BASE PROSPECTUS



Koninklijke DSM N.V.

(incorporated in The Netherlands with its corporate seat in Heerlen)

EUR 3,000,000,000
Debt Issuance Programme

This base prospectus (the "**Base Prospectus**") was approved by The Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, the "**AFM**") in its capacity as competent authority in The Netherlands for the purposes of the Prospectus Directive (as defined below). Koninklijke DSM N.V. (the "**Issuer**" or "**DSM**" or "**Royal DSM**" or the "**Company**") has requested the AFM to provide the competent authorities in Luxembourg and the United Kingdom with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive (a "**Notification**"). The Issuer may request the AFM to provide the competent authorities in other Member States of the European Economic Area (the "**EEA**") with a Notification.

Application has been made to list notes ("**Notes**") to be issued under this EUR 3,000,000,000 Debt Issuance Programme (the "**Programme**") during the period of 12 months from the date of this Base Prospectus on NYSE Euronext in Amsterdam ("**Euronext Amsterdam**"). The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below.

Arranger

Deutsche Bank

Dealers

BNP PARIBAS
Credit Suisse
HSBC
J.P. Morgan
The Royal Bank of Scotland

Citigroup
Deutsche Bank
ING Commercial Banking
Rabobank International
UBS Investment Bank

A copy of this Base Prospectus can be obtained from the registered office of DSM and from the specified office of the Fiscal and Paying Agent.

The date of this Base Prospectus is 31 May 2012. It replaces and supersedes the base prospectus dated 16 December 2010 issued in respect of the Programme and all previous Prospectuses in connection with the Programme and is valid for a period of 12 months as of its date.

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Base Prospectus and for information incorporated by reference herein. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

NOTICE

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive (as implemented in the Dutch Financial Markets Supervision Act, *Wet op het financieel toezicht*, and supplementing regulations) for the purpose of giving information with regard to the Issuer and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the rights attached to the Notes.

This Base Prospectus is to be read in conjunction with any supplements hereto and with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such supplements or documents are incorporated into, and form part of, this Base Prospectus and, in relation to any Tranche (as defined in "*Summary*") of Notes, must be read and construed together with the relevant Final Terms.

None of the Arranger or the Dealers appointed by the Issuer or their respective affiliates have separately verified the information contained herein or authorised the whole or any part of this Base Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by such Arranger and Dealers or their respective affiliates as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Issuer. None of the Arranger, the Dealers or their respective affiliates accept any liability in relation to the information contained in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any other information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme should purchase any Notes. 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. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since such date, or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme. Investors should carefully review and evaluate, *inter alia*, the most recent financial statements of the Issuer when deciding whether or not to purchase any Notes.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

The distribution of this Base Prospectus, any supplements hereto and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus, any supplements hereto or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of the Base Prospectus, any supplements hereto or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any securities regulatory authorities of any state or other jurisdiction of the United States 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, or for the account of, U.S. persons. Neither this Base Prospectus or any supplements hereto nor any Final Terms may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

The Issuer has undertaken with the Dealers to amend or supplement this Base Prospectus or publish a new prospectus if and when the information herein should become materially inaccurate or incomplete, and has further agreed with the Arranger and the Dealers to furnish a supplement to this Base Prospectus in case of any significant new factor, material mistake or

inaccuracy to the information included in this Base Prospectus which is capable of affecting the assessment of the Notes and which arises or is noted between the time when this Base Prospectus has been approved and the final closing of any Tranche of Notes offered to the public or, as the case may be, when trading of any Tranche of Notes on a regulated market begins, in respect of Notes issued on the basis of this Base Prospectus.

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the EEA, references to "**U.S.$**", "**U.S. dollars**" or "**dollars**" are to United States dollars, references to "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of 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, references to "**Sterling**", "**£**" refer to the currency of the United Kingdom and references to "**Renminbi**" or "**RMB**" means the lawful currency of the People's Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan) (the "**PRC**").

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State which has implemented the Prospectus Directive (each a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by a Final Terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, **provided that** (a) any such prospectus has subsequently been completed by Final Terms which specifies that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State, (b) such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms and (c) the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the

applicable Final Terms may over-allot 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(s) (or persons acting on behalf of any Stabilising Manager(s)) 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 relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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SUMMARY

*The following constitutes the summary (the "**Summary**") of the essential characteristics and risks associated with the Issuer and the Notes to be issued under the Programme. This Summary should be read as an introduction to this Base Prospectus. Any decision by an investor to invest in any Tranche of Notes should be based on consideration of this Base Prospectus as a whole, including any supplement thereto, the documents incorporated by reference and the relevant Final Terms. Where a claim relating to the information contained in this Base Prospectus, any supplements thereto, the documents incorporated by reference and the relevant Final Terms is brought before a court in a Member State of the European Economic Area, the plaintiff investor might, under the national legislation of such court, have to bear the costs of translating the Base Prospectus, any supplements thereto, the documents incorporated by reference and the relevant Final Terms before the legal proceedings are initiated. Following the implementation of the Prospectus Directive (Directive 2003/71/EC) in each Member State of the European Economic Area, no civil liability will attach to the Issuer in any such Member State solely on the basis of this Summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus, including any information incorporated by reference.*

The following Summary does not purport to be complete and is taken from and qualified in its entirety by the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms.

Issuer:	Koninklijke DSM N.V. Koninklijke DSM N.V. is the holding company under Dutch Law of a group that is active worldwide in life science products, performance materials and industrial chemicals.
Arranger:	Deutsche Bank Aktiengesellschaft
Dealers:	BNP PARIBAS Citigroup Global Markets Limited Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International) Credit Suisse Securities (Europe) Limited Deutsche Bank Aktiengesellschaft HSBC Bank plc ING Bank N.V. J.P. Morgan Securities Ltd. The Royal Bank of Scotland plc UBS Limited and any other dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes (as defined

	below). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, the Dealers are set out in the amended and restated Dealer Agreement relating to the Programme, dated 31 May 2012, as amended from time to time (the "**Dealer Agreement**"). The Dealer Agreement makes provisions for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes (as defined below).
Fiscal and Paying Agent:	Citibank, N.A., London Branch
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "*Risk Factors*" below and include generic risks relating to the Issuer, risks relating to the Notes and risks relating to investment markets generally. For more details of the risk factors affecting to Notes to be issued under the Programme see "*Risk Factors*".
Method of Issuance:	Under its EUR 3,000,000,000 Debt Issuance Programme, Koninklijke DSM N.V. may from time to time issue Notes. These Notes may or may not be listed on a stock exchange. The applicable terms of any Notes will be determined by the Issuer and the relevant Dealer(s) prior to the issue of the Notes. Such terms will be set out in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Final Terms attached to, or endorsed on, or applicable to such Notes, as more fully described in the "*Terms and Conditions of the Notes*" section of this Base Prospectus.
Programme Amount:	This Base Prospectus and any supplement will only be valid for the issue of Notes in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed EUR 3,000,000,000 or its equivalent in other currencies.

Issuance in Series:

Notes will be issued in series (each a "**Series**"). Each Series may comprise one or more tranches ("**Tranches**" and each a "**Tranche**") issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date, interest commencement date and the issue price may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.

Form of Notes:

Notes will be issued in bearer form only.

Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in new global note form (a "**Classic Global Note**" or "**CGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date (i) with a depositary or a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, société anonyme Luxembourg ("**Clearstream, Luxembourg**") and/or any other agreed clearing system or (ii) with Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("**Euroclear Netherlands**") and each Global Note which is intended to be issued in new global note form (a "**New Global Note**" or "**NGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes and in respect of Global Notes deposited with Euroclear Netherlands only in the limited circumstances as described in the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*) and in accordance with the rules and regulations of Euroclear Netherlands. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Interests in a Permanent Global Note will be exchangeable for definitive Notes in bearer form as

described under "*Summary of Provisions Relating to the Notes while in Global Form*".

Currencies: Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any legal currency agreed by the Issuer and the relevant Dealer(s).

Status of the Notes: Notes will constitute direct, unconditional and unsecured and unsubordinated obligations of the Issuer and rank at least *pari passu* and rateably without any preference among themselves and (subject to any applicable statutory exceptions and without prejudice as aforesaid) equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

Interest: Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed or floating rate and may vary during the lifetime of the relevant Series.

Fixed Rate Notes: Fixed Rate Notes will bear interest at a fixed rate, payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).

Floating Rate Notes: Floating Rate Notes will bear interest at a rate determined:

(i) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or

(ii) on such other basis as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes (as set out in the applicable Final Terms).

Index Linked Notes: Payments in respect of interest (if any) on Index Linked Notes ("**Index Linked Interest Notes**") or principal on Index Linked Notes ("**Index Linked Redemption Notes**") will be calculated by reference to a single index or a basket of indices and/or formula(e) as may be specified in the applicable Final Terms.

Dual Currency Notes: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as may be specified in the applicable Final Terms.

Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their nominal amount or at par and will not bear interest other than in the case of late payment, as may be specified in the applicable Final Terms.

Issue Price: Notes may be issued at any price and either on a fully or partly paid basis ("**Partly Paid Notes**") or at a discount or premium to their nominal amount, as specified in the relevant Final Terms.

Maturities: Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. Save as provided above, the Notes are not subject to any maximum maturity.

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 of England and Wales ("**FSMA**") by the Issuer.

Redemption: Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula or otherwise) as may be specified in the relevant Final Terms.

Early Redemption: Early redemption will be permitted for taxation reasons as mentioned in "*Terms and Conditions of the Notes – Condition 5(c) (Redemption for Taxation Reasons)*", but will otherwise be permitted only to the extent specified in the relevant Final Terms.

Denominations: Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum denomination shall be (i) EUR 50,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes), or (ii) EUR100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes), where such admittance to trading on a regulated market or offer to the public takes place in any Member State that has already implemented the provision under the 2010 PD Amending Directive that increases the minimum denomination for "wholesale debt" from EUR50,000 to EUR100,000. If this proviso applies, so long as the Notes are represented by a Temporary Global Note or Permanent Global Note and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least such minimum denomination and integral multiples of the Calculation Amount specified in the Terms and Conditions of the Notes in excess thereof.

Taxation: Payments in respect of Notes issued by the Issuer will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the jurisdiction of incorporation of the Issuer or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will (subject to certain exceptions as more fully set out in "*Terms and Conditions of the Notes - Condition 7(b) (Taxation)*") pay such

	additional amounts as will result in the holders of Notes or Coupons receiving such amounts as they would have received in respect of such Notes or Coupons had no such withholding or deduction been required.
Governing Law:	The Notes will be governed by, and construed in accordance with, Dutch law.
Listing:	Each Series may be admitted to listing on Euronext Amsterdam. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer. The Issuer may also issue unlisted and/or privately placed Notes. References in this Programme to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to trading and have been listed on Euronext Amsterdam or another regulated market.
Terms and Conditions:	Final Terms will be prepared in respect of each Tranche of Notes, a copy of which will, in the case of Notes to be listed on Euronext Amsterdam be delivered to such stock exchange on or before the date of issue of such Notes. The terms and conditions applicable to each Tranche of Notes will be those set out herein under *Terms and Conditions of the Notes* as supplemented, modified or replaced by the relevant Final Terms.
Clearing Systems:	Clearstream Banking AG, Frankfurt am Main ("**Clearstream, Frankfurt**"), Clearstream, Luxembourg, Euroclear, Euroclear Netherlands and/or, in relation to any Series of Notes, any other internationally recognised clearing system as may be specified in the relevant Final Terms.
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States, the European Economic Area, the United Kingdom, The Netherlands, Japan, and the People's Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan) see "*Subscription and Sale*".

RISK FACTORS

The following is a description of risk factors which are material in respect of the Notes and the financial situation of the Issuer and which may affect the Issuer's ability to fulfil its obligations under the Notes. Prospective investors should carefully consider these risk factors before deciding to purchase 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. Prospective investors should consider these risk factors before deciding to purchase Notes issued under the Programme. The inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons. The risks described below are not the only risks the Issuer faces. Additional risks and uncertainties not presently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations.

Prospective investors should furthermore consider all information provided in the Base Prospectus and consult with their own professional advisors (including their financial, accounting, legal and tax advisors) if they consider it necessary. In addition, investors should be aware that the risks described herein may combine and thus intensify another.

General Risk Factor

This Base Prospectus identifies in a general way the information that a prospective investor should consider prior to making an investment in the Notes. However, a prospective investor should conduct its own thorough analysis (including its own accounting, legal and tax analysis) prior to deciding whether to invest in the Notes as any evaluation of the suitability for an investor of an investment in the Notes depends upon a prospective investor's particular financial and other circumstances, as well as on specific terms of the Notes. This Base Prospectus is not, and does not purport to be, investment advice or an investment recommendation to purchase Notes. The Issuer, including any group company, is acting solely in the capacity of an arms' length contractual counterparty and not as a purchaser's financial adviser or fiduciary in any transaction unless the Issuer has agreed to do so in writing. If a prospective investor does not have experience in financial, business and investment matters sufficient to permit it to make such a determination, the investor should consult with its financial adviser prior to deciding to make an investment on the suitability of the Notes. Investors risk losing their entire investment or part of it.

Each prospective investor of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes (i) is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with any investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or, if it is acquiring the Notes in a fiduciary capacity, for the beneficiary). In particular, investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should therefore consult its legal advisers to determine whether and to what extent (i) the Notes are

legal investments for it, (ii) the Notes can be used as underlying securities for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Risk Factors Relating to the Issuer

The following section on risks may include forward-looking statements and may therefore involve uncertainty (the actual results may differ from those projected).

Generic/Strategic risks

Global financial and economic developments

In the November 2011 update of the corporate risk assessment carried out by the Managing Board of the Issuer, the likelihood and impact of events were re-evaluated that could jeopardise the achievement of the 'DSM in motion; driving focused growth' strategy and, more specifically, the achievement of the quantitative targets and aspirations as specified for that strategy in the years 2013 (EBITDA €1.4 to 1.6 billion, a return on capital employed greater than 15%), 2015 (organic sales growth 5 to 7% annually, China sales greater than U.S.$3 billion, 50% sales from high growth economies, 20% of sales to originate from innovative products and applications introduced in the last five years) and 2020 (emerging business area sales greater than EUR 1 billion). In setting these targets and aspirations, assumptions had been made about the macro-economic and global financial developments. Since the global financial crisis starting in 2008 DSM has improved its early warning and forecasting processes and believes it is in a position to adjust quickly to sudden adverse market conditions. If an economic downturn were to worsen or occur again, this could have a significant detrimental effect on the achievement of the aforementioned quantitative targets and aspirations. This effect could be aggravated by volatility in currencies.

Risks related to high growth economies

The strategy to grow the company through increased presence and business in high growth economies such as China, India, Latin America and Russia, is being successfully implemented. This implies that the relative exposure to the business climate in these regions is also increasing. DSM is further reinforcing its governance and resources in these regions in order to benefit from the opportunities and manage the downside risks these regions present. There is, however, a risk that such markets will not grow as expected or that opportunities in these markets will be missed. In addition, low cost competing products from these countries may jeopardise profitability in established markets where the Issuer operates. These risks might have an impact on the results of operations and financial condition of the Company, which in turn could have an impact on the Company's ability to fulfil its obligations under the Notes.

