

Terms and Conditions of the Certificates

§ 1 Form

1. The share certificates (the "**Certificates**") of Commerzbank Aktiengesellschaft, Frankfurt am Main, (the "**Issuer**") will be represented by a global bearer certificate (the "**Global Certificate**") which shall be deposited with Deutsche Bank, Frankfurt am Main, as *Common Depository* for Euroclear Bank S.A./N.V., Brussels ("**Euroclear**") and Clearstream Banking, société anonyme, Luxembourg ("**Clearstream**") (together, the "**Clearing System**").
2. The Certificates will initially be represented by a temporary global bearer certificate (the "**Temporary Global Bearer Certificate**"), which will be exchanged not earlier than 40 days and not later than 180 days after their issue date against a permanent global bearer certificate (the "**Permanent Global Bearer Certificate**"; the Temporary Global Bearer Certificate and the Permanent Global Bearer Certificate hereinafter together the "**Global Certificate**"). The Temporary Global Bearer Certificate and the Permanent Global Bearer Certificate shall be deposited with Deutsche Bank, Frankfurt am Main, as *Common Depository* for Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme, Luxembourg ("**Clearstream**") (together, the "**Clearing System**"). The exchange shall only be made upon certification to the effect that, subject to certain exceptions, the beneficial owner or owners of the Certificates represented by the Temporary Global Bearer Certificate are not U.S. persons.

There will be no definitive Certificates. The right of the Certificateholders to request the delivery of definitive Certificates shall be excluded. The Certificateholders receive co-ownership participation in the Global Certificate which can be transferred according to the rules and regulations of the Clearing System.

3. The Global Certificate shall bear the hand-written signatures of two authorised officers of the Issuer.

§ 2 Maturity

1. Subject to an Early Redemption according to paragraph 3, the Certificates shall be redeemed on 12 May 2011 (the "**Redemption Date**").
2. Each Certificate shall be redeemed at an amount in U.S. Dollar ("**USD**") (the "**Redemption Amount**") which is determined according to the following provisions:
 - a) If on the Final Valuation Date¹ the Reference Price A of each of the Shares is above the Strike Price of the respective Share, the Redemption Amount shall be USD 2,200 per Certificate;

OR

 - b) If (i) on the Final Valuation Date the Reference Price A of at least one of the Shares is below the Strike Price of the respective Share and if (ii) during the Monitoring Period the Reference Price B of all of the Shares has never been equal to or below the Barrier, the Redemption Amount shall be USD 1,000 per Certificate;

OR

¹ Definitions of terms in capital letters are contained in § 2 paragraph 4.

- c) If (i) on the Final Valuation Date the Reference Price A of at least one of the Shares is below the Strike Price of the respective Share and if (ii) during the Monitoring Period the Reference Price B of at least one of the Shares has at least once been equal to or below the Barrier of the respective Share, the Redemption Amount per Certificate shall be calculated as follows:

$$\text{USD } 1,000 \times \min\left(\frac{\text{Bradesco}_{\text{final}}}{\text{Bradesco}_{\text{initial}}}, \frac{\text{Petrobras}_{\text{final}}}{\text{Petrobras}_{\text{initial}}}, \frac{\text{Vale}_{\text{final}}}{\text{Vale}_{\text{initial}}}\right)$$

where

$\text{Bradesco}_{\text{final}}$ = the Reference Price A of the Bradesco Share on the Final Valuation Date

$\text{Bradesco}_{\text{initial}}$ = the Bradesco Strike Price

$\text{Petrobras}_{\text{final}}$ = the Reference Price A of the Petrobras Share on the Final Valuation Date

$\text{Petrobras}_{\text{initial}}$ = the Petrobras Strike Price

$\text{Vale}_{\text{final}}$ = the Reference Price A of the Vale Share on the Final Valuation Date

$\text{Vale}_{\text{initial}}$ = the Vale Strike Price

3. If on an Early Valuation Date the Reference Price A of each Share is above the Strike Price of the respective Share (the "**Early Redemption Event**"), then the Certificates shall be early redeemed on the Early Redemption Date immediately following the Early Valuation Date at the Early Redemption Amount relating thereto, all as detailed in the following table:

