (including surcharges) is generally fully creditable against the investor's personal or corporate income tax liability or refundable, as the case may be.

Withholding tax

If the Notes are kept or administered by a Domestic Disbursing Agent from the time of their acquisition, a 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon, is levied on the capital gains, resulting in a total withholding tax charge of 26.375 per cent. If the Notes were sold or redeemed after being transferred to another securities deposit account, the 25 per cent. withholding tax (plus solidarity surcharge thereon) would be levied on 30 per cent. of the proceeds from the sale or the redemption, as the case may be, unless the investor or the previous account bank was able and allowed to provide evidence for the investor's actual acquisition costs to the new Domestic Disbursing Agent. The applicable withholding tax rate is in excess of the aforementioned rate if church tax applies to the individual investor.

No withholding is generally required on capital gains derived by German resident corporate investors and upon application by individual investors holding the Notes as business assets.

Non-German resident Holders

Income derived from the Notes by holders who are not tax resident in Germany is in general not subject to German income taxation, and no withholding tax shall be withheld, provided however (i) the Notes are not held as business assets of a German permanent establishment of the investor or by a permanent German representative of the investor, (ii) the income derived from the Notes does not otherwise constitute German source income (such as income derived from Notes that are secured by German real estate or vessels subject to certain exceptions or income from the letting and leasing of certain property located in Germany) or (iii) the income is paid by a German Disbursing Agent against presentation of the Notes or interest coupons (so-called over-the-counter transaction).

If the income derived from the Notes is subject to German taxation according to (i) to (iii) above, the income is subject to withholding tax similar to that described above under the paragraph *Withholding tax*. Under certain circumstances, foreign investors may benefit from tax reductions or tax exemptions under applicable double tax treaties (*Doppelbesteuerungsabkommen*) entered into with Germany.

Inheritance and gift tax

The transfer of Notes to another person by way of gift or inheritance is 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 of persons (*Personenvereinigung*) or asset pool (*Vermögensmasse*), 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 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

The purchase, sale or other disposal of Notes does not give rise to capital transfer tax, value added tax, stamp duties or similar taxes or charges in Germany. However, under certain circumstances entrepreneurs may choose liability to value added tax with regard to the sales of Notes which would otherwise be tax exempt. Net wealth tax (*Vermögenssteuer*) is, at present, not levied in Germany.

Taxation in the Grand Duchy of Luxembourg

The comments below are intended as a basic overview of certain tax consequences in relation to the purchase, ownership and disposal of the Notes under Luxembourg law.

Withholding tax and self-applied tax

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual Holders or so-called residual entities (as defined below), there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual Holders or so-called residual entities (as defined below), upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

Luxembourg non-resident individuals

Under the Luxembourg laws dated 21 June 2005 implementing the European Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**") and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union ("**EU**"), a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual or to certain "residual entities" resident or established in another EU Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for the procedure of exchange of information or, in the case of an individual beneficiary, for the tax certificate procedure. Residual entities within the meaning of Article 4.2 of the Savings Directive are entities which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation and which are not or have not opted to be treated as UCITS recognised in accordance with the European Council Directive 85/611/EEC, as replaced by the European Council Directive 2009/65/EC, or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands.

The current withholding tax rate is 35 per cent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

The European Commission has proposed certain amendments to the Savings Directive, which, if implemented, may amend or broaden the scope of the requirements described above.

Luxembourg resident individuals

In accordance with the law of 23 December 2005 as amended by the law of 17 July 2008 on the introduction of a withholding tax on certain interest payments on savings income, interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents are subject to a 10 per cent. withholding tax. Pursuant to the Luxembourg law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 10 per cent. tax on interest payments made after 31 December 2007 by paying agents (defined in the same way as in the Savings Directive) located in an EU Member State other than Luxembourg, a Member State of the European Economic Area other than an EU Member State or in a State or territory which has concluded an international agreement directly related to the Savings Directive.

Taxation in The Netherlands

For the purposes of this section, "the Netherlands" shall mean that part of the Kingdom of the Netherlands that is in Europe.