Risks of competition and commoditisation in existing markets

Through its divestment and acquisition policies, as well as through a focus on creating differentiating products through sustained investments in innovation, DSM has considerably reduced its exposure to cyclical and commodity markets. Some parts of the business, however, still serve markets that are sensitive to swings in the economic climate, such as the building and construction market. Other competitive challenges such as unexpected competing technologies or intellectual property issues may also cause the profitability of DSM's activities to deviate from the projected levels. These risks might have an impact on the results of operations and financial condition of the Company, which in turn could have an impact on the Company's ability to fulfil its obligations under the Notes.

Political and country risks

DSM has subsidiaries in more than 45 countries. These subsidiaries can be exposed to potentially unfavourable changes in (financial) regulations and political climate that might hamper the exploitation of projected opportunities or might impair the value of the local business.

Risks related to divestments, acquisitions and partnerships

Within the DSM strategy, acquisitions and partnerships have been chosen as one of the main growth drivers. Several steps in this field have already been executed successfully, the most important being the acquisition of Martek Biosciences Corporation (NASDAQ: MATK) in February 2011. For the rest of the strategic period until 2015, the risks in this area are still considered to be amongst the most prominent. They are connected to the potential failure of the Company to identify relevant acquisition targets, or its failure to do so in time, or its lack of success in bid processes or in the integration of acquired businesses needed to safeguard its growth path.

DSM also uses joint ventures and other strategic alliances whenever it is beneficial to do so (for example to combine strengths and to share investments and inherent risks). The partnering strategy especially applies to the Pharma business and the joint venture between DSM Anti-Infectives and Sinochem Group (see “Description of the Issuer”, Description per cluster: *Pharma*) is an important step in the execution of this strategy. Nevertheless, considerable uncertainties remain on the path to the projected growth and profitability in the Pharma area. More generally, although joint ventures and strategic alliances are always intended to add value, situations can arise that result in a conflict of interests that could potentially damage the business.

These risks might have an impact on the results of operations and financial condition of the Company, which in turn could have an impact on the Company's ability to fulfil its obligations under the Notes.

Innovation risks (new markets, products and technologies)

Innovation is another main growth driver in DSM's strategy. The Company has strengthened its market intelligence and enhanced its market and customer orientation and product launch

capabilities, amongst other things through focused training programmes for its employees and improvements to its business processes. In addition it has taken a multitude of actions to create an excellent innovation process, such as improvement and training of its project management process, the introduction of open innovation models and the registration of innovation metrics. Nevertheless, the actual developments in the targeted markets, the speed with which new products and technologies are accepted and the emergence of new competition will always constitute risks to the success of the chosen strategy.

In the Emerging Business Areas, the units within the DSM Innovation Centre for the development of defined new business, efforts have been concentrated in the areas of Biomedical and Bio-based Products and Services. The developments in these areas are subject to the uncertainties inherent in new technologies and markets, such as the effects of competing technologies, regulatory developments, intellectual property issues and market acceptance. This implies that there is a risk that the innovation costs will yield less results than anticipated or that the Company will have to abandon projects on which it has already spent substantial sums of money. This could affect DSM's profitability.

People, organisation and culture risks

DSM's success in implementing its strategy is highly dependent on an effective organisational structure, the ability to attract and retain capable people with the right (diverse) backgrounds and the creation of an entrepreneurial yet responsible culture. As part of the strategy implementation program, DSM has initiated special initiatives in all these areas (amongst others including a revision of the governance structures to enhance regional and functional effectiveness, the introduction of more effective performance development and appraisal systems and the execution of the i-Motion culture change program which includes initiatives in the areas of inspirational leadership, accountability for performance, an outside-in focus, a diverse workforce and a focus on sustainable business practices), building on foundations that were laid in the previous strategy period, that ran from 2010 to 2015 under the name “Vision 2010, building on strengths”. Notwithstanding all these efforts, the achievement of the strategic targets may be hampered by organisational inefficiencies, a lack of key people and/or an unsupportive culture.

Intellectual property protection risks

DSM has reinforced its processes and capabilities to establish, protect and exploit intellectual property rights as these rights are of increasing importance to DSM's strategic development. Nevertheless, the risk exists that, in certain situations, DSM will not be able to valuate or protect its intellectual property effectively (for example in patent or license disputes or other litigation). This, in turn, may lead to negative financial impacts, which could have an impact on the Company's ability to fulfil its obligations under the Notes.

Raw material / energy price and availability risks

DSM implements various policies to avoid supply chain disruptions (for example multiple supplier-strategy) and decrease price volatility (for example commodity hedging). Nevertheless, the increasing complexity and interdependence of worldwide supply streams as

well as increasing (perceived) pressure on availability of resources may lead to price fluctuations and availability issues, influencing DSM's profitability and/or business continuity.

Sustainability risks

Sustainability, behaving socially, environmentally and economically without harming the position of future generations, is DSM's core value and plays a central role in its strategy implementation. It is seen as a measure of responsible behaviour (implementing high standards in social, environmental and business-ethical matters as described in the DSM Code of Business Conduct, Policies, Requirements and Directives) as well as a business driver (developing products, processes and behaviours that make the value chains in which DSM takes part more socially and environmentally sustainable in an economically viable way). The risks related to sustainability as a measure of responsible behaviour are described in this overview in the category Safety, health and environment and the categories under Legal and compliance. For sustainability as a business driver, DSM has set ambitious targets, and although it has put rigorous programs in place to clarify and achieve these targets, there is considerable risk that difficulties will occur in doing so for every target, particularly as the activities are highly innovative and, for their success, dependent on cooperation in novel stakeholder relationships. Not achieving clear and accepted definitions on the sustainability standards and/or not reaching the set targets may lead to reputation damage for DSM and hence to financial damage related to credibility issues in (financial) markets.

Operational risks

Reputation risks

Any failure by any of its business units to meet production safety, social, environmental or ethical standards could harm DSM's reputation and thereby impact on its business and results. DSM has confirmed sustainability to be its core value and, on the basis of this, has formulated a Code of Business Conduct specifying desired behaviour in respect of the social, environmental and economic dimensions. The Code is distributed in 17 languages, (e-) learning has to be followed by all employees and compliance is being actively monitored and enforced. This should reasonably assure appropriate employee conduct. Moreover, the Company makes substantial efforts to reduce the probability that any of its units will fail to comply with internal requirements and/or external laws and regulations, which include paying particular attention to this during corporate audits, special training and reporting programmes for specific target audiences in the areas of competition law compliance and trade law compliance, as well as the worldwide implementation of a whistle blower system and process. Nevertheless, incidents, accidents or mistakes by individual employees may occur that negatively impact DSM's reputation. This risk might have an impact on the results of operations and financial condition of the Company, which in turn could have an impact on the Company's ability to fulfil its obligations under the Notes.

Customer risks

The company tries to meet or exceed customer expectations at all times. Customer satisfaction is measured regularly. Although what DSM considers to be appropriate process and product

quality management is in place to manage the risk of non-compliance with specifications and customer agreements, it cannot be ruled out that issues could arise for instance with regard to quality or delivery, which might lead to complaints, claims and loss of business. Resultant loss of business is a risk despite the fact that the largest customer of the Company in terms of turnover represents less than 2%. The risks described in this paragraph might have an impact on the results of operations and financial condition of the Company, which in turn could have an impact on the Company's ability to fulfil its obligations under the Notes.

Production process risks

DSM aims where possible to spread throughout its organisation any risk associated with its production processes, such as a stoppage in production of the products it sells to its customers, but concentration is also necessary in order to achieve economies of scale. Such concentrations pose a risk of stoppages in production, with resultant risks of loss of business and effects on the Company's turnover. The design of any new facilities and/or production processes is required to include state-of-the-art safety and security facilities. Plants are designed according to high technical and technological standards and are regularly and systematically inspected against predefined risk and maintenance standards. Nevertheless, technical and technological risks may not always be sufficiently well known or controlled so as to exclude any mishaps. These could affect the quality, costs or availability of products, resulting in a financial loss. These risks might have an impact on the results of operations and financial condition of the Company, which in turn could have an impact on the Company's ability to fulfil its obligations under the Notes.

Business continuity risks

The influence of major physical disruptions caused by mishaps affecting the supply line or facilities in the Company has been inventoried and business continuity plans have been put in place. Unexpected developments may nevertheless result in interruptions of supply to customers, causing financial and reputational damage. These risks might have an impact of the results of operations and financial condition of the Company, which in turn could have an impact on the Company's ability to fulfil its obligations under the Notes.

Product-liability risks

As a result of DSM's strategy "DSM in motion: *driving focused growth*" to move away from commodity markets towards specialty markets, the Company's product portfolio continues to evolve. This has been accompanied by a corresponding shift in its product liability risk profile. To protect itself against these risks, DSM has put in place highly demanding process and product requirements and is putting in a great deal of effort on an ongoing basis to assure that all its units comply with internal and external regulatory requirements (for example from US Food and Drug Administration). Additionally, DSM has introduced structural product risk and liability exposure assessments, and has enhanced the focus on the limitation of liability in its sales contracting. Nevertheless, it can never be totally excluded that product-liability issues may lead to financial or reputation damages. This might have an impact on the results of operations and financial condition of the Company, which in turn could have an impact on the Company's ability to fulfil its obligations under the Notes.

Insurable risks

Global insurance policies are in place to reduce the financial impact of potential losses due to damage to property, business interruption and general liability exposures, including the liability risks related to the products produced. At the moment, all pproducts in DSM's portfolio are covered under the company's corporate liability insurance programs. For losses covered by the various policies the self-insured retention at corporate level for any one incident is limited at about €30 million per occurrence with an annual aggregate maximum of €45 million. DSM has in place insurance cover for excess risks related to property damage/business interruption as well as general liability up to contracted maximum amounts that are deemed to be appropriate in view of the risk profile of the company. In the event that damages nevertheless exceed these maximum amounts this might have an impact on the results of operations and financial condition of the Company, which in turn could have an impact on the Company's ability to fulfil its obligations under the Notes.

Information and Communication Technology (ICT) risks

In order to control potential ICT risks DSM employs a policy of using proven hardware and software solutions. Group-wide, DSM works with integrated and standardised ICT infrastructures, back-up, encoding and encryption systems, replicated databases, virus and access protection and a fully compatible global network and intranet. Regular local ICT-security assessments should assure adequate local applications. External ICT-service providers have been contracted in and are required to report regularly on the measures they are taking to reasonably assure that DSM's IT processes are reliable and secure. Although DSM has IT business continuity plans aimed at limiting the impact of major mishaps in the Company's IT environment and has applied strict measures with regard to the security and reliability of its IT systems, incidents involving IT such as, for example, back-up recovery, hot failover systems, virus attacks, hacking and international network connections may still occur, and this can have a material impact on business operations and data security. These risks might have an impact on the results of operations and financial condition of the Company, which in turn could have an impact on the Company's ability to fulfil its obligations under the Notes.

Programme and Project Management risks

A large part of the implementation of DSM's strategy takes place through the implementation of major projects in a variety of fields, such as innovation, mergers and acquisitions, organisational change, business process development, ICT, construction and human resources. DSM has extensive experience in project management. It seconds its best employees to projects that are considered by DSM to be critical, has specific project management training courses and independent value assurance reviews and direct Board oversight in place as part of the Company's management of the risk of failure of major projects. Programmes and projects may nevertheless fail to deliver the (financial) results projected, for example because of cost reductions, output increases, and/or because the investments needed to achieve the results may be more than anticipated. This would affect DSM's profitability and might have an impact on the results of operations and financial condition of the Company, which in turn could have an impact on the Company's ability to fulfil its obligations under the Notes.

(Information) security and Internal Control related risks

DSM employs strict practices with regard to the assessment and control of (information) security risks. In the design of the processes governing the goods and money flows, strict standards of Internal Control have been taken into account and the functioning of these controls is being monitored regularly. Nevertheless, (information) security incidents and / or misappropriation of goods or money through mistakes or fraud may still occur, possibly causing material damage to the Company. These risks might have an impact of the results of operations and financial condition of the Company, which in turn could have an impact on the Company's ability to fulfil its obligations under the Notes.

Industrial relations risks

DSM invests in a good relationship with its employees and tracks employee engagement, amongst other things by conducting worldwide surveys. Nevertheless, it cannot be excluded that risks materialize in the area of industrial relations. These risks might have an impact on the results of operations and financial condition of the Company, which in turn could have an impact on the Company's ability to fulfil its obligations under the Notes.

Safety, health and environmental risks

DSM implements strict policies with regard to the containment of safety, health and environmental risks. Nevertheless, safety, health or environmental elements may not always be sufficiently well known or controlled so as to prevent any possible mishaps. In 2011 a number of serious safety incidents occurred, including a fatal accident with a contractor employee at DSM Chemicals North America (Augusta, Georgia, USA) and an explosion at AGI Taiwan seriously injuring employees and causing a prolonged outage of the plant. Safety procedures were improved through the introduction of a set of life-saving rules. The residual risks might nevertheless have an impact on the results of operations and financial condition of the Company, which in turn could have an impact on the Company's ability to fulfil its obligations under the Notes.

Financial risks

Liquidity and market risk

The main financial risks faced by DSM relate to liquidity risk and market risk (comprising interest rate risk, currency risk and price risk). DSM's financial policy is aimed at minimizing the effects of fluctuations in currency-exchange and interest rates on its results in the short term and following market rates in the long term. DSM uses financial derivatives to manage financial risks relating to business operations and does not enter into speculative derivative positions. Nevertheless, developments in currencies and interest rates keep having an impact on DSM's finance cost and therefore also on DSM's profitability. This might have an impact on the results of operations and financial condition of the Company, which in turn could have an impact on the Company's ability to fulfil its obligations under the Notes.

Pension risks

With defined benefit obligations in a number of countries, DSM is exposed to volatility in financial markets that can cause changes in future pension costs for the Company and in the funded status of the individual pension plans. To reduce these risks, the investment strategies of the individual pension plans are aligned with the risk profile of the underlying pension obligations and the investment policies are closely monitored by the Company. The volatility in cash contributions to these plans is limited due to contractual arrangements. The financial situation of the funds may nevertheless be impacted by disruptions in the financial markets. The pension scheme of the Pension Fund DSM Netherlands has been converted to a defined contribution plan, reducing the pension risks for DSM substantially. A deterioration of the value of assets or an increase in the value of liabilities in any pension obligations of the Company may, however, still impact DSM's financial position and cost structure. This could in turn have an impact on the Company's ability to fulfil its obligations under the Notes.