Early Valuation Date	Early Redemption Amount	Early Redemption Date
5 May 2007	USD 1,240	12 May 2007
5 May 2008	USD 1,480	12 May 2008
5 May 2009	USD 1,720	12 May 2009
5 May 2010	USD 1,960	12 May 2010

4. For the purposes of these Terms and Conditions of the Certificates the following definitions shall apply:

"**Barrier**" means

- with respect to the Bradesco Share, USD 19.76 (the "**Bradesco Barrier**");
- with respect to the Petrobras Share, USD 52.60 (the "**Petrobras Barrier**"); and/or
- with respect to the Vale Share, USD 27.98 (the "**Vale Barrier**");

all subject to adjustment according to § 3.

"**Bradesco**" means Banco Bradesco S.A.

"**Company**" means any or all, as the case may be, of Bradesco, Petrobras and/or Vale.

"**Exchange**" with respect to a Company and/or Share, the New York Stock Exchange (NYSE).

"Exchange Business Day" with respect to a Share means a day on which the Exchange is open for trading during its regular trading sessions, notwithstanding the Exchange closing prior to its scheduled weekday closing time without regard to after hours or any other trading outside of the regular trading session hours.

"Final Valuation Date" means 5 May 2011.

"Market Disruption Event" means the suspension of or limitation imposed on trading in the Shares on the Exchange, or the suspension of or limitation imposed on trading in option contracts on the Shares on the Related Exchange, if such option contracts are traded on the Related Exchange.

A limitation regarding the office hours or the number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange. A limitation on trading imposed during the course of a day by reason of movements in price exceeding permitted limits shall only be deemed to be a Market Disruption Event if such limitation still prevails at the time of termination of the trading hours on such date.

"Monitoring Period" means the period from and including 5 May 2006 until and including the Final Valuation Date.

"Petrobras" means Petróleo Brasileiro S.A.

"Reference Price A" means the official closing level of the Shares as determined and published by the Exchange on a Valuation Date.

"Reference Price B" means any level of the Shares on the Exchange during the Monitoring Period.

"Related Exchange" shall be the options and futures exchange with the highest trading volume of option contracts relating to the Shares of a Company. If option contracts on the Shares are not traded on any exchange, the Related Exchange shall be the options and futures exchange with the highest amount of option contracts relating to shares of companies having their residence in the country in which the Company has its main office. If there is no options and futures exchange in the country in which the Company has its main office on which option contracts on shares are traded, the Issuer will determine the Related Exchange in its own reasonable discretion.

"Share" means

- an American depositary share of common shares of Banco Bradesco S.A. (Bloomberg Ticker: BBD UN Equity) (the "**Bradesco Share**");

- an American depositary share of ordinary shares of Petróleo Brasileiro S.A. (Bloomberg Ticker: PBR UN Equity) (the "**Petrobras Share**"); and/or
- an American depositary receipt of common shares of Companhia Vale Do Rio Doce (Bloomberg Ticker: RIO UN Equity) (the "**Vale Share**").

"**Strike Price**" means

- with respect to the Bradesco Share, USD 39.52 (the "**Bradesco Strike Price**");
- with respect to the Petrobras Share, USD 105.20 (the "**Petrobras Strike Price**"); and/or
- with respect to the Vale Share, USD 55.96 (the "**Vale Strike Price**");

all subject to adjustment according to § 3.

"**Valuation Date**" means any of all of the Early Valuation Dates and the Final Valuation Date.

"**Vale**" means Companhia Vale Do Rio Doce.

5. If on a Valuation Date the Reference Price A of a Share is not determined and published by the Exchange or if, in the opinion of the Issuer, a Market Disruption Event with respect to a Share occurs, then the Valuation Date for the affected Share shall be postponed to the next Exchange Business Day on which a Reference Price A of the Share is determined and published again by the Exchange and on which no Market Disruption Event occurs.

If, pursuant to the provisions above, an Early Valuation Date is postponed to the third Exchange Business Day prior to the respective Early Termination Date and, in the case of the Final Valuation Date, to the third Exchange Business Day prior to the Maturity Date, and a Reference Price A of the affected Share is not determined and published by the Exchange on such day or if, in the opinion of the Issuer, a Market Disruption Event occurs or persists on such day, then the Issuer shall - after consultation with an independent expert, if the Issuer deems it necessary - estimate the closing price of the affected Share in its reasonable discretion (§ 315 German Civil Code (BGB)) and with respect to the prevailing market conditions on such day and determine whether an Early Termination Event has taken place or determine the Redemption Amount, respectively, on the basis of such estimate.

6. In the case of one of the early termination events described hereafter, the Issuer shall be entitled but not obliged to early terminate the Certificates with a prior notice of seven Banking Days according to § 7 (first sentence) (the "**Notice**"). An early termination event shall be the intention of a Company or the Exchange to terminate the quotation of the Shares due to a merger through acquisition or through formation of a new company, a restructuring into a non-stock entity or for any reason whatsoever as well as the application for voluntary or involuntary liquidation, bankruptcy or insolvency proceedings affecting the Company. In the case of such early termination each Certificate will be redeemed at an amount which will be determined by the Issuer in its reasonable discretion (§ 315 German Civil Code (BGB)) - after consultation with an independent expert, if the Issuer deems it necessary - as the fair market value of a Certificate at or about the time when the Notice has been made according § 7 (first sentence). All claims and rights under each Certificate expire with the payment of such amount.
7. Any determination, calculation or other decision of the Issuer shall, in the absence of manifest error, be binding for all parties involved.

8. All taxes, duties or other fees and charges in connection with the redemption of the Certificates are to be borne and paid by the Certificateholders.

§ 3 Adjustments

1. In the case of the occurrence of an Adjustment Event (paragraph 3), the Issuer shall make adjustments to these Terms and Conditions in its reasonable discretion with the aim of maintaining for the Certificateholders, to the extent possible, the economic position which they held prior to such events. Such adjustments may *inter alia* affect the Strike Price and/or the Barrier of a Share and may lead to an underlying Share being replaced by a basket of shares or, in the case of a merger, by shares of the merged or newly formed entity in any suitable number or to the designation of a different stock exchange as the Exchange.
2. The Issuer shall make adjustments taking into consideration the adjustments made by the Related Exchange (paragraph 6) for option contracts for shares of the respective Company. If no option contracts for the shares of the respective Company are traded on the Related Exchange, the adjustment shall be made taking into consideration the adjustments the Related Exchange would make if option contracts for the shares of the respective Company were traded there. The Issuer has the right to deviate from the adjustments made by the Related Exchange to the extent the Issuer considers necessary in order to account for differences between the Certificates and the option contracts traded on the Related Exchange. In the case of doubt as to the application of the adjustment rules of the respective Related Exchange, the Issuer will decide upon the application of the adjustment rules after consultation with an independent expert. The Issuer is not obliged to make any adjustments in the case of an Adjustment Event. Adjustments will become effective at the time determined by the Issuer taking into consideration the point in time when such adjustments become effective on the respective Related Exchange, or, as the case may be, would become effective, if equivalent option contracts were traded there.
3. "**Adjustment Event**" means any action taken by the Company:
 - a) Capital increases against contributions through the issuance of new shares subject to shareholders' subscription rights, capital increases from reserves, issuance of securities with option or conversion rights into shares, distributions of extraordinary dividends or stock splits;
 - b) a spin-off of a part of the Company in such a way that a new independent entity is formed, or that the part of the Company which is spun-off is merged into another entity;
 - c) the definitive termination of the listing of the respective Shares due to a merger through acquisition or through formation of a new entity or for any other reason.
 - d) Any other adjustment events comparable with the previous ones which trigger an adjustment on the respective Related Exchange, or, as the case may be, would trigger an adjustment if equivalent option contracts for shares of the Company were traded there, relating to the strike price of the contract, the contract size, the underlying asset under the contract or the designation of any stock exchange relevant to that contract.
4. Adjustments made pursuant to the preceding paragraphs as well as their respective effective dates will be published by the Issuer in accordance with § 7.

5. Adjustments made pursuant to the preceding paragraphs will be made by the Issuer and are, in the absence of manifest error, binding for all parties involved.

§ 4 Transfer

1. All amounts payable are to be paid to the Paying Agent (§ 5) to be transferred to the Clearing System for crediting the relevant accountholders' account for transfer to the Certificateholders.
2. If a day on which a payment under the Terms and Conditions of the Certificates has to be made is not a Payment Business Day, payment shall be made on the next following Payment Business Day, and the Certificateholders shall neither be entitled to any payment claim nor to any interest claim or other compensation with respect to such delay.

"Payment Business Day" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets in New York and the Clearing System settle payments in U.S. Dollar.

§ 5 Paying Agent

1. Commerzbank Aktiengesellschaft, Main Office, Frankfurt am Main, shall be paying agent (the **"Paying Agent"**).
2. The Issuer shall be entitled at any time to appoint another bank of international standing as Paying Agent. The appointment of another Paying Agent shall be published without delay by the Issuer according to § 7.
3. The Paying Agent shall be held responsible for giving, failing to give, or accepting a declaration or acting or failing to act with the diligence of a conscientious businessman.

§ 6 Substitution of the Issuer

1. Any other company may at any time during the lifetime of the Certificates, subject to paragraph 2., assume upon notice by the Issuer to be given in accordance with § 7, all obligations of the Issuer under these Terms and Conditions of the Certificates. Upon any such substitution, such substitute company (hereinafter called **"New Issuer"**) shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer under these Terms and Conditions of the Certificates with the same effect as if the New Issuer had been named as the Issuer herein, and the Issuer and, in the case of a repeated application of this § 6, each previous New Issuer shall be released from its obligations hereunder and from its liability as obligor under the Certificates.

In the event of such substitution, any reference in these Terms and Conditions of the Certificates (except for this § 6) to the Issuer shall from then on be deemed to refer to the New Issuer.

2. No such assumption shall be permitted unless
 - a) the New Issuer has agreed to indemnify and hold harmless each Certificateholder against any tax, duty, assessment or governmental charge imposed on the Certificateholder in respect of such substitution;
 - b) the Issuer (in this capacity hereinafter referred to as the "**Guarantor**") has unconditionally and irrevocably guaranteed fulfilment by the New Issuer of all payment obligations assumed by it for the benefit of the Certificateholders and the terms of the Guarantee has been published in accordance with § 7;
 - c) the New Issuer has obtained all governmental authorisations, approvals, consents and permissions necessary in the jurisdictions where the New Issuer is domiciled or the country under the laws of which it is organised.
3. Upon any substitution of the Issuer for a New Issuer, this § 6 shall apply again.

§ 7 Notices

Notices relating to the Certificates shall be made to the Clearing System for communication to the Certificateholders or directly to the Certificateholders. Notifications vis-à-vis the Clearing System shall be deemed to be effected seven days after the notification to the Clearing-System, direct notifications of the Certificateholders shall be deemed to be effected upon their receipt.

§ 8 Final Clauses

1. The form and contents of the Certificates and the rights and duties of the Certificateholders, the Issuer, the Paying Agent(s) and a possible Guarantor shall in all respects be governed by the laws of the Federal Republic of Germany.
2. Should any provision of these Terms and Conditions of the Certificates be or become void in whole or in part, all other provisions shall remain in force. Void provisions shall be replaced in accordance with the meaning and purpose of these Terms and Conditions of the Certificates.
3. Place of performance shall be Frankfurt am Main.
4. Place of jurisdiction shall be Frankfurt am Main.
5. The Issuer shall be entitled to amend or supplement in these Terms and Conditions of the Certificates (a) obvious errors in writing or calculating or any other obvious errors and (b) contradictory or incomplete conditions without the approval of the Certificateholders, whereas the amendments or supplements in cases of (b) are admissible only, with regard to the concerns of the Issuer, if such amendments or supplements are reasonable for the Certificateholders, i.e. that do not worsen the financial situation of the Certificateholders materially. Amendments or supplements of these Terms and Conditions of the Certificates have to be notified without delay in accordance with § 7.