Withholding tax

All payments made by the Issuer under the Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Taxation in Austria

The following is a brief overview of certain Austrian tax aspects in connection with the Notes. It does not claim to fully describe all Austrian tax consequences of the acquisition, ownership, disposition or redemption of the Notes nor does it take into account the Holders' individual circumstances or any special tax treatment applicable to the Holder. It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors should consult their own professional advisors as to the particular tax consequences of the acquisition, ownership, disposition or redemption of the Notes.

The Issuer does not assume responsibility for Austrian withholding tax and is not obliged to make additional payments in case of Austrian withholding tax deductions.

Austrian tax resident individual investor

Interest income and a capital gain (i.e. the difference between the sale price and the acquisition cost, which in case of private individual investors exclude incidental acquisition cost) realised from the Notes by an investor resident in Austria for tax purposes (i.e., a person that has a domicile or place of habitual abode in Austria) is subject to Austrian income tax generally at a final tax rate of 25% if the Notes are legally and actually publicly offered.

If interest is paid by an Austrian paying agent (e.g. an Austrian bank or the Austrian branch of a non-Austrian bank) Austrian withholding tax at a rate of 25% is triggered. In relation to capital gains Austrian withholding tax at a rate of 25% is triggered if the Notes are deposited with an Austrian depository (e.g. an Austrian bank or the Austrian branch of a non-Austrian bank) or under certain conditions if capital gains are realised and paid via an Austrian paying agent. In the absence of an Austrian paying agent or depository the investor must include interest, capital gains or income from derivatives in the income tax return and such income is taxed at a rate of 25%. Capital gains and income from derivatives also need to be included in the income tax return if realised as business income. The Austrian withholding tax treatment and the 25% Austrian (withholding) tax rate is subject to a public offer of the Notes. An investor may apply for taxation at the progressive income tax rate. A deduction of expenses that are directly economically connected to income and capital gain from the Notes is generally not allowed.

Losses from Notes held as private assets may only be set off with other investment income subject to the special 25% tax rate (excluding, inter alia, interest income from bank deposits and other claims against banks). With effect as of 1 January 2013 the Austrian securities depositories will apply an automatic set-off of losses against investment income from securities accounts at the same securities depository (subject to certain exemptions). Also losses incurred between 1 April 2012 and 31 December 2012 will be set off by 30 April 2013. However, a carry-forward of such losses is not permitted.

Austrian tax resident corporate investor

Income and capital gain derived from the Notes by an Austrian resident corporation (i.e., a corporation that has its seat or place of effective management in Austria) is subject to Austrian corporate income tax at a rate of 25 per cent. Corporate Holders deriving business income from the Notes may avoid the application of Austrian withholding tax by filing a declaration of exemption (*Befreiungserklärung*). Where the 25% withholding tax is triggered, it is creditable against the Austrian corporate income tax liability of

the corporate investor.

Non-Austrian tax resident investor

Interest and capital gains received by a non-Austrian resident investor for tax purposes under the Notes are not subject to Austrian (corporate) income tax unless attributable to an Austrian located permanent establishment. An Austrian paying agent or depository may abstain from levying 25% Austrian withholding tax if the non-resident Holders evidence their non resident-status vis-à-vis the paying agent in accordance with the provisions of the Austrian income tax guidelines.

Interest paid by an Austrian coupon-paying agent to an individual beneficial owner resident in another EU Member State or certain dependent and associated territories is subject to EU withholding tax at a rate of currently 35 per cent. under the Austrian EU-Withholding Tax Act (*EU-Quellensteuergesetz*, "**EU-QuStG**"; implementing Directive 2003/48/EC of 3 June 2003). No EU withholding tax is deducted if the Holder provides the paying agent with a certificate drawn up in his name by the tax office of his member state of residence in accordance with section 10 EU-QuStG.

European directive on the taxation of savings income

On 3 June 2003 the Economic and Financial Affairs Council of the European Union (ECOFIN Council) adopted directive 2003/48/EC on taxation of savings income in the form of interest payments ("**Savings Directive**"). Under the Savings Directive and from 1 July 2005, each EU Member State is required to provide the tax authorities of another Member State with details of payments of interest and other similar income paid by a person in one Member State to an individual resident in another Member State. Austria and Luxembourg must instead impose a withholding tax for a transitional period unless during such period they elect to participate in the information exchange. In Germany, provisions for implementing the Savings Directive have been enacted by legislative regulations of the federal government (*Zinsinformationsverordnung*). These provisions apply as from 1 July 2005.

SUBSCRIPTION, OFFER AND SALE OF THE NOTES

Offer of the Notes

Bookbuilding process, determination and publication of Pricing Details

Commerzbank Aktiengesellschaft and Deutsche Bank AG, London Branch (together, the "**Joint Lead Managers**"), and such co-managers, if any, appointed by the Issuer prior to the Issue Date (together with the Joint Lead Managers, the "**Managers**") will conduct an accelerated bookbuilding process which is expected to commence on 23 October 2012 and is expected to end on 23 October 2012. During the bookbuilding process the Managers will offer Notes to institutional investors, e.g. banks, insurance companies and certain funds, in compliance with applicable public offer restrictions.

The Issue Price, the aggregate principal amount of Notes to be issued, the interest rate, the issue proceeds and the yield of the issue (together, the "**Pricing Details**") will be determined on the basis of the orders received and confirmed by the Managers during the bookbuilding process by the time of pricing on the pricing date which is expected to be on or about 23 October 2012 (the "**Pricing Date**"). The Issue Price for, and the interest rate of, the Notes will be fixed on the basis of a yield which is determined by adding a credit spread ("**Pricing Credit Spread**") to the level of the Midswaps at the time of pricing. The level of the Midswaps will be determined as the average yield of the bid and ask prices of interest rate swap transactions ("**Midswaps**") with a maturity similar to the maturity of the Notes shown on the Reuters page ICAPEURO or Bloomberg page ICAE1 or on any other screen page which is conventionally used to price Eurobond transactions at the time of pricing. The Pricing Credit Spread will be fixed on the basis of the orders received and confirmed by the Managers.

The resulting yield will be used to determine the Issue Price (which is expected to be less than par) and the rate of interest (which is expected to be a percentage figure), all to correspond to the yield which reflects the level of the Midswaps and the Pricing Credit Spread. In the event that the figures for the relevant Midswaps will not be shown as set out above, the yield, the Issue Price and the rate of interest will be determined in a manner which banks and other institutional market participants apply at that time.

Upon determination, the Pricing Details will be set out in a notice (the "**Pricing Notice**") which will be filed with the CSSF and published on the website of the Luxembourg Stock Exchange (www.bourse.lu) on or after the Pricing Date and prior to the Issue Date.

If for the purpose of Article 13 of the Luxembourg Prospectus Act at any time between the Prospectus is approved and the final closing of the offer to the public arises or is noted a significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus, the Issuer will submit to the CSSF for its approval a supplementary prospectus containing details of the new factor, mistake or inaccuracy so as to comply with the requirements of Article 13 of the Luxembourg Prospectus Act.

Public Offer

During an offer period which is expected to commence on 23 October 2012 and is expected to end on 1 November 2012 (the "**Offer Period**"), the Notes will be sold to institutional investors and to retail investors at the Issue Price in compliance with the public offer restrictions in all countries in the European Union. A public offer will be made in Luxembourg and, subject to the effectiveness of the notification of the Prospectus by the CSSF to the competent authorities according to Article 18 of the Prospectus Directive, in Germany, Austria and The Netherlands.

The Issuer and the Managers may in their discretion decide to shorten the Offer Period. Should the Issuer and the Managers determine any shortening or extension of the Offer Period (e.g. due to changing market conditions), such changes will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Following the approval by the CSSF of the prospectus and its publication on the website of the Luxembourg Stock Exchange (www.bourse.lu) the Managers will publish a notice regarding the approval and the availability on such website of the prospectus in the Luxemburger Wort. During the Offer Period interested investors in Luxembourg who wish to participate in the public offer and to purchase any Notes may direct their enquiries to any of the Managers, their own bank or any other financial intermediary who may use the prospectus as described in "General Information - Consent to the use of the Prospectus" below.

Conditions and details of the offer

There are no conditions to which the offer is subject. In particular, there is no minimum or maximum amount of Notes required to be purchased. Investors may place offers to purchase Notes in any amount, subject to the Denomination of EUR 1,000 per Note.

Subscription rights for the Notes will not be issued. Therefore, there are no procedures in place for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.

Any offer of Notes to investors will be made through the information system Bloomberg or any other commonly used information systems.

Offers to purchase Notes by the investors

During the bookbuilding process and during the Offer Period investors may submit offers to purchase Notes to the Managers using the information system Bloomberg or any other commonly used information systems or banking institutions which are connected to the Clearing System. In the case of an order prior to the determination of the Pricing Details, the investors shall specify at which price they would be prepared to purchase which amount of Notes. Following determination and notification of the Pricing Details, any order placed by investors with respect to the Notes will be deemed to have been made at the Issue Price and the rate of interest determined.

Subscription and allotment of the Notes

Subscription by the Managers

Following the determination of the Pricing Details, the Managers will, pursuant to a subscription agreement to be signed on or about 30 October 2012 (the "**Subscription Agreement**"), agree to subscribe or procure subscribers for the Notes. The commission payable to the Managers in connection with the offering, placement and subscription of the Notes will be up to 0.45 % of the aggregate principal amount of the Notes.

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

The Managers or their affiliates have provided from time to time, and expect to provide in the future, investment services to the Issuer and its affiliates, for which the Managers or their affiliates have received or will receive customary fees and commissions. In addition, the Managers or their affiliates are involved in financing initiatives relating to the Issuer including the provision of an, as yet, undrawn credit facility.

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

Confirmation of offers placed by, and allotments to, investors

Any investor who has submitted an order in relation to the Notes in the bookbuilding process and whose order is accepted will receive a confirmation by electronic mail, fax or through commonly used information systems setting out its respective allotment of Notes. Before an investor receives a confirmation from the Managers that its offer to purchase Notes has been accepted, the investor may reduce or withdraw its purchase order.

Any investor who has submitted an order in relation to the Notes during the Offer Period whose order is accepted will receive by its respective depository bank a notification relating to the respective allotment of Notes.

Delivery of the Notes to investors

Following the determination of the Pricing Details and confirmation which orders have been accepted and which amounts have been allotted to particular investors during the bookbuilding process, delivery and payment of the Notes will be made within five business days after the date of pricing of the Notes and the confirmation of the allotment to investors. The Notes so purchased will be delivered via book-entry through the Clearing System (see "General Information – Clearing, Settlement and Securities Codes") and their depository banks against payment of the Issue Price therefor.

Costs and expenses relating to the offer

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

Trading of the Notes

Application will be made to list the Notes on the official list of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF market of the Luxembourg Stock Exchange.

SELLING RESTRICTIONS

General

Each Manager has represented and agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in or from which it purchases, offers, sells or delivers the Notes or possesses or distributes the Prospectus and that it will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Managers shall have any responsibility therefore.

Neither the Issuer nor any of the Managers has represented that the Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to the Notes, the Managers will be required to comply with such other additional restrictions as the Issuer and the Managers shall agree.

European Economic Area

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

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

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

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any

^{*} The EU plus Iceland, Norway and Liechtenstein.

measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United States of America and its Territories

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

The Notes are being offered and sold outside of the United States in reliance on Regulation S.

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

United Kingdom of Great Britain and Northern Ireland

Each Manager has represented and agreed that,

- (a) It has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended ("**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
- (b) It has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Switzerland

This Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange Ltd. or on any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange Ltd. or any other regulated trading facility in Switzerland, and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

GENERAL INFORMATION

Authorisation

The creation and issue of the Notes has been authorised by resolution of the Partners' Meeting (*Gesellschafterversammlung*) dated 28 September 2012 and of the Executive Board of the Issuer dated 1 October 2012.

Clearing, Settlement and Securities Codes

Payments and transfers of the Notes will be settled through Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and Clearstream Banking, société anonyme, 42 Avenue JF Kennedy L-1855 Luxembourg.

The Notes have the following securities codes:

ISIN: XS0847087714

Common Code: 084708771

German Securities Code (WKN): A1RE7N

No Significant Change in the Financial or Trading Position

Other than disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Issuer or the Group since 29 February 2012.

No Material Change in the Prospects

There has been no material adverse change in the prospects of the Issuer since 29 February 2012.

Listing and Admission to Trading

Application will be made to list the Notes on the official list of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF market of the Luxembourg Stock Exchange

Third party information

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

Yield to Maturity

For the subscribers, the yield to maturity of the Notes is [●] per cent. per annum, calculated on the basis of the Issue Price. Such yield is calculated in accordance with the ICMA (*International Capital Markets Association*) Method. The ICMA method determines the effective interest rate on notes by taking into account accrued interest on a daily basis.

Rating

The Notes have not been rated.

Consent to the use of the Prospectus

The Issuer has consented in writing to the use of this Prospectus during the Offer Period by the Managers and by all financial intermediaries (general consent) for the offers in compliance with the Selling Restrictions (see "Offer, Sale and Subscription of the Notes – Selling Restrictions") and accepts responsibility for the content of the Prospectus also with respect to subsequent resale or final placement of the Notes by any financial intermediary which was given consent to use the Prospectus.

Financial intermediaries may use the Prospectus for subsequent resale or final placement of the Notes in Luxembourg, Germany, Austria and the Netherlands.

The subsequent resale or final placement of Notes by financial intermediaries can be made during the Offer Period.

In the event of an offer being made by a financial intermediary, this financial intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made.

Any financial intermediary using the Prospectus has to state on its website that it uses the Prospectus in accordance with the consent and the conditions attached thereto.

Expenses of the Issue

The total expenses of the issue of the Notes are expected to amount to EUR 40,000.

Documents on Display

For so long as any Note is outstanding, copies of the following documents may be inspected in physical form during normal business hours at the specified office of the Paying Agent:

- (i) The partnership agreement of the Issuer and the Articles of Association of the general partner of the Issuer;
- (ii) this Prospectus and the Pricing Notice;
- (iii) the Agency Agreement (*Zahlstellenvertrag*); and
- (iv) all documents incorporated by reference.

DOCUMENTS INCORPORATED BY REFERENCE

Documents incorporated by reference

The published audited consolidated annual financial statements of Otto Group for the year ended 28 February 2011 and 29 February 2012, in each case including the auditor's report thereon, which have been published and filed with the CSSF shall be incorporated in, and form part of, this Prospectus:

Comparative Table of Documents incorporated by Reference

Section of Prospectus	Document incorporated by reference
Otto (GmbH & Co KG), Historical Financial Information	<p>Audited Consolidated Financial Statements of Otto (GmbH & Co KG) for the Fiscal Year ending 29 February 2012 (extracted from Otto (GmbH & Co KG)'s Annual Report 2011/2012 – Otto Group Figures, consisting of:</p> <ul style="list-style-type: none">- Consolidated Balance Sheet (pages 50 - 51)- Consolidated Statement of Comprehensive Income (page 48)- Consolidated Income Statement (page 49)- Consolidated Cash Flow Statement (pages 52 - 53)- Statement of Changes in Consolidated Equity (pages 54 - 55)- Notes (pages 63 - 146)- Auditor's report (page 147 - 148) <p>Audited Consolidated Financial Statements of Otto (GmbH & Co KG) for the Fiscal Year ending 28 February 2011 (extracted from Otto (GmbH & Co KG)'s Annual Report 2010/2011 – Otto Group Figures, consisting of:</p> <ul style="list-style-type: none">- Consolidated Balance Sheet (pages 54 - 55)- Consolidated Statement of Comprehensive Income (page 52)- Consolidated Income Statement (page 53)- Consolidated Cash Flow Statement (pages 56 - 57)- Statement of Changes in Consolidated Equity (page 58 - 59)- Notes (pages 66 - 155)- Auditor's report (page 156)

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

Availability of incorporated Documents

Any document incorporated herein by reference can be obtained without charge at the offices of the Issuer as set out at the end of this Prospectus. In addition, such documents will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

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