Other financial risks

Financial risks additional to the liquidity and market risks mentioned above include commodity price risk and credit risk. Furthermore, the major credit rating agencies may change their assessments of DSM creditworthiness, thereby affecting the Company's borrowing capacity and/or the conditions under which it can borrow money and causing fluctuations in the cost of finance. The Company aims to keep its single A credit rating. With respect to income tax DSM has accrued for tax liabilities on the basis of interpretations of tax laws and regulations that may be challenged by tax authorities. In the determination of tax liabilities these uncertainties are taken into account. Furthermore, DSM has recognised deferred tax assets that require utilisation of tax loss carry forwards. In certain countries these loss carry forwards are restricted in time or amount and DSM runs the risks that these assets may not be fully recovered. These risks might have an impact on the results of operations and financial condition of the Company, which in turn could have an impact on the Company's ability to fulfil its obligations under the Notes.

Legal and compliance risks

Risks of non-compliance with the DSM Code of Business Conduct and with Corporate Policies, Requirements and Directives

DSM has put in place a DSM Code of Business Conduct, Policies, Requirements and Directives in order to induce ethical behaviour in the Company and clearly mark the limits of risk taking to be observed in (operational) processes. The implementation of these principles, policies, requirements and directives is monitored and reported by the units themselves and through independent full operational audits. It can nevertheless not be excluded that non-compliances may occur, leading to risks and possible financial and/or reputational damage. This could in turn have an impact on the Company's ability to fulfil its obligations under the Notes.

Risk related to legal non-compliances

DSM operates in fields to which a multitude of (international) laws and regulations apply. Although a great deal of attention is being given to full compliance with all these laws and

regulations, breaches may still go unnoticed, possibly leading to fines, loss of permits and/or reputational damage. These risks might have an impact on the results of operations and financial condition of the Company, which in turn could have an impact on the Company's ability to fulfil its obligations under the Notes.

Risks related to regulatory developments

DSM anticipates regulatory developments and contributes to such developments where appropriate. Changes in laws and regulations relating to the regulation of the Company's business may nevertheless impact the Company's ability to implement its strategy and/or may have detrimental effects on profitability.

Risk Factors Relating to the Notes

In addition to the risks identified in "Risk Factors – General Risk Factor" and "Risk Factors – Risk Factors Relating to the Issuer" above, potential investors in Notes should consider the following:

Risks Relating to the Notes Generally

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or with a common safekeeper. Except in certain limited circumstances described in the Permanent Global Note, 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 the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg or to the common safekeeper 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.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Risks Related to the Structure of a Particular Issue of Notes

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

Notes Subject to Optional Redemption by the Issuer

An optional redemption feature in any Notes may negatively impact their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Notes and Dual Currency Notes

(i) The Issuer may issue Notes with principal or interest determined by reference to a particular index, formula, currency exchange rate or other factor (each, a "**Relevant Factor**"). In addition, the Issuer may issue Dual Currency Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that the market price of such Notes may be very volatile;

(ii) they may receive no interest;

(iii) payment of principal or interest may occur at a different time or in a different currency than expected;

(iv) they may lose all or a substantial part of their principal;

(v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or indices or other relevant factors;

(vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and

(vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly Paid Notes

The Issuer may issue Partly Paid Notes, where an investor pays part of the purchase price for the Notes on the issue date, and the remainder on one or more subsequent dates. Potential purchasers of such Notes should understand that a failure to pay any portion of the purchase price on one of these subsequent dates when due, may trigger a redemption of all of the Notes by the Issuer and may cause such purchaser to lose all or part of its investment.

Variable Rate Notes with a Multiplier or Other Leverage Factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as EURIBOR or LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes Issued at a Substantial Discount or Premium

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

Notes where denominations involve integral multiples

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination.

In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time (i) may not be able to transfer such Notes and (ii) may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and in each case would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the investment market generally

Exchange rates and exchange controls

The Issuer will pay principal and interest on the Notes in a specified currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the specified currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the specified currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the specified currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

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

Interest Rate Risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit Ratings

One or more independent credit rating agencies may assign credit ratings to the Notes or the Issuer. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

There is no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn by the relevant rating agency if, in its judgment, circumstances in the future so warrant. In the event that a rating assigned to the Notes or the Issuer is subsequently lowered for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to the Notes and the market value of the Notes is likely to be adversely affected.

Liquidity Risk

Application has been made to list and trade the Notes to be issued under the Programme on Eurolist by Euronext Amsterdam appearing on the list of regulated markets issued by the European Commission. In addition, the Programme provides that Notes may be listed on other or further stock exchanges or may not be listed at all. Regardless of whether the Notes are listed or not, there can be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue. The fact that the notes may be listed does not necessarily lead to a greater liquidity as compared to unlisted Notes. If Notes are not listed on any exchange, pricing information for such Notes may, however, be more difficult to obtain which may affect the liquidity of the Notes adversely. In an illiquid market, an investor might 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.

Market Price Risk

The development of market prices of the Notes depends on various factors, such as changes of market interest rate levels, the policy of central banks, overall economic developments, inflation rates or the lack of or excess demand for the relevant type of Note. The holder of Notes is therefore exposed to the risk of an unfavourable development of market prices of its Notes which materialises if the holder sells the Notes prior to the final maturity of such Notes.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each Note in definitive form, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such Note in definitive form will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and Note in definitive form.

The Issuer may decide to issue Notes in a form not contemplated by the Terms and Conditions of the Notes herein. In such case a supplement to this Base Prospectus, if appropriate, will be made available which will describe the form of such Notes.

The Notes are issued pursuant to an amended and restated fiscal agency agreement dated 31 May 2012, as amended or supplemented from time to time (the "**Fiscal Agency Agreement**") between Koninklijke DSM N.V. (the "**Issuer**") and Citibank, N.A., London Branch as fiscal agent and paying agent (the "**Fiscal Agent**" and the "**Paying Agent**" and together with any additional or other paying agents in respect of the Notes from time to time appointed, the "**Paying Agents**"). The Calculation Agent (if any) is specified on this Note. The Noteholders (as defined below), the holders of the coupons (the "**Coupons**") appertaining to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") and the holders of the instalment receipts (the "**Receipts**") appertaining to the payment of principal by instalments (the "**Receiptholders**") are bound by and deemed to have notice of all of the provisions of the Fiscal Agency Agreement applicable to them and these Terms and Conditions. A copy of the Fiscal Agency Agreement is available for inspection at the specified office of each of the Paying Agents.

The Final Terms for this Note (or the relevant provisions thereof) are attached to or endorsed on this Note and supplements these Terms and Conditions (the "**Conditions**") and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the Final Terms are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note (as defined hereunder) and the Receipts relating to it (as the case may be), "**holder**" means (in relation to a Note, Receipt, Coupon or Talon) the bearer of any Bearer Note, Receipt, Coupon or Talon (as the case may be) and capitalised terms have the meanings given to them on this Note, the absence of any such meaning indicating that such term is not applicable to the Notes. In these Conditions, capitalised terms have the meanings given to them on this Note, the absence of any such meaning indicating that such term is not applicable to the Notes.

1. Form, Denomination, Maturity and Title

The Notes are issued in bearer form ("**Bearer Notes**") in the denomination of the Specified Denomination(s). In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a Prospectus under the Prospectus Directive (as defined below), the minimum denomination shall be (i) EUR 50,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes) or (ii) EUR100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes) where such admittance to trading on a regulated market or offer to the public takes place in any Member State that has already implemented the provision under the 2010 PD Amending Directive that increases the minimum denomination for "wholesale debt" from EUR50,000 to EUR100,000. The expression "**Prospectus Directive**" means Directive 2003/71/EC and the amendments thereto (including the 2010 PD Amending Directive), to the extent implemented in the relevant Member State, and includes any relevant implementing measure in the relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EC.

The Notes may have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. Save as provided above, the Notes are not subject to any maximum maturity.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Note issued on a partly paid basis (a "**Partly Paid Note**"), a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

The Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to Interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Notes in definitive form, the principal amount of which is repayable by instalments ("**Instalment Notes**"), are issued with one or more Receipts attached.

Title to the Bearer Notes and the Receipts, Coupons and Talons appertaining thereto shall pass by delivery unless applicable law provides otherwise or provides for additional requirements

for transfer of title. For Notes held through Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("**Euroclear Netherlands**") deliveries will be made in accordance with the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*). Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Receipt, Coupon or Talon, as the case may be, for the purpose of receiving payment thereon or on account thereof and for all other purposes, whether or not such Note, Receipt, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream**, **Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant Global Note which, for so long as the relevant Global Note is held by a depositary or common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN, for Euroclear or Clearstream, Luxembourg and / or (except in the case of an NGN) any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper (and the expressions Noteholder and holder of Notes and related expressions shall be construed accordingly). Notes which are represented by a Global Note held by a common depositary for Euroclear or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

Notes represented by a Global Note held by Euroclear Netherlands shall become subject to the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*).

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms but shall not include Euroclear Netherlands.

Words and expressions defined in the Fiscal Agency Agreement and the applicable Final Terms shall have the same meanings when used in these Conditions, unless the context otherwise requires or unless otherwise stated in these Conditions.

2. Status

The Notes, Receipts and Coupons constitute direct, unconditional and (without prejudice to the provisions of Condition 3) unsecured and unsubordinated obligations of the Issuer and

rank at least *pari passu* and rateably without any preference among themselves and (subject to any applicable statutory exceptions and without prejudice as aforesaid) equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

3. Negative Pledge

So long as any of the Notes remains outstanding, the Issuer undertakes that if it shall, after the Issue Date of the Notes, secure any Public Debt or Private Debt, then or thereafter existing, by any lien, pledge or other charge upon any of its present or future assets or revenues, the Notes shall share in and be equally and rateably secured by such lien, pledge or other charge, and the instrument creating such lien, pledge or other charge shall expressly so provide.

For the purposes of the foregoing paragraph, (i) "**Public Debt**" means any loan, debt, guarantee or other obligation of the Issuer represented by bonds, notes, debentures or any other publicly-issued debt securities which are, or are intended to be, from time to time quoted, listed or ordinarily dealt in on any stock exchange, automated trading system, over the counter or other securities market and (ii) "**Private Debt**" means loans, debts, guarantees or other obligations of the Issuer (other than Public Debt) in excess (whether alone or in aggregate with other loans, debts, guarantees or other obligations of the Issuer (other than Public Debt)) of EUR 100,000,000.

4. Interest

(a) *Rate of Interest on Fixed Rate Notes and Accrual*

Each Note specified as being a Fixed Rate Note in the applicable Final Terms (each a "**Fixed Rate Note**") bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest payable in arrear on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified hereon, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified hereon.

If a Fixed Coupon Amount or a Broken Amount is not specified hereon, the amount of interest payable on each Interest Payment Date shall be calculated in accordance with Condition 4(h).

(b) *Interest on Floating Rate Notes and Index Linked Interest Notes*

(i) Interest Payment Dates: each Floating Rate Note and Index Linked Interest Note bears Interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such Interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls

the number of months or other period shown hereon as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) Business Day Convention: if any date which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (X) such date shall be brought forward to the immediately preceding Business Day and (Y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day which is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day, or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) Rate of Interest on Floating Rate Notes: the Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

(a) Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated hereon) the Margin (if any). For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(I) the Floating Rate Option is as specified hereon;

(II) the Designated Maturity is a period specified hereon; and

(III) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A)(a), Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity, Reset Date and Swap

Transaction have the meanings given to those terms in the ISDA Definitions.

(b) If on any relevant Interest Determination Date the Rate of Interest cannot be determined according to sub-paragraph (A)(a), then the Rate of Interest for the respective Interest Period shall be the reserve interest rate (the "**Reserve Interest Rate**"). The Reserve Interest Rate shall be the rate expressed as a rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded, if necessary, to the nearest one thousandth of a percentage point (0.0005 being rounded upwards), if the Reference Rate is EURIBOR, or to the nearest one hundred thousandth of a percentage point (0.000005 being rounded upwards), if the Reference Rate is not EURIBOR) of the lending rates in the Specified Currency which the Reference Banks are quoting on the relevant Interest Determination Date or (if this date is not a Business Day in the Relevant Financial Centre) on the next succeeding Business Day in the Relevant Financial Centre for the next Interest Period (I) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such Reference Banks are so quoting to leading banks in Europe) (II) to leading banks carrying on business in the Relevant Financial Centre.

If the Calculation Agent determines that it is not possible to ascertain the Reserve Interest Rate in respect of any Interest Period for which such ascertainment is required, the Reserve Interest Rate for such Interest Period shall be the interest rate in effect on the Interest Determination Date.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be the interest rate as determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following, plus or minus (as indicated hereon) the Margin (if any):

(x) Subject as provided below, the Rate of Interest shall be:

(I) the Reference Rate (where such Reference Rate on such Relevant Screen Page is a composite quotation or is customarily supplied by one entity); or

(II) the arithmetic mean of the Reference Rates of the persons whose Reference Rates appear on that Relevant Screen Page,

in each case appearing on such Relevant Screen Page at the Relevant Time on the Interest Determination Date;

(y) if sub-paragraph (x)(I) or (x)(II) applies and neither the Relevant Screen Page is published nor another agency deemed acceptable by the Calculation Agent publishes the Reference Rate, or the Calculation Agent cannot make such determination for any other reason, or if sub-paragraph (x)(I) applies and no Reference Rate appears on the Relevant Screen Page at the Relevant Time on the Interest Determination Date, or if sub-paragraph (x)(II) applies and fewer than two Reference Rates appear on the Relevant Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean (rounded, if necessary, to the nearest one thousandth of a percentage point (0.0005 being rounded upwards), if the Reference Rate is EURIBOR, or to the nearest one hundred thousandth of a percentage point (0.000005 being rounded upwards), if the Reference Rate is not EURIBOR) of the Reference Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at or about the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent (it being understood that, should one or two of the Reference Banks fail to provide the relevant quotation the arithmetic mean shall be calculated as described above on the basis of the quotations supplied); and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Reference Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the Relevant Financial Centre are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (II) to leading banks carrying on business in the Relevant Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Relevant Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(iv) Rate of Interest for Index Linked Interest Notes: the Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be

determined by (i) the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) *Zero Coupon Notes*

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)(i)).

(d) *Dual Currency Notes*

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) *Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(f) *Accrual of Interest*

Interest shall cease to accrue on each Note at the end of the day preceding the date on which they become due for redemption (even if payment is made on the next following Business Day in accordance with Condition 6(f)) unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 4 until the payment of such principal has been effected, however, not beyond the fourteenth day after the date on which the necessary funds have been provided to the Fiscal Agent and notice thereof has been given by publication in accordance with Condition 13 (*Notices*).

(g) *Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding*

(i) If any Margin or Rate Multiplier is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the country or, as appropriate, countries of such currency.

(h) *Calculations*

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the calculation amount as specified in the applicable Final Terms (the "**Calculation Amount**") by the Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Specified Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods. For this purpose, a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(i) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts*

As soon as practicable after the relevant time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, the Clearing System, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information without delay but in no event later than the first day of the relevant Interest Period, if determined prior to such time. The Fiscal Agent shall without delay publish the interest rate, the interest amounts payable in respect of

each Note and, the case being, each Coupon and the respective Interest Payment Date in accordance with Condition 13 (*Notices*). In the event of an extension or a shortening of the Interest Period, the amount of interest payable and the Interest Payment Date may be subsequently amended, or appropriate alternative arrangements may be made by way of adjustment by the Calculation Agent without a publication being necessary with regard thereto. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall be made in consultation with the Issuer and shall (in the absence of manifest error) be final and binding upon all parties.

(j) *Calculation Agent and Reference Banks*

The Issuer will procure that there shall at all times be at least four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and a Calculation Agent if provision is made for them in the Conditions applicable to this Note and for so long as it is outstanding. The Issuer reserves the right at any time to terminate the appointment of the Calculation Agent or of any Reference Bank. In the event of such termination or if any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer will appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. In the event of such termination or if the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint an appropriate office of another leading bank to act as Calculation Agent. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

The appointment of another Reference Bank or Calculation Agent shall be published without delay by the Issuer in accordance with Condition 13 (*Notices*).

(k) *Definitions*

As used in these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which TARGET2 is operating (a TARGET Business Day); and/or

(iii) in the case of Renminbi, a day on which commercial banks in Hong Kong settle Renminbi payments.

(iv) in the case of a currency and/or one or more Additional Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres.

"**CGN**" means Classic Global Note.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

(i) if Actual/365 or Actual/Actual-ISDA is specified on the face of the Note, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if Actual/365 (Fixed) is specified on the face of the Note, the actual number of days in the Calculation Period divided by 365;

(iii) if Actual/360 is specified on the face of the Note, the actual number of days in the Calculation Period divided by 360;

(iv) if 30/360 (2000 ISDA Definitions) is specified on the face of the Note, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));

(v) if 30/360 (2006 ISDA Definitions) is specified on the face of the Note, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 x (Y_2 - Y_1)] + [30 x (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Fixed Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Fixed Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Fixed Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Fixed Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Fixed Interest Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Fixed Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if "30/360E (2000 ISDA Definitions)" or "Eurobond Basis (2000 ISDA Definitions)" is specified on the face of the Note, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);

(vii) if "30E/360 (2006 ISDA Definitions)" or "Eurobond Basis (2006 ISDA Definitions)" is specified on the face of the Note, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 x (Y_2 - Y_1)] + [30 x (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

(viii) if "30E/360 (ISDA)" is specified on the face of the Note, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 x (Y_2 - Y_1)] + [30 x (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30,

(ix) if Actual/Actual-ICMA is specified on the face of the Note,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(a) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of

(1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(b) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where "**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"**Effective Date**" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such hereon or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on the European Union.

"**Global Note**" means a CGN or a NGN;

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Interest Amount**" means the amount of interest payable and, in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount if specified thereon, as the case may be.

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified hereon.

"**Interest Determination Date**" means, with respect to a Rate of Interest and an Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

"**Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified on this Note.

"**ISDA Definitions**" means the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the relevant Final Terms, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.).

"**NGN**" means New Global Note.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters Markets 3000 (Reuters) and Bridge) as may be specified for the purpose of providing a Reference Rate, or, if this page, section, caption, column or other part of a particular information service, or its provider, is replaced or discontinued, such other page, section, caption, column or other part as selected by the Calculation Agent.

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

"**Reference Banks**" means at least four major banks selected by the Calculation Agent (which banks, if the Reference Rate is EURIBOR, will be, at the time of such selection, member banks of the EURIBOR panel) in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that are most closely connected with the benchmark (which, if EURIBOR is the relevant benchmark, shall be the Euro-zone).

"**Relevant Financial Centre**" means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such hereon or, if none is so specified, the financial centre with which the relevant benchmark is most closely connected (which, in the case of EURIBOR, shall be the Euro-zone) or, if none is so connected, London.

"**Reference Rate**" means the benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the benchmark) equal to the Specified Duration commencing on the Effective Date.

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified on this Note or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre and, for this purpose, local time means, with respect to the Euro-zone as a Relevant Financial Centre, Central European Time.

"**Representative Amount**" means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such hereon or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

"**Specified Duration**" means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified hereon or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 4(b)(ii).

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system.

5. Redemption, Purchase and Options

(a) *Redemption, Redemption by Instalment, Final Redemption and Redenomination*

(i) Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 of England and Wales will have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

(ii) Unless previously redeemed, purchased and cancelled as provided in this Condition 5 or the relevant Instalment Date (being one of the dates so specified hereon) is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 5(d) or 5(e), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amounts specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(iii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 5(d) or 5(e), each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within paragraph (ii) above, its final Instalment Amount.

(iv) If the country of the Specified Currency has become a participating Member State in the Economic and Monetary Union, the Issuer may, without the consent of the Noteholders, by giving notice (the "**Redenomination Notice**") in accordance with Condition 5(a)(iv), with effect from a date to be determined by it (the "**Redenomination Date**"), re-denominate the Notes in euro. Simultaneously the Issuer

may adjust the provisions regarding the accrual basis in respect of interest payments for less than a year and regarding the business day definition to existing or anticipated market practice. Notwithstanding Condition 4, the Rate of Interest that shall apply to the Notes after the redenomination shall be the interest rate which applied to the Notes prior to the redenomination (provided that all references to the Specified Currency shall be replaced by references to the euro), unless the Issuer elects, at the time of the redenomination, with the consent of the Fiscal Agent, to apply to the Notes the interest rate which is consistent with the then existing or anticipated market practice for euro-denominated floating rate notes issued in the international capital market and held in international clearing systems.

The redenomination and any additional measures which may be taken pursuant to Condition 5(a)(iv) shall, to the extent not governed by mandatory laws or regulations, occur by way of amendment of the Conditions (the "**Amendment**"), as the Issuer may determine in its reasonable discretion, taking into account the interests of the Noteholders as a class as well as any existing or anticipated market practice. Redenomination shall be made by applying the conversion rate which has been irrevocably fixed pursuant to the Treaty establishing the European Community, as amended by the Treaty on the European Union and as may be further amended or superseded.

The Redenomination Notice shall be given by publication in accordance with Condition 13 (*Notices*) at least one month prior to the Redenomination Date. It shall:

(A) identify the Notes the subject of the Redenomination Notice;

(B) specify the Redenomination Date; and

(C) describe the Amendment and specify the wording of the amended or additional provisions.

The Issuer shall not be obliged to exchange the Global Note representing the Notes for a new Global Note denominated in euro.

(v) To the extent that applicable provisions of law allow the Issuer to re-denominate the Notes in euro and to take additional measures, the Issuer may exercise the rights provided by law instead of or in addition to the rights set out in Conditions 5 (i) to (iii).

(b) *Early Redemption*

(i) Zero Coupon Notes

(x) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*) shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(y) Subject to the provisions of sub-paragraph (z) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(z) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*) is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (y) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date (as defined in Condition 7 (*Taxation*)). The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) Other Notes

The Early Redemption Amount payable in respect of any Note other than a Zero Coupon Note, upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*), shall be its principal amount, unless otherwise specified hereon.

(c) *Redemption for Taxation Reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (in the case of Floating Rate Notes, Index Linked Interest Notes or Dual Currency Interest Notes) or at any time (in the case of Notes other than Floating Rate Notes, Index Linked Interest Notes or Dual Currency Interest Notes), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 5(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption

shall be given earlier than (where the Notes may be redeemed at any time) 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due or (where the Notes may be redeemed only on an Interest Payment Date) 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Any such notice shall be given by publication in accordance with Condition 13 (*Notices*). It 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.

(d) *Redemption at the Option of the Issuer and Exercise of Issuer's Options*

If Call Option is specified hereon, the Issuer may, on giving not less than 30 nor more than 90 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, or exercise any Issuer's option (as may be described hereon) in relation to all, but not less than all, Notes of the same issue of the Notes on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed specified hereon and no greater than the maximum nominal amount to be redeemed specified hereon. In no circumstance shall the Optional Redemption Amount be less than par.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange requirements. Such redemption will be reflected in the records of Euroclear and/or Clearstream Luxembourg, or relevant international central securities depositary ("**ICSD**"), as either a nominal reduction or as a pool factor, at the discretion of Euroclear and/or Clearstream Luxembourg or the relevant ICSD, as the case may be.

(e) *Redemption at the Option of Noteholders and Exercise of Noteholders' Options*

(i) In addition to the right to call for redemption in accordance with Condition 9, the Issuer shall, if Put Option is specified hereon, at the option of the holder of any such Note, upon the holder of such Note giving (x) not less than 30 nor more than 90 days' notice (in the case of Notes other than Zero Coupon Notes, Index Linked Notes, Dual Currency Notes or other structured Notes) or (y) not less than 30 days' notice (in the case of Zero Coupon Notes, Index Linked Notes, Dual Currency Notes or other structured Notes) to the Fiscal Agent (or such other notice period as may be specified hereon) redeem such Note on the

Optional Redemption Date(s) at its Optional Redemption Amount together with (or, where purchased, together with an amount equal to) accrued interest to but excluding the Optional Redemption Date (the "**Optional Redemption Amount**").

To exercise such option or any other Noteholders' option that may be set out hereon (which must be exercised on an Option Exercise Date) the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent, together with a duly completed option exercise notice (Exercise Notice) in the form obtainable from any Paying Agent within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Fiscal Agency Agreement) without the prior consent of the Issuer. Until payment of all amounts which become payable in respect of such Notes and Coupons, the relevant Paying Agent shall keep such Notes, Coupons and Talons in custody for the Noteholders.

(ii) In addition to the right to call for redemption in accordance with Condition 9 (*Events of Default*), if it is specified herein that the Put Option is only exercisable, if the Notes are rated with the agreement of the Issuer, on the occurrence of a Change of Control and if there occurs a Change of Control and within the Change of Control Period a Rating Downgrade in respect of that Change of Control occurs or, if the Notes are not rated, a Negative Rating Event in respect of that Change of Control occurs within the Change of Control Period (in either case called a "**Put Event**"), the holder of each Note will have the option (unless, prior to the giving of the Put Event Notice referred to below, the Issuer gives notice to redeem the Notes under Condition 5(c), to require the Issuer to redeem or, at the Issuer's option, purchase (or procures the purchase of) that Note on the Optional Redemption Date (as defined below) at (x) its principal amount together with (or, where purchased, together with an amount equal to) accrued interest to but excluding the Optional Redemption Date (in the case of Notes other than Zero Coupon Notes, Index Linked Notes, Dual Currency Notes or other structured Notes) or (y) the Optional Redemption Amount together with (or, where purchased, together with an amount equal to) accrued interest to but excluding the Optional Redemption Date (in the case of Zero Coupon Notes, Index Linked Notes, Dual Currency Notes or other structured Notes).

"**Rating Agency**" means Moody's Investors Service Ltd. or Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. and their respective successors or any other rating agency of equivalent international standing specified from time to time by the Issuer.

A "**Rating Downgrade**" shall be deemed to have occurred in respect of a Change of Control if within the Change of Control Period any rating previously assigned to the Issuer or any Notes by any Rating Agency is (x) withdrawn or (y) changed from an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being, or better) to a non-investment grade rating (BB+/Ba1, or their respective equivalents for the time being, or worse) or (z) (if the rating assigned to the Notes by any Rating Agency shall be below an investment grade

rating (as described above)) lowered one full rating category (from BB+ to BB or such similar lower or equivalent rating), provided that a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency making the change in rating to which this definition would otherwise apply does not publicly announce or publicly confirm that the reduction was the result, in whole or part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control.

A "**Change of Control**" shall be deemed to have occurred at each time (whether or not approved by the Management Board or Supervisory Board of the Issuer) that any person or persons ("**Relevant Person(s)**") acting in concert or any person or persons acting on behalf of any such Relevant Person(s), at any time directly or indirectly or acquire(s) or come(s) to own (A) more than 50 per cent. of the issued ordinary share capital of the Issuer or (B) such number of the shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of shareholders of the Issuer, provided that in the case of (B) above a Change of Control shall not be deemed to have occurred if such number of shares are acquired or come to be owned by Stichting Preferente Aandelen DSM.

"**Change of Control Period**" means the period commencing on the earlier of (a) the date of the relevant Change of Control and (b) the date of the earliest Relevant Potential Change of Control Announcement (if any) and ending 180 days after the public announcement of the Change of Control having occurred.

A "**Negative Rating Event**" shall be deemed to have occurred if (i) the Issuer does not within the Change of Control Period seek, and thereafter use all reasonable endeavours to obtain from a Rating Agency, a rating or (ii) if it does not seek and use such endeavours, it has not at the expiry of the Change of Control Period and as a result of such Change of Control obtained an Investment Grade Rating, provided that the Rating Agency publicly announces or publicly confirms in writing that its declining to assign an Investment Grade Rating was the result of the applicable Change of Control.

"**Relevant Potential Change of Control Announcement**" means any formal public announcement or statement by or on behalf of DSM or any actual or potential bidder or any advisor thereto relating to any potential Change of Control where, within 180 days of the date of such announcement or statement, a Change of Control occurs.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a "**Put Event Notice**") to the Noteholders in accordance with Condition 13 (*Notices*) specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the option contained in this Condition 5(e)(ii).

To exercise the option to require redemption or, as the case may be, purchase of a Note under this Condition 5(e)(ii), the holder of that Note must deliver such Note, on any Business Day (as defined in Condition 4(k)) in the city of the specified office of the relevant Paying Agent falling within the period (the "**Put Period**") of 45 days after a Put Event Notice is given, to any Paying Agent, as well as a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a "**Put**

Option Notice") and in which the holder may specify a bank account complying with the requirements of this Condition 5(e)(ii) to which payment is to be made under this Condition 5(e)(ii).

In case the Notes issued are Definitive Notes, the Put Option Notice shall be accompanied by the relevant Notes, and also by all Coupons appertaining thereto maturing after the Optional Redemption Date, failing which an amount will be deducted from the payment to be made by the Issuer on redemption of the Notes corresponding to the aggregate amount payable in respect of such missing Coupons. Until payment of all amounts which become payable in respect of such Notes and Coupons, the relevant Paying Agent shall keep such Notes and Coupons in custody for the Noteholders.

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

The Paying Agent to which such Note and Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt (a "**Put Option Receipt**") in respect of the Note so delivered. The Issuer shall redeem or at the option of the Issuer purchase (or procure the purchase of) the Notes in respect of which Put Option Receipts have been issued on the Optional Redemption Date, unless previously redeemed and purchased. Payment in respect of any Note so delivered will be made, if the holder duly specified a euro bank account in the Put Option Notice to which payment is to be made, on the Optional Redemption Date by transfer to that bank account and in every other case on or after the Optional Redemption Date, in each case against presentation and surrender or (as the case may be) endorsement of such Put Option Receipt at the specified office of any Paying Agent in accordance with the provisions of this Condition 5(e)(ii).

(f) *Partly Paid Notes*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(g) *Purchases*

The Issuer and any of its subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. Notes purchased by or on behalf of the Issuer may, at its option, be held, re-issued, resold or surrendered to any Paying Agent for cancellation.

(h) *Cancellation*

All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may (and if not in bearer form, shall) be surrendered for cancellation by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not

be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

6. Payments and Agents

(a) *Bearer Notes*

Payments of principal and interest in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(e)) or Coupons (in the case of interest, save as specified in Condition 6(e)), as the case may be, at the specified office of any Paying Agent outside the United States and its possessions (the United States) by a payment in cash in the relevant currency, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to TARGET2. No payments will be made by a transfer of funds into an account within the United States or by cheque mailed to an address in the United States.

(b) *Payments in the United States*

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments of interest in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as specified in Condition 6(a) if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amount on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(c) *Payments Subject to Fiscal Laws*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders, Receiptholders or Couponholders in respect of such payments.

(d) *Appointment of Agents*

The Fiscal Agent and the Paying Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent and the Paying Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to terminate the appointment of the Fiscal Agent as well as of individual Paying Agents and to appoint banks of international standing as Fiscal Agent

or Paying Agents, provided that it will at all times maintain (i) a Fiscal Agent, subject to clause 9.1.1 of the Fiscal Agency Agreement and (ii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive. Such appointment or termination shall be published without undue delay in accordance with Condition 13 (*Notices*), or, should this not be possible, be published in another way.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 6(b).

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 13 (*Notices*).

(e) *Unmatured Coupons and Receipts and Unexchanged Talons*

(i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

(ii) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note. Interest accrued on a Note which only bears interest after its Maturity Date from its Maturity Date shall be payable on redemption of such Note against presentation thereof.

(f) *Non-Business Days*

If any date for payment in respect of any Note, Receipt or Coupon is not a Payment Day, the holder shall not be entitled to payment until the next following Payment Day nor to any interest or other sum in respect of such postponed payment. For these purposes, "**Payment Day**" means:

(A) if the currency of payment is euro, any day which is:

(i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

(ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(B) if the currency of payment is not euro, any day which is:

(i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

(ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Financial Centre.

(g) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 8 (*Prescription*)).

(h) *Payment of US Dollar Equivalent*

Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest (in whole or in part) in respect of the Notes when due in CNY in Hong Kong, the Issuer may, on giving not less than five or more than 30 calendar days' irrevocable notice to the Noteholders prior to the due date for payment, settle any such payment (in whole or in part) in US Dollars on the due date at the US Dollar Equivalent of any such CNY denominated amount. In case the Issuer needs to satisfy payments of principal or interest in part in CNY and in part in US Dollars, it shall to the extent possible make payment to each Noteholder in the same pro rata amount of CNY and US Dollar in accordance with the rules of the Euroclear Bank S.A./N.V. or Clearstream, Luxembourg, as the case may be, from time to time.

For the purposes of these Conditions, "**US Dollar Equivalent**" means the CNY amount converted into US Dollars using the Spot Rate for the relevant Determination Date.

For this purpose:

"**CNY**" means Renminbi yuan, the lawful currency of the PRC;

"**CNY Dealer**" means an independent foreign exchange dealer of international repute active in the CNY exchange market in Hong Kong;

"**Determination Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and in New York City;

"**Determination Date**" means the day which is two Determination Business Days before the due date for any payment of the relevant amount under these Conditions;

"**Governmental Authority**" means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

"**Hong Kong**" means the Hong Kong Special Administrative Region of the PRC;

"**Illiquidity**" means where the general CNY exchange market in Hong Kong becomes illiquid and, as a result of which, the Issuer cannot obtain sufficient CNY in order to satisfy its obligation to pay interest and principal (in whole or in part) in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation (if practicable) with two CNY Dealers;

"**Inconvertibility**" means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes in the general CNY exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after 31 May 2012 and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"**Non-transferability**" means the occurrence of any event that makes it impossible for the Issuer to transfer CNY between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong and outside the PRC or from an account outside Hong Kong and outside the PRC to an account inside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any governmental authority (unless such law, rule or regulation is enacted after 31 May 2012 and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"**PRC**" means the People's Republic of China which, for the purpose of these Conditions, shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan; and

"**Spot Rate**" means the spot CNY/US dollar exchange rate for the purchase of US dollars with CNY in the over-the-counter CNY exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by

reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the Spot Rate at or around 11 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6(h) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Fiscal Agent, the Paying Agents(s) and all Noteholders.

7. Taxation

All payments of principal and interest in respect of the Notes, Coupons and Talons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will, depending on which provision is specified in the applicable Final Terms, either:

(a) make the required withholding or deduction of such taxes, duties, assessments or governmental charges for the account of the holders of the Notes, Coupons or Talons, as the case may be, and shall not pay any additional amounts to the holders of the Notes, Coupons or Talons; or

(b) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Coupons or Talons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Coupons or Talons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Coupon or Talon:

(i) presented for payment by or on behalf of a Noteholder, Couponholder or Talonholder who is liable for such taxes or duties in respect of such Note, Coupon or Talon by reason of his having some personal or business connection with The Netherlands other than the mere holding of such Note, Coupon or Talon or the receipt of principal or interest in respect thereof; or

(ii) presented for payment by or on behalf of a Noteholder, Couponholder or Talonholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or

(iii) presented for payment by or on behalf of a Noteholder, Couponholder or Talonholder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Coupon or Talon to another Paying Agent in a Member State of the European Union; or

(iv) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6 (Payments and Agents)); or

(v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such Directive, or similar measures adopted by a number of third countries and territories.

No such additional amounts shall, however, be payable on account of any taxes, duties, assessments or governmental charges with respect to any Note, Coupon, Talon, which are payable otherwise than by deduction or withholding from payments of principal or interest.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Fiscal Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders.

If the Issuer becomes subject at any time to any taxing jurisdiction other than or in addition to The Netherlands references herein to The Netherlands shall be read and construed as references to The Netherlands and/or to such other jurisdiction.

8. Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which, for this purpose shall not include Talons) shall be prescribed and become void unless made within five years from the date on which such payment first became due.

9. Events of Default

Each Noteholder is entitled to declare his Notes due and to call for redemption of his Notes at its Early Redemption Amount, if:

(i) the Issuer is in default for more than 15 days in the payment of principal or interest; or

(ii) the Issuer violates any other obligation under these Terms and Conditions of the Notes, and, if such violation is capable of being remedied, such violation continues for 30 days after receipt of written notice thereof from the respective Noteholder to the Issuer through the Fiscal Agent as intermediary; or

(iii) the Issuer and/or one or more of its Major Group Companies (as defined below) defaults in the payment of the principal of, or interest on, any other obligation in respect of Borrowed Moneys (as defined below), of, or assumed or guaranteed by, the Issuer and/or one or more of its Major Group Companies, as the case may be, when and as the same shall become due and payable, and if such default shall continue for more than the period of grace, if any, applicable thereto and the time for payment of such interest, or principal, has not been effectively extended, or if any obligation in respect of Borrowed Moneys, of, or assumed or guaranteed by, the Issuer and/or one or more of its Major Group Companies shall have become repayable before the due date thereof as a result of acceleration of maturity by reason of the occurrence of an event of default thereunder, and

"**Major Group Company**" means any group company of the Issuer whose net profits after tax but before extraordinary items or whose net assets (in each case attributable to the Issuer) represents 15 per cent. or more of the consolidated net profits after tax but before extraordinary items or consolidated net assets (in each case attributable to the Issuer) of the Issuer and its group companies. A report of the auditors of the Issuer that in their opinion a group company of the Issuer is or is not a Major Group Company shall, in the absence of manifest error, be conclusive and binding on the Issuer and all Noteholders; and

the expression "**Borrowed Money**" as used herein means moneys borrowed and premium and interest in respect thereof and liabilities under or in connection with any letters of credit or under any bond, note, debenture or other financial security issued as consideration for assets or services and having an aggregate principal amount in excess of EUR 75,000,000 or the equivalent thereof in another currency but excluding such liabilities incurred solely in relation to the acquisition of goods and services in the ordinary course of trading; or

(iv) the Issuer is wound up or dissolved whether by a resolution of the shareholders, legislative action or otherwise (except in connection with a solvent merger or reorganisation in such a way that all of the assets and liabilities of the Issuer pass to another legal person in universal succession by operation of law); or

(v) the Issuer ceases to carry on the whole or substantially the whole of its business or disposes of substantially the whole of its assets; or

(vi) any bankruptcy or insolvency proceedings are instituted against the Issuer or the Issuer applies for the institution of such proceedings or for a suspension of payment, for a similar measure under foreign law, or the Issuer offers a compromise to its creditors or negotiates with all of its creditors another agreement relating to its payment difficulties, or such measures are officially decreed; or

(vii) an "*executoriaal beslag*" (executory attachment) or a similar measure under foreign law is made on or against any substantial part of the assets of the Issuer or a "*conservatoir beslag*" (interlocutory attachment) or a similar measure under foreign law is made on or against any substantial part of the assets of the Issuer and is not discharged or stayed within 30 days after the making thereof.

The right to declare Notes due shall terminate if the circumstances giving rise to it have been remedied, cured or otherwise made good in full before such right is exercised.

The right to declare Notes due pursuant to Condition 9 (*Events of Default*) shall be exercised by the holder of Notes by delivering or sending by registered mail to the Fiscal Agent a written notice which shall state the principal amount of the Notes called for redemption and shall enclose evidence of ownership reasonably satisfactory to the Fiscal Agent.

10. Meetings of Noteholders and Modifications

(a) *Meeting of Noteholders*

The Fiscal Agency Agreement contains provisions for convening meetings of holders of Notes to consider any matter affecting their interests, including modification by Extraordinary Resolution of these Terms and Conditions of the Notes. Such provisions are deemed to be included in the Terms and Conditions by reference and the holders of Notes shall have the benefit thereof and be bound thereby. The quorum at any duly convened meeting shall be two or more holders of the Notes or proxies representing holders of Notes and being or representing the holders of not less than 25% in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons present being or representing holders of Notes whatever the principal amount of the Notes so held or represented, except that at any meeting, the business of which includes the modification of certain of the Conditions, the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. Any resolution passed at any meeting of holders of Notes will be binding on all holders of Notes, whether or not they are present at the meeting.

(b) *Modification of Fiscal Agency Agreement*

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

11. Replacement of Notes, Receipts, Coupons and Talons

If a Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of any Paying Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders in accordance with Condition 13 (*Notices*) (in the case of Bearer Notes, Receipts, Coupons or Talons), in each case on payment by the claimant of the fees and costs incurred in connection therewith and on

such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. Further Issues, Consolidation

(a) The Issuer reserves the right to create and issue from time to time, without the consent of the Noteholders, additional Notes with substantially identical terms and conditions, so that the same shall be consolidated to form a single Series with, and increase the Aggregate Nominal Amount of, the Notes. The term "**Notes**" shall, in such circumstances, also comprise (unless the context otherwise requires) the additionally issued Notes.

(b) Upon redenomination of the Notes into euro as provided in Condition 5(a)(iv), the Issuer may also from time to time, without the consent of the Noteholders consolidate the Notes with one or more issues of other Notes issued by it, which were originally denominated in euro or currencies participating in the Economic and Monetary Union ("**Other Notes**") provided that:

- such Other Notes have substantially the same conditions as the Notes (other than in relation to currency, denomination, stock exchanges, clearing systems and matters of a technical or administrative nature normally associated with any of the foregoing); and

- such Other Notes and the Notes, when consolidated, can be cleared and settled on an interchangeable basis under a common International Security Identification Number (ISIN) through Clearstream Banking AG, Frankfurt am Main, Clearstream, Luxembourg, Euroclear, Euroclear Netherlands or any other internationally recognised clearing system; and

- such Other Notes and the Notes, when consolidated, will be listed on at least one European stock exchange on which debt obligations issued in the international capital markets are then customarily listed and on which either the Notes or at least one of the issues of Other Notes consolidated with them was listed immediately prior to consolidation.

The Issuer shall be entitled to amend the Terms and Conditions of the Notes to the effect that the Notes and such Other Notes consolidated with them will have identical terms after consolidation to allow them to form a single issue, provided that such amendments do not materially adversely affect the interests of the Noteholders. The term "Notes" shall, in the event of such consolidation, also comprise such Other Notes. The Issuer may do so by giving not less than one month prior notice to the Noteholders in accordance with Condition 13 (*Notices*) and to the extent necessary by exchanging the Global Note into a global note containing such amended conditions or by depositing a supplement to the Global Note

containing the amendments with the clearing systems in which the Notes are to be held upon consolidation. The notice shall detail the manner in which consolidation shall be effected.

13. Notices

Notices to the holders of Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper published in London (which is expected to be the Financial Times or another English language daily newspaper with circulation in Europe). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or another relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication, or if published more than once, on the date of the first such publication. Where notices are required to be published in more than one newspaper, they will be deemed to have been given on the date of the first publication in all required newspapers.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition

14. Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

15. Governing Law and Jurisdiction

(a) *Governing Law*

The Notes, the Receipts, the Coupons and the Talons and the rights and duties of the Noteholders, the Issuer, the Fiscal Agent, the Paying Agents and, the case being, the

Calculation Agent, and any non-contractual obligation arising out of or in connection with the Notes are governed by, and shall be construed in accordance with, the laws of The Netherlands.

(b) *Jurisdiction*

The competent courts of Maastricht, The Netherlands, are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with any Notes, Receipts, Coupons or Talons (including any non-contractual obligation arising out of or in connection with the Notes) and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons (including any non-contractual obligation arising out of or in connection with the Notes) ("**Proceedings**") may be brought in such courts. These submissions are made for the benefit of each of the Holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Notes in respect of which the TEFRA D Rules apply, will initially be represented by a Temporary Global Note without Coupons ("**TEFRA D Global Note**") which will either be exchanged for a Permanent Global Note without Coupons or for Definitive Notes with Coupons, Talons and Receipts attached (if any). Notes in respect of which TEFRA C applies, will be represented by a Permanent Global Note or initially by a Temporary Global Note ("**TEFRA C Global Note**") which shall be exchanged for Definitive Notes with Coupons, Talons and Receipts attached (if any). Each Temporary Global Note which is not intended to be issued in new global note ("**NGN**") form, as specified in the relevant Final Terms, will be deposited on behalf of the subscribers of the relevant Notes either (i) with a common depositary (the "**Common Depositary**") for Euroclear and for Clearstream, Luxembourg and/or any other agreed clearing system or (ii) with Euroclear Netherlands on or about the issue date of the relevant Notes. Each Temporary Global Note which is intended to be issued in NGN form, as specified in the relevant Final terms, will be deposited on behalf of the subscribers of the relevant Notes with a common safekeeper (the "**Common Safekeeper**") for Euroclear and for Clearstream, Luxembourg.

On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

In the case of each Tranche of Bearer Notes, the relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable

No interest will be payable in respect of a TEFRA D Global Note except as provided below.

Upon deposit of the Temporary Global Note with the Common Depositary, the Common Safekeeper or Euroclear Netherlands, Euroclear, Clearstream, Luxembourg, Euroclear Netherlands or relevant clearing system will credit each subscriber with a nominal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

Each of the persons shown in the records of Euroclear, Euroclear Netherlands or Clearstream, Luxembourg as the holder of a Note represented by a Global Note must look solely to Euroclear, Euroclear Netherlands or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note, subject to and in accordance with the respective rules and procedures of Euroclear, Euroclear Netherlands and Clearstream, Luxembourg.

Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

In case of Notes represented by a Permanent Global Note deposited with Euroclear Netherlands, on the occurrence of an Exchange Event an exchange (*uitlevering*) of Notes for Notes in definitive form will only be possible in the limited circumstances as described in the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*) and in accordance with the rules and regulations of Euroclear Netherlands.

The following legend will appear on all Global Notes deposited with Euroclear Netherlands:

"Notice: This Note is issued for deposit with Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (Euroclear Netherlands) at Amsterdam, The Netherlands. Any person being offered this Note for transfer or any other purpose should be aware that theft or fraud is almost certain to be involved."

The Temporary Global Notes and the Permanent Global Notes contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this document. The following is a summary of certain of those provisions:

1. Exchange

On or after any Exchange Date (as defined below), each TEFRA D Global Note will be exchangeable, free of charge to the holder, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Fiscal Agency Agreement for interests in a Permanent Global Note or for Definitive Notes with Coupons, Talons and Receipts attached (if any) (provided that the latter may only be the case in the event that the multiple tradeable amount of the Notes is an integral of the Specified Denominations of the relevant Notes).

Each TEFRA C Global Note (or Global Note in respect of which the relevant Final Terms states that neither the TEFRA C Rules or the TEFRA D Rules are applicable) will be exchangeable for Definitive Notes with Coupons, Talons and Receipts attached (if any) (provided that this may only be the case in the event that the multiple tradeable amount of the Notes is an integral of the Specified Denominations of the relevant Notes).

On or after any Exchange Date, each Permanent Global Note will be exchangeable, free of charge to the holder, in whole but not, except as provided in the paragraphs below, in part, to the extent permitted by the rules of Euroclear, Euroclear Netherlands and Clearstream, Luxembourg, for Definitive Notes:

(i) by the Issuer giving notice to the Noteholders and the Fiscal Agent of its intention to effect such exchange, unless principal in respect of any Notes is not paid when due;

(ii) if the relevant Final Terms provides that such Global Note is exchangeable at the request of the holder, by the holder giving notice to the Fiscal Agent of its election for such exchange, provided that this may only be the case in the event that the multiple tradeable amount of the Notes is an integral of the Specified Denomination of the relevant Notes;

(iii) otherwise, (1) if the Permanent Global Note is held on behalf of Euroclear, Euroclear Netherlands or Clearstream, Luxembourg and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (2) any of the circumstances described in Condition 9 (*Events of Default*) occurs, by the holder giving notice to the Fiscal Agent or relevant Paying Agent of its election for such exchange (each an "**Exchange Event**").

If a Global Note is exchangeable for Definitive Notes at the option of the Noteholders, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).

For so long as a Permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes (i) on or following any failure to pay principal in respect of any Notes when it is due and payable or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Final Terms) relating to Partly Paid Notes.

The holder of a Permanent Global Note may surrender the Permanent Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent or relevant Paying Agent. In exchange for any Permanent Global Note, or the part thereof to be exchanged, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Notes (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts which have not already been paid on the Permanent Global Note and a Talon), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 2 to the Fiscal Agency Agreement. On exchange in full of each Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

"**Exchange Date**" means, in relation to a Tranche issued on a non-syndicated basis, a date which shall be not earlier than the date which is 40 days (and, in the case of Notes deposited with Euroclear Netherlands, no more than 90 days) after the later of the date on which the Notes are first offered to persons other than distributors and the Issue Date, or, in relation to a Tranche issued on a non-syndicated basis, the fortieth day following the date certified by the lead manager of the syndicated issue to the Fiscal Agent as being the date as of which distribution of the Notes of that Tranche was completed.

2. Payments

All payments in respect of the Global Note which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Coupon or Receipt will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg.

Payments of both principal and interest in respect of a TEFRA D Global Note will be made only to the extent that certification of non-U.S. beneficial ownership as required by U.S. securities law and U.S. Treasury Regulations (in the form set out in the Temporary Global Note) has been received from the relevant clearing system in accordance with the terms thereof.

3. Payment Day

For the purposes of Condition 6(f) (*Non-Business Days*), in the case of a Global Note the definition of Payment Day shall be, if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Financial Centre.

4. Notices

Notwithstanding Condition 13 (*Notices*), so long as any Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and such Permanent Global Note is (or a Permanent Global Note and/or a Temporary Global Note are) held by a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders of that Series may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 13 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, **except that** for so long as such Notes are admitted to trading on the a stock exchange and it is a requirement of applicable law or regulations, such notices shall also be published in the manner prescribed by such stock exchange and notice shall not be deemed to have been given until published in the manner prescribed by such stock exchange.

5. Prescription

Claims against the Issuer in respect of the Notes which are represented by a Permanent Global Note will become void unless it is presented for payment within a period of five years from the date on which payment first becomes due.

6. Meetings

The holder of a Global Note will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each minimum Denomination of Notes for which such Global Note may be (or would be, during any period when such exchange is not permitted) exchanged.

7. Purchase and Cancellation

Cancellation of any Note surrendered for cancellation by the Issuer following its purchase will be effected by reduction in the principal amount of the relevant Permanent Global Note.

8. Issuer's Option

No drawing of Notes will be required under Condition 5(c) and (d) in the event that the Issuer exercises any option relating to those Notes while all such Notes which are outstanding are represented by a Permanent Global Note. In the event that any option of such Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with Euroclear, Euroclear Netherlands and Clearstream, Luxembourg in respect of the Notes will be governed by the standard procedures of Euroclear, Euroclear Netherlands and Clearstream, Luxembourg.

9. Noteholders' Option

Any Noteholders' option may be exercised by the holder of a Permanent Global Note giving notice to the Fiscal Agent of the principal amount of Notes in respect of which the option is exercised and presenting such Permanent Global Note for endorsement of exercise within the time limits specified in the Conditions.

10. Default

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 9 (*Events of Default*) by stating in the notice to the Fiscal Agent the principal amount of such Global Note that is becoming due and repayable.

11. Partly Paid Notes

The provisions relating to Partly Paid Notes will be contained in the Global Notes. For so long as any instalments of the subscription moneys due from the holder of Partly Paid Notes are due, no interest in a Temporary Global Note representing such Notes may be exchanged for an interest in a Permanent Global Note or for Definitive Notes (as the case may be). In the event that any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer will be entitled to forfeit such Notes and shall have no further obligation to their holder in respect of them.

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

[*Date*]

Koninklijke DSM N.V.

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the EUR 3,000,000,000

Debt Issuance Programme

(*Insert this legend where a non-exempt offer of Notes is anticipated:*) [The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so in:

(i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or

(ii) in those Public Offer Jurisdictions mentioned in Paragraph 36 of Part A below, provided such person is one of the persons mentioned in Paragraph 36 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amendment Directive, to the extent implemented in the relevant Member State) and includes any relevant implementing measures in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.]

(*Insert this legend where only an exempt offer of Notes is anticipated:*) [The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes.

Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances. The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State) and includes any relevant implementing measures in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU]

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the conditions (the "**Conditions**") set forth in the Base Prospectus dated 31 May 2012 [and the supplemental Base Prospectus dated [•]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (as defined above). This document constitutes the Final Terms applicable to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. A copy of this Base Prospectus [and the supplemental Base Prospectus] can be obtained from the registered office of the Issuer and from the specified office of the Fiscal Agent.

[*The following alternative language for the first paragraph of this Part A applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date and either (1) the Notes which are the subject of the Final Terms are not being (a) offered to the public in a member state (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive) or (b) admitted to trading on a regulated market in a member state or (2) the Conditions (as defined in the next paragraph) do not contain, by comparison with the Base Prospectus, any "significant new factor" within the meaning of Article 16.1 of the Prospectus Directive. If neither (1) nor (2) applies the Issuer will need to consider effecting the issue by means of a supplement to the Base Prospectus or a stand alone prospectus rather than by Final Terms*.]

Terms used herein shall be deemed to be defined as such for the purposes of the conditions (the "**Conditions**") set forth in the base prospectus dated [*original date*], which have been incorporated by reference into the Base Prospectus. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (as defined above) and must be read in conjunction with the Base Prospectus dated 31 May 2012 [and the supplemental Base Prospectus dated [*date*]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the base prospectus dated [*original date*] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus, save for the

conditions under "*Terms and Conditions of the Notes*" set out in the Base Prospectus which are replaced by the Conditions as attached hereto. A copy of the Base Prospectus [and the supplemental Base Prospectus] can be obtained from the registered office of the Issuer and from the specified office of the Fiscal Agent.

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.*]

[*When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*]

1	Issuer:	[ ]
2	[(i)] Series Number:	[ ]
	[(ii) Tranche Number:	[ ]
		(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)]
3	Specified Currency or Currencies:	[ ]
4	Aggregate Nominal Amount:	[ ]
	[(i)] Series:	[ ]
	[(ii) [Tranche:	[ ]]
5	Issue Price:	[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
6	(i) Specified Denominations:	[ ] [*Note: where multiple denominations of [EUR 50,000/ 100,000] and integral multiples of [EUR 1,000] or equivalent are being used the following sample wording should be followed:* *"[EUR 50,000/ 100,000] and integral multiples of [EUR 1,000] in excess thereof up to an including [EUR 99,000/ 199,000]* *No Notes in definitive form will be issued with a denomination above [EUR 99,000/*

	(ii) Calculation Amount:	*199,000]"* [ ]
7	[(i)] Issue Date:	[ ]
	[(ii)] Interest Commencement Date:	[*Specify*/Issue Date/Not Applicable] (*This will not be applicable for certain Notes, e.g. Zero Coupon Notes*)
8	Maturity Date:	[ ] [*Fixed rate – specify date / Floating rate* – "Interest Payment Date falling in or nearest to" [*specify month and year*]] (*If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom , or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom , (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available.*)
9	Interest Basis:	[[•] per cent. Fixed Rate] [[*Specify reference rate*] +/– [•] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [Other (*specify*)] (further particulars specified below)
10	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] [Other (*specify*)] [*(N.B. If the Final Redemption Amount is less than 100% of the nominal value the Notes may be derivative securities for the purposes of the Prospectus Directive and the*

	requirements of Annex XII to the Prospectus Regulation will apply.)]
11 Change of Interest Basis or Redemption/Payment Basis:	[*Specify details of any provision for change of Notes into another Interest Basis or Redemption/ Payment Basis*]
12 Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)]
13 [Date [Board] approval for issuance of Notes obtained:	[ ] [and [ ], respectively]] *(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*]
14 Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15 Fixed Rate Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
(i) Rate[(s)] of Interest:	[ ] per cent. per annum [payable [annually / semi annually / quarterly / monthly] in arrear] (*if payable other than annually, consider amending Condition [Interest]*)
(ii) Interest Payment Date(s):	[[ ] in each year [adjusted in accordance with [*specify Business day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted] *(N.B. This will need to be amended in the case of long or short coupons)*
(iii) Fixed Coupon Amount[(s)]:	[ ] per Calculation Amount
(iv) Broken Amount(s):	[ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ]
(v) Day Count Fraction:	[30/360 / Actual/Actual (ICMA/ISDA) / other]

(vi)	Determination Date(s):	[ ] in each year (*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)*)
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/*give details*]
16	Floating Rate Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Specified Period(s)	[ ] (*Only for Floating Rate Convention*)
	(ii) Specified Interest Payment Dates:	[ ] (*This is an alternative to Specified Period(s)*)
	(iii) First Interest Payment Date:	[ ]
(iv)	Business Day Convention:	[Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention/ (*specify other*)]
(v)	Additional Business Centre(s):	[ ]
(vi)	Manner in which the Rate of Interest and Interest Amount is/are to be determined:	[Screen Rate Determination / ISDA Determination/other (*give details*)]
(vii)	Calculation Agent:	[The Paying Agent] / [Citibank, N.A., London branch]/[ ]
(viii)	Screen Rate Determination:	
	• Reference Rate:	[ ] (*Either LIBOR, EURIBOR or other, although additional information is required if other - including fallback provisions in the Fiscal Agency Agreement*)

- Interest Determination Date(s): [ ]

  (*Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which TARGET2 is open prior to the start of each Interest Period if EURIBOR or euro LIBOR*)

- Relevant Screen Page: [ ]

(ix) ISDA Determination:

- Floating Rate Option: [ ]
- Designated Maturity: [ ]
- Reset Date: [ ]

(x) Margin(s): [+/-] [ ] per cent per annum

(xi) Minimum Rate of Interest: [ ] per cent per annum

(xii) Maximum Rate of Interest: [ ] per cent per annum

(xiii) Day Count Fraction: [ ]

(*See Condition 4(k) (Definitions) for alternatives*)

(xiv) Fallback provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]

17 Zero Coupon Note Provisions [Applicable/Not Applicable]

(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(i) [Amortisation/ Accrual] Yield: [ ] per cent. per annum

(ii) Reference Price: [ ]

(iii)	Any other formula/basis of determining amount payable:	[ ]
(iv)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[*specify*] (*Consider applicable day count fraction if not U.S. dollar denominated*)
18	Index-Linked Interest Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Index/Formula:	[*give or annex details*]
(ii)	Calculation Agent:	[ ]
(iii)	Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:	[ ]
(iv)	Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable	[ ] (*Need to include a description of market disruption or settlement disruption events and adjustment provisions*)
(v)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
(vi)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ *specify other*]
(vii)	Additional Business Centre(s):	[ ]
(viii)	Minimum Rate/Amount of Interest:	[ ] per cent. per annum
(ix)	Maximum Rate/Amount of Interest:	[ ] per cent. per annum
(x)	Day Count Fraction:	[ ]
19	Dual Currency Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(i)	Rate of Exchange/method of calculating Rate of Exchange:	[*give or annex details*]
(ii)	Calculation Agent:	[ ]
(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
(iv)	Person at whose option Specified Currency(ies) is/are payable:	[ ]

PROVISIONS RELATING TO REDEMPTION

20	(Issuer) Call Option:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Optional Redemption Date(s):	[ ]
(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[ ] per Calculation Amount
(iii)	If redeemable in part:	
(a)	Minimum Redemption Amount:	[ ] per Calculation Amount
(b)	Maximum Redemption Amount:	[ ] per Calculation Amount

(iv)	Notice period (if other than as set out in the Conditions):	[ ] (*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal or relevant Paying Agent*)
21	(Investor) Put Option:	[Applicable/exercisable on Change of Control only/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Optional Redemption Date(s):	[ ]
(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[ ] per Calculation Amount
(iii)	Notice period (if other than as set out in the Conditions):	[ ] (*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal or relevant Paying Agent*)
22	Final Redemption Amount of each Note:	[ ] per Calculation Amount (*N.B. If the Final Redemption Amount is less than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply*.)

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:		
	(i) Index/Formula/variable:	[*give or annex details*]
(ii)	Calculation Agent responsible for calculating the Final Redemption Amount:	
(iii)	Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	[•]
(iv)	Date for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable:	[•]
(v)	Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[•]
(vi)	Minimum Final Redemption Amount:	[•] per Calculation Amount
(vii)	Maximum Final Redemption Amount:	[•] per Calculation Amount
23	Early Redemption Amount	[Conditions apply/other (*specify*)]
24	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details*. *N.B. a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues*]

25	Details relating to Instalment Notes:	[Not Applicable/*give details*]
	(i) Instalment Amount(s):	
	(ii) Instalment Date(s):	

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26	Form of Notes:	Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [•] days' notice] [Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
27	New Global Note:	[Yes] [No]
28	Additional Financial Centre(s) or other special provisions relating to payment dates:	[Not Applicable/*give details*. *Note that this paragraph relates to the date and place of payment, and not interest period end dates*]
29	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
30	Redenomination:	Redenomination (as described in Condition 5) [not] applicable (*If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates*))

31 Other final terms:	[Not Applicable/*give details*] *(When adding any other final terms consideration should be given as to whether such terms constitute a "significant new factor" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)* *(If the Notes are derivative securities, the following items will be set out here:* *(i) a description of the settlement procedure;* *(ii) a description of how any return on the Notes takes place, the payment or delivery date, and the way it is calculated; and* *(iii) the exercise or the final reference price of the underlying.)*
32 Taxation:	[Condition 7(a) applicable / Condition 7(b) applicable.]

DISTRIBUTION

33 (i) If syndicated, names of Managers [underwriting commitments and, if partly underwritten, the portion not underwritten]:	[Not Applicable/ *give names* [*and underwriting commitments*]] *(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or an a "best efforts" basis if such entities are not the same as the Managers.)*
(ii) Date of Subscription Agreement:	[ ]
(iii) Stabilising Manager(s) (if any):	[Not Applicable/*give names*]
34 If non-syndicated, name of relevant Dealer:	[Not Applicable/*give names*]
35 Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	[TEFRA D / TEFRA C / TEFRA not applicable]

36 Non-exempt Offer:	[Not Applicable] [An offer of the Notes may be made by the Managers [and [*specify, if applicable*]] other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have been passported*] ("**Public Offer Jurisdictions**") during the period from [*specify date*] until [*specify date*] ("**Offer Period**"). See further Paragraph 10 of Part B below.
37 Additional selling restrictions:	[Not Applicable/*give details*]

[**LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the EUR 3,000,000,000 Debt Issuance Programme of Koninklijke DSM N.V.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[•] has been extracted from [•]]. [The] Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....

Duly authorised

PART B – OTHER INFORMATION

1. LISTING

(i)	Listing:	[NYSE Euronext in Amsterdam/other (*specify*)/None]
(ii)	Admission to trading:	[Application has been made for the Notes to be admitted to trading on [ ] with effect from [ ].] [Not Applicable.]
(iii)	Estimate of total expenses related to admission to trading:	[ ]

2. RATINGS

Ratings: The Notes to be issued have been rated:

[S & P*: [ ]]

[Moody's*: [ ]]

[[Other*]: [ ]]

(The exact legal name of the rating agency entity providing the rating should be specified - for example "Standard & Poor's Credit Market Services Europe Limited", rather than just Standard and Poor's.)*

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

Option 1- CRA established in the EEA and registered under the CRA

Regulation

[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 2 -CRA established in the EEA, not registered under the CRA Regulation but has applied for registration

[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and has applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority] /[European Securities and Markets Authority].

Option 3 -CRA established in the EEA, not registered under the CRA Regulation and not applied for registration

[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and is neither registered nor has it applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 4 -CRA not established in the EEA but relevant rating is endorsed by a CRA which is established and registered under the CRA Regulation

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but the rating it has given to the Notes is endorsed by [*insert legal name of credit rating agency*], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 5 -CRA is not established in the EEA and relevant rating is not endorsed under the CRA Regulation but CRA is certified under the CRA Regulation

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 6 -CRA neither established in the EEA nor certified under the CRA Regulation and relevant rating is not endorsed under the CRA Regulation

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.

3. [**NOTIFICATION**

The Authority for the Financial Markets (*Autoriteit Financiële Markten*) [has been requested to provide/has provided – *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the [names of competent authorities of host Member

States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

4. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE]

"Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer." *Amend as appropriate if there are other interests*]

5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i)	Reasons for the offer	[ ] (*See* [*"Use of Proceeds"*] *wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*]
[(ii)]	Estimated net proceeds:	[ ] (*If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.*)
[(iii)]	Estimated total expenses:	[ ] [*Include breakdown of expenses*] (*If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.*)

6. [Fixed Rate Notes only - YIELD

Indication of yield:	[ ] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield

7. [Index-Linked Notes only – PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND

ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING

Need to include details of where past and future performance and volatility of the index/formula can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.

8. [Dual Currency Notes only - PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT

Need to include details of where past and future performance and volatility of the relevant rate[*s*] *can be obtained.*]

9. OPERATIONAL INFORMATION

(i)	ISIN Code:	[ ]
(ii)	Common Code:	[ ]
(iii)	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/give name(s) and number(s)]
(iv)	Delivery:	Delivery [against/free of] payment
(v)	Names and addresses of additional Paying Agent(s) (if any):	[ ]
(vi)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes][No][Not Applicable] [Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited (i) with Clearstream Banking, Frankfurt am Main or (ii) with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life.

Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.][*include this text if "yes" selected in which case the Notes must be issued in NGN form*]

10. TERMS AND CONDITIONS OF THE OFFER

(i)	Offer Price:	[Issue Price][*specify*]
(ii)	Conditions to which the offer is subject:	[Not Applicable/*give details*]
(iii)	Description of the application process:	[Not Applicable/*give details*]
(iv)	Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/*give details*]
(v)	Details of the minimum and/or maximum amount of application:	[Not Applicable/*give details*]
(vi)	Details of the method and time limits for paying up and delivering the Notes:	[Not Applicable/*give details*]
(vii)	Manner in and date on which results of the offer are to be made public:	[Not Applicable/*give details*]
(viii)	Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/*give details*]
(ix)	Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:	[Not Applicable/*give details*]
(x)	Process for notification to applicants of the amount	[Not Applicable/*give details*]

	allotted and the indication whether dealing may begin before notification is made:	
(xi)	Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/*give details*]
(xii)	Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.	[None/*give details*]

[ANNEX TO THE FINAL TERMS]

[*Attach Conditions of the Notes*.]

[*This annex should be completed only if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date and either (1) the Notes which are the subject of the Final Terms are not being (a) offered to the public in a member state (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive) or (b) admitted to trading on a regulated market in a member state or (2) the terms and conditions set forth in the such base prospectus with an earlier date do not contain, by comparison with the Base Prospectus, any "significant new factor" within the meaning of Article 16.1 of the Prospectus Directive*.]

USE OF PROCEEDS

Unless specified otherwise in the applicable Final Terms, the net proceeds from each issue of Notes will be applied by the Issuer for its general purposes. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

DESCRIPTION OF THE ISSUER

GENERAL INFORMATION ON THE ISSUER

Incorporation and history

DSM was established in 1902 as a State Agency for the exploitation of underground coal reserves in the province of Limburg and later diversified into ammonia and fertiliser production using by-products from coal gasification. In the 1960s, the Dutch government decided to close down the coal mining activities for economic reasons. From the 1930s DSM acquired expertise in the field of chemicals. DSM continuously expanded its chemical activities, both domestically and internationally, becoming increasingly active in additional downstream products such as plastics, industrial and specialty chemicals. This gradual transition towards increasing the share of the business made up of downstream activities with higher added value products has accelerated since the privatisation of DSM. This transition accelerated with the divestment of petrochemical activities in 2002 and was concluded with the divestment of urea licensing and energy activities in 2009, the agro and melamine activities in 2010 and the elastomer activities in 2011. With the major acquisition of Roche's Vitamins activities in 2003 and Martek in 2011, DSM has transformed itself into a leading life sciences and materials sciences company that is active in health, nutrition and materials. DSM was wholly owned by the State of The Netherlands (the "**State**") until 1989, when the Dutch government sold a combined 69% stake in DSM through two public offerings. In February 1996, the State reduced its stake in DSM by a further 20%, through the conversion of 22.02 million ordinary shares into cumulative preference shares "A" on a one for one basis. These preference shares were sold to four Dutch investors in the form of 5% packages. The privatisation was completed in March 1996 with the State's disposal of its remaining 11% stake.

Koninklijke DSM N.V. was incorporated on 28 December 1966 under Dutch law as a public limited liability company (*naamloze vennootschap*) for an unlimited period of time and is registered at the Commercial Register of the Chamber of Commerce and Industries for Zuid-Limburg under number 14022069. The articles of association were last amended by notarial deed on 30 May 2011 in respect of which instrument the ministerial statement of no objection was granted on 3 May 2011. For a copy of the articles of association, see the website www.dsm.com. The Issuer operates under Dutch law.

The address of the Issuer's registered and principal executive office is Het Overloon 1, 6411 TE Heerlen, The Netherlands, telephone number +31 45 578 8111.

Capitalisation

The authorised share capital amounts to EUR 1,125 million consisting of (a) 330,960,000 ordinary shares, (b) 44,040,000 cumulative preference shares "A" and (c) 375,000,000 cumulative preference shares "B". The ordinary shares, the cumulative preference shares "A" and the cumulative preference shares "B" have a nominal value of EUR 1.50 each.

The issued and paid-up share capital as per 31 December 2011 amounts to EUR 338,197,500 consisting of 181,425,000 ordinary shares and 44,040,000 cumulative preference shares "A".

Of the issued ordinary shares 18,167,612 are held by DSM as treasury stock as per 31 December 2011. As per 31 December 2011, there are no cumulative preference shares "B" outstanding.

The ordinary shares are officially listed on Euronext Amsterdam. In the USA a sponsored unlisted American Depositary Receipts (ADR) programme has been run via Citibank N.A. since December 2001. Four ADRs represent one ordinary DSM share.

The 44,040,000 cumulative preference shares "A" are registered shares that are not listed on any stock exchange. They are held by three institutional investors in The Netherlands. They have been assigned the same voting rights as ordinary shares. The dividend on these cumulative preference shares "A" amounts to 4,35% of the issue price of EUR 5.29 per share.

On 27 September 2007, DSM launched a share buy-back programme for an amount of EUR 750 million. In both 2007 and 2008 DSM bought 6,855,000 and 6,615,000 shares, respectively, for a total consideration of EUR 500 million. On 18 February 2009, DSM decided to cancel the remaining part of EUR 250 million of the share buy-back programme. The shares bought are held in treasury and were not cancelled. In 2011 2,221,738 of these shares were reissued as stock dividend.

On 23 February 2011, DSM launched a share buyback programme for 5,000,000 shares to cover its commitments under existing management and personnel option plans. On 7 September 2011, DSM launched an additional share buyback programme for 4,000,000 shares for the same purpose. The share buy backs of 2011 were executed at a total consideration of EUR 357 million. In 2011 3,568,018 shares were used for servicing exercised option rights.

Shareholders

Under the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*, and supplementing regulations), shareholdings of 5% or more in any Dutch listed company must be disclosed to the Netherlands Authority for the Financial Markets (AFM). According to the register kept by the AFM the following shareholders had disclosed that they owned between 5% and 10% of DSM's total share capital on 1 January 2012:

- ASR Nederland B.V.

- Delta Lloyd N.V.

- Rabobank Nederland Participatie B.V.

Objective

According to article 3 of the articles of association, the Issuer's objective is to develop, manufacture, trade and provide services in the fields of life sciences and materials sciences, energy, and related fields such as mining, as well as any other activities structural or incidental to or supportive to the aforementioned fields of activities. The Company's objective shall include the formation, acquisition and financing of, participation in and management of

other companies as well as providing security or guarantees directly or indirectly related to the aforementioned fields of activities.

Within the scope of its fields of activities the Company shall seek to create value by way of economic performance, environmental consideration and social responsibility.

Structure and grouping of activities (clusters)

General

Koninklijke DSM N.V. is a global science-based company active in health, nutrition and materials. By connecting its unique competences in Life Sciences and Materials Sciences DSM is driving economic prosperity, environmental progress and social advances to create sustainable value for all stakeholders. DSM delivers innovative solutions that nourish, protect and improve performance in global markets such as food and dietary supplements, personal care, feed, pharmaceuticals, medical devices, automotive, paints, electrical and electronics, life protection, alternative energy and bio-based materials.

Koninklijke DSM N.V. is a group holding company that conducts business internationally through its subsidiaries and joint ventures. Koninklijke DSM N.V. does not conduct any material business operations of its own. For a detailed list of subsidiaries, joint ventures and associates of the Company as at 31 December 2009, see the website www.dsm.com.

DSM's 22,000 employees deliver annual net sales of around €9 billion. The company is listed on Euronext Amsterdam.

In 2011 DSM again retained its number one position in the chemical industry sector in the Dow Jones Sustainability World Index. This is the third consecutive year that DSM has held this top position in worldwide sustainability and the sixth time in total since 2004. In 2007 and 2008, the two years when DSM was not ranked number one, it was also among the leaders in the sector. (see www.sustainability-index.com).

In 2011 DSM and its business groups were awarded a variety of awards and other forms of recognition by customers, suppliers, the academic world, non-governmental organisations and trade organisations. Examples can be found on www.dsm.com.

DSM's activities are grouped into four clusters: Nutrition, Pharma, Performance Materials and Polymer Intermediates. In addition, DSM reports separately on Innovation and Research & Development and on Corporate activities.

Description per cluster

This section includes several statements regarding the competitive position of DSM. These statements are based on own market research and sources - often reports from third parties - that DSM deems reliable.

Nutrition

The Nutrition cluster concentrates on the food and beverage, infant nutrition, dietary supplements, animal nutrition and personal care ingredients markets. These markets are experiencing many of the same global trends that are impacting DSM as a whole, but also specific business and societal developments that are profoundly shaping the future:
- consumer demands for convenient and indulgent products
- deepening concern about the health and wellness of rapidly aging populations
- emerging demand patterns in high growth economies
- sustainability and food safety concerns
- consumers' growing desire for natural ingredients ('clean label spirit').

Sustainability and food safety concerns are leading regulators to apply stricter standards to the oversight of product content, claims, processing methods and emissions. This is a development that will impact producers such as DSM.

The 'clean label spirit' in more mature markets, where consumers are asking for fewer E-numbers and 'no artificial flavours or preservatives', is a trend that DSM expects to widen over the coming years. DSM will address it proactively, although DSM expects that it will not represent a major demand for some time.

Against the background of the above-mentioned trends, DSM expects that the fastest future growth will come from high growth economies, and that the established economies remain vital not only as the largest markets but also as the central drivers of product innovation (especially the US and Western Europe).

What is clear is that future growth in this industry will be partly driven by innovation. The total ingredients sector is growing faster than global gross domestic product (GDP). There is also a divergence between well established ingredients and forms and more innovative ones. Growth is higher than GDP growth in markets for innovative solutions, such as new enzymes or new forms of established ingredients. In more established ingredients, such as ascorbic acid (generic vitamin C), growth is at or even below GDP growth. However, this is accompanied by a continuous drive toward more quality, reliability, traceability and sustainability, enabling premium suppliers such as DSM to further expand their market share.

The Nutrition cluster comprises DSM Nutritional Products and DSM Food Specialties. The nutrition and food ingredients businesses serve the food and beverage, animal nutrition, personal care and pharmaceutical industries. Activities are based on an in-depth knowledge of customer/market needs. With customised formulation activities (being the transformation of chemicals and other ingredients into end products and marketable forms) in more than 44 locations and a marketing and sales presence reaching over 60 countries, customer intimacy is a key success factor.

The Nutrition businesses technical expertise is based on application know-how and innovation translating market needs into products and services with new benefits. Technologies in the Nutrition cluster are broad, utilising DSM's competences in biotechnology (including fermentation), chemical process technology and particle engineering.

DSM has the world's broadest ingredients portfolio and holds leading positions in many large ingredient markets for animal and human nutrition and health as well as personal care. The company also has a highly developed infrastructure creating local presence around the world. The resulting depth and breadth within and across sizeable markets are seen by DSM key to resilience in the marketplace.

The global food and beverage, dietary supplements, animal nutrition and personal care ingredients market is estimated to be EUR 61 billion. DSM has particularly strong positions in vitamins, nutritional lipids, enzymes, carotenoids, UV filters and innovative skin care products, which currently constitute an accessible market of almost half that amount. New and nature-identical or natural nutritional ingredients as well as emerging economies are the main growth drivers in the areas of human and animal nutrition and health. Increasing emphasis on expanding DSM's strong position in personal care ingredients offers considerable opportunity for accelerated growth, most notably because the personal care industry is driven by consumers' desire for innovations.

The Nutrition cluster's share in DSM's overall net sales was approximately 38% in 2011.

Pharma

The Pharma cluster includes the business group DSM Pharmaceutical Products (DPP), one of the world's leading custom manufacturing suppliers to the pharmaceutical industry. Many of today's medicines around the world contain ingredients produced by DPP. The cluster also includes DSM's 50% interest in the DSM Sinochem Pharmaceuticals joint venture (DSP). DSP was formed from the former DSM business group DSM Anti-Infectives (DAI). DSP is one of the few producers and marketers of beta-lactam active pharmaceutical ingredients with a global presence, using cutting-edge low eco-footprint manufacturing technology.

The pharmaceutical market is facing a range of trends and dynamics that are putting existing business models into question and are leading to some fundamental changes in the industry.

For DPP's customers, innovative pharmaceutical companies, it is becoming more difficult to discover new active molecules which have sufficient additional patient benefits and an acceptable risk profile and which can get approved by the US Food and Drug Administration (FDA) and other regulatory bodies. The cost of developing such molecules is rising, while at the same time health service providers – governments or insurance companies – are under enormous pressure to reduce cost. Medicines are becoming an increasingly important element of total healthcare costs, typically accounting for around 10% of total healthcare spend. As a consequence, both governments and insurance companies are looking to save costs, putting pressure on the total healthcare value chain, including custom manufacturing companies.

Pharmaceutical companies are consolidating, reviewing their business models and product ranges, and competing to develop increasingly 'niche', narrow spectrum and specialised drugs, which are often difficult-to-administer drugs and biopharmaceuticals used only in hospitals. Although these can be high value, volumes are lower.

However, the intensity of cost pressure and the need to review business models across the pharmaceutical industry is likely to result in growth above international GDP in the

pharmaceutical outsourcing market, especially for drugs nearing the end of their (patented) life cycle. The imperative for pharma companies to optimise their asset base is expected to lead to a greater focus on finding experienced and highly qualified partners to take on manufacturing challenges as a supplier. DPP, with its broad service offering including regulatory services, is well equipped to meet these market demands.

In most countries increased attention is being paid to the overall consumption of antibiotics. Infectious diseases continue however to be a major life threat, especially in high growth economies, and the beta-lactam anti-infectives – DSP's area of leadership – continue to be most physicians' first choice of cure. As healthcare coverage and quality expands in these economies and these products are very safe and cost-effective, DSP sees healthy growth rates of approximately 5 to 7% per year, coupled with an increasing focus on patient safety. DSP is seen as an industry leader with clear market advantages, communicated via the DSMPureActives™ brand.

DSM's Pharma presence in Asia gives the joint venture advantages in the world's fastest growing markets for the manufacture of generic pharmaceuticals in general, and anti-infectives in particular. The Asia market currently represents only about 6-7% of total global pharmaceutical spend, but this is estimated to rise to 20% by 2020 (Source: Credit Suisse/IMS). DSM is well positioned to take advantage of this, with its anti-infectives business having two production sites in China and one in India, supported by a network of sales offices.

The Pharma cluster's share in DSM's overall net sales was approximately 7% in 2011.

Performance Materials

The Performance Materials cluster comprises DSM Engineering Plastics, DSM Dyneema and DSM Resins. These business groups specialise in the manufacture of technologically sophisticated, high-quality products that are tailored to meet customers' performance criteria. DSM Engineering Plastics is a global supplier of high-performance engineering thermoplastic solutions. DSM Dyneema is the global supplier of Dyneema®, the world's strongest fiber™. DSM Resins is a global supplier of innovative high-quality resins solutions for paints and coatings, composite materials and fibre optic coatings.

Climate change and the adverse effects of over-dependence on fossil fuels continue to be the most important trends driving the performance materials industry. DSM's customers in virtually every sector are seeking products that reduce energy use or emissions in their own operations or, even more importantly, throughout their value chains. In many cases DSM is active in the business of replacing metals with lighter alternatives, and supports customers who are increasingly seeking polymer solutions that are based on renewable (rather than fossil-based) raw materials and solvent free products and processes that can help create more sustainable value chains. Resource scarcity, which also impacts costs, is increasingly contributing to these developments.

Energy reduction is seen by DSM as key to the performance materials industry. This means not only finding new, less energy-intensive ways to manufacture DSM's own products, but

also enabling energy savings in the application of these products, for example by developing resins systems that require less energy for curing. By providing lighter weight solutions than, for instance, conventional metal structures, DSM products help reduce energy consumption during use as well, thus making a significant contribution to the reduction of energy and carbon footprints across the planet.

An important field of application of performance materials is workplace health and safety. Demand in this area is increasing because workplace health and safety standards are becoming more common across the world as prosperity grows. Another field of application is health and wellness. Here, the main focus is on meeting the needs of an increasing elderly population. These needs require new thinking, and new applications. Urbanisation is an important driver for building and construction – one of the areas in which DSM plays an important role with innovative resins solutions. Concerns about personal safety and global threats have not diminished, which means there is a continuing demand for innovative protective materials. On the safety and sustainability front, the replacement of halogen-based flame retardants in consumer electronics and the replacement of solvent-based resins by water-based resins continues.

DSM believes that there is a growing prosperous middle class in many formerly 'emerging' countries such as China. Demand for plastics and resins is high and increasing in these markets, not only because manufacturers are seeking to meet growing local needs, but also because global manufacturing has shifted to these countries.

DSM's Performance Materials cluster has expanded in the last two decades from just over EUR 0.5 billion in sales in 1990 to EUR 2.8 billion in 2011. With major investments in high growth economies such as China and India, the Performance Materials cluster is making a significant contribution to DSM's growth in Asia.

With the great majority of its innovations driven by sustainability, DSM's Performance Materials cluster is recognised as a frontrunner in creating and introducing sustainable innovative solutions. During the last two decades, DSM's portfolio in Performance Materials has clearly evolved toward more specialised, higher-value-added businesses. Innovations, branding and continued operational excellence programs have contributed to a continuous increase in gross margin.

The businesses in the Performance Materials cluster have achieved strong leadership positions in chosen segments of the global markets for advanced materials. DSM Engineering Plastics has a focused portfolio and has achieved global leadership positions with many of its products. It is the global number 3 in the market for semi-crystalline engineering plastics and the global market leader in high-temperature polyamides. In polyamide 6 and thermoplastic copolyester elastomers DSM holds a number 2 position. An important factor underlying DSM Engineering Plastics' leadership and growth is its strong upstream integration with a leading caprolactam player, DSM Fibre Intermediates.

Dyneema® is respected as the global premium brand for ultra high molecular weight polyethylene fibre. DSM Dyneema manufactures and sells products in several forms including fibre, tape and uni-directional (UD) sheets. The powerful Dyneema® brand is licensed for use

in a wide and ever-increasing range of applications such as medical sutures, commercial fishing and aquaculture nets, ropes, slings, high-performance fabrics such as cut-resistant gloves and apparel, as well as vehicle and personal ballistic protection. DSM Dyneema focuses on sustainable innovation. Dyneema® is increasingly seen as the up-grade material of choice enabling the replacement of traditional materials that have a less desirable environmental footprint.

DSM Resins ranks among the global leaders in the markets for resin systems for industrial coatings and decorative coatings. DSM is recognised as a frontrunner in the development and production of environmentally friendly resins such as waterborne coating resins and powder coating resins. DSM Resins is the European market leader in unsaturated polyester resins and is rapidly building a position in Asia. DSM is a niche player in functional materials, with a global leadership position in fibre optic coatings, protecting more than one billion kilometres of fibre optic cables around the world.

The building and construction markets in Europe and the US continue to be depressed and this is negatively affecting DSM Resins' results. In order to achieve its objectives, including accelerating its switch to highly innovative and sustainable products (styrene free, powder, waterborne and UV curable), the business group will optimise and streamline its global organisation. Therefore, DSM Resins will close a few smaller operations in the UK and Taiwan (90 jobs) and reduce its global staff by 210 jobs, of which 130 are in the Netherlands.

The performance material clusters' share in DSM's overall net sales is approximately 30% in 2011.

Polymer Intermediates

The Polymer Intermediates cluster consists of DSM Fibre Intermediates.

Caprolactam

DSM Fibre Intermediates (DFI) is the global leader in the production and supply of caprolactam, the raw material for polyamide 6. It has production facilities on three continents (Europe, North America, Asia) with a total production capacity of nearly 700 kilotons per year. DSM supplies around 20% of the merchant market. DFI offers caprolactam of world-class quality with a high level of service to build long-term valuable partnerships with customers.

Over 40% of all caprolactam produced globally is made using DSM's proprietary technology. This technology leadership is the pillar of its commercial success and will be even more important in the future, when polyamide 6 will be used in increasingly demanding applications with stricter performance requirements.

Caprolactam's key function is the raw material for polyamide 6, of which approximately 4 million tonnes per year are produced worldwide. The applications of polyamide 6 are very diverse and cover many end-markets, from carpets and textiles to cars, electrical devices and packaging film. Some of these applications are sensitive to the larger economic cycle (automotive, housing, luxury electronics), while others (such as textiles) are quite stable.

With its local presence and production facilities, DFI has established a strong caprolactam position in China, resulting from solid partnerships with winning customers in the polyamide 6 industries.

DFI supplies key intermediates to DSM Engineering Plastics (DEP), one of the entities of the Performance materials cluster. In this way, DFI has a secured base load and DEP enjoys security of supply. Thanks to this integration, DFI contributes to the success of DEP.

By keeping a strong focus on the potential of high growth economies, sustainability and technological innovation and by showing an unwavering commitment to its customers, DFI has strengthened its global leadership position in caprolactam.

Acrylonitrile

Acrylonitrile is a key ingredient for fashionable acrylic textile and carpet fibres and for materials (acrylonitrile butadiene styrene, ABS and styrene-acrylonitrile, SAN) for automobile components, electronic devices, toys and sports equipment. The application of acrylonitrile in a wide range of valuable specialty products (for example carbon fibres, water treatment additives, enhanced oil recovery, detergents) is rapidly growing.

With its market share of 25%, DFI is the leading supplier in the European merchant acrylonitrile market while globally it ranks third in terms of volume. Acrylonitrile is produced at the Chemelot site in Sittard-Geleen (Netherlands) in two identical plants, with a total capacity of 275 kilotonnes per year. The raw materials for the production of acrylonitrile are air, propylene and ammonia. The on-site availability of these raw materials results in a high level of efficiency. Even the recovered by-products of the production process increasingly contribute to profitability.

As DFI continues to shift its customer portfolio toward the strongest European market segments, it is able to sustain its sound financial performance.

DFI's production of acrylonitrile involves the efficient recovery of by-products (hydrogen cyanide, ammonium sulfate and acetonitrile) and the efficient use of energy and raw materials. A life cycle analysis of acrylonitrile in 2010 revealed that DFI has the lowest carbon footprint in the industry.

The polymer intermediates cluster's share in DSM's overall net sales is approximately 20% in 2011.

Innovation and Research & Development

Innovation is an element of the strategy “DSM in motion: *driving focused growth”*. The cluster contains the activities of the DSM Innovation Centre (including DSM Venturing and Licensing) and the Emerging Business Areas (EBAs).

The DSM Innovation Centre was originally set up in 2006 to facilitate the Vision 2010 change program toward an intrinsically innovative organisation. It has a business development role, with its Business Incubator and Emerging Business Areas, as well as a leading role in enabling and accelerating innovation within DSM.

DSM Venturing actively invests in start-up companies that create innovative products and services in health, nutrition and materials. DSM Venturing plays an important part in DSM's open innovation policy and invests in activities that are of immediate or potential relevance to DSM business groups and/or the DSM Innovation Centre. In addition to direct investments DSM Venturing is also involved in a number of venture capital funds.

DSM Licensing aims to create value by assisting DSM business groups and DSM Emerging Business Areas (EBAs) with the initiation and management of collaboration on the basis of intellectual property (IP), including patents and know-how. DSM approaches licensing as a completely integrated, powerful way of creating shared value with partners. In all of DSM's EBAs licensing will be one of the most important ways in which the company enhances its value proposition and speed to the market. DSM Licensing has been established in the DSM Innovation Centre to facilitate such IP intensive collaborations and to serve as a centre of excellence for IP-based business.

DSM's Emerging Business Areas provide strong, long-term growth platforms that optimally combine the available competences in Life Sciences and Materials Sciences. The company currently has three Emerging Business Areas: DSM Bio-based Products & Services, DSM Biomedical and DSM Advanced Surfaces.

DSM Bio-based Products & Services is a front-runner in contributing to a bio-based, sustainable future. Major biotechnology advances are opening up opportunities in the production of advanced biofuels and bio-based materials. Recent DSM breakthroughs will enable the competitive manufacturing of advanced biofuels and bio-based chemicals and materials. Furthermore, DSM's efforts to develop technological solutions for biorefineries are set to optimise biorefinery operation and output.

DSM has a history of more than 10 years in the field of biomedical materials. It all started with research and development efforts to bring Dyneema® to the medical field, leading to the introduction of Dyneema Purity® as a new material of choice for orthopaedic sutures. In 2006 the EBA Biomedical was established, followed by the acquisition of The Polymer Technology Group (PTG) in 2008 and more recently the ActamaxTM joint venture with DuPont. In 2011 DSM Biomedical's headquarters was moved to the US in order to be more closely connected to customers and innovation activities.

DSM Advanced Surfaces provides solutions for the development and application of smart coatings. While current products are designed for glass, the EBA aