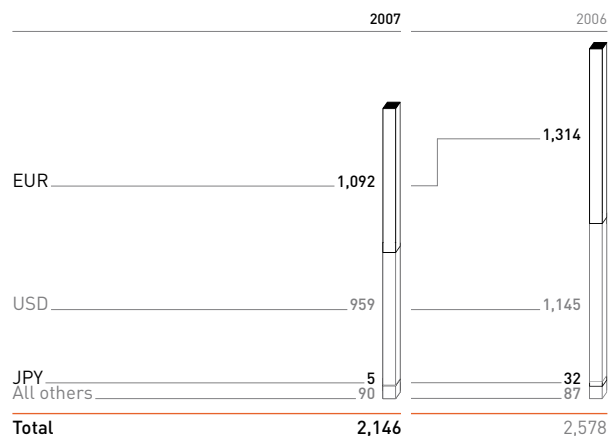


**STANDARD FINANCIAL COVENANTS** Under our committed credit facilities we have entered into various covenants. These covenants include limits on our disposal of fixed assets and the amount of debt secured by liens we may incur. In addition, our financial arrangements contain equity ratio covenants, minimum equity covenants as well as net loss covenants. If we fail to meet any covenant and are unable to obtain a waiver from a majority of partner banks, borrowings would become due and payable immediately. As at December 31, 2007, we were in full compliance with all of our covenants. Going forward, we are highly confident that we will continue to be compliant with these covenants as we expect sustainable strong cash flows for the foreseeable future. [▶ see Outlook, p. 118](#) We currently believe that cash generated by operations, together with access to external sources of funds, will be sufficient to meet our operating and capital needs in the foreseeable future.

**GROSS BORROWINGS SIGNIFICANTLY REDUCED** Gross borrowings decreased by 17% to € 2.146 billion at the end of 2007 from € 2.578 billion in the prior year. Bank borrowings decreased 28% to € 198 million from € 275 million in the prior year. Our private placements in the USA, in Europe and in Asia decreased 12% to € 1.564 billion in 2007 (2006: € 1.784 billion). The current value of the convertible bond increased 2% to € 384 million in 2007 from € 375 million in the prior year, reflecting the accrued interest on the debt component in accordance with IFRS requirements. No commercial paper was outstanding at the end of 2007 (2006: € 144 million).

#### CURRENCY SPLIT OF GROSS BORROWINGS

€ in millions



#### ISSUED BONDS AT A GLANCE

€ in millions

Issued Bonds	Volume	Coupon	Maturity
Asian Private Placement	USD 218	variable	2009
Asian Private Placement	JPY 3,000	fixed	2009
Asian Private Placement	EUR 26	variable	2010
Asian Private Placement	AUD 16	variable	2010
German Private Placement	EUR 150	fixed/variable	2010
French Private Placement	EUR 150	variable	2011 - 2012
US Private Placement	USD 175	fixed	2015
US Private Placement	USD 1,000	fixed	2009 - 2016
Convertible Bond	EUR 400	2.50 %	2018
Other Private Placements	EUR 399	fixed/variable	2008 - 2012

**CURRENCY MIX BROADLY UNCHANGED** The majority of our Group's gross borrowings are denominated in euros and US dollars. In an effort to minimize the level of short-term variable interest rate borrowings, 2007 debt reduction was targeted at euro-denominated instruments, which are mainly variable-rate financing arrangements. In addition, our US dollar-denominated financing declined in absolute terms mainly as a result of the US dollar depreciation versus the euro. Consequently, the currency split of our gross borrowings at the end of 2007 was broadly unchanged versus the prior year. Gross borrowings denominated in euros accounted for 51% of total gross borrowings (2006: 51%). The share of gross borrowings held in US dollars increased slightly to 45% (2006: 44%).

**INTEREST RATE INCREASES** The weighted average interest rate on the Group's gross borrowings rose 0.5 percentage points to 5.3% in 2007 (2006: 4.8%), mainly as a result of higher interest rates in the Euro Zone. As a result, our debt reduction in 2007 focused primarily on decreasing the Group's variable financing arrangements to better protect against future interest rates increases. [▶ see Risk and Opportunity Report, p. 104](#) Long-term fixed-rate financing amounted to around 70% of the Group's total financing at the end of 2007 (2006: around 65%). Variable financing amounted to around 30% of total financing at the end of the year (2006: around 35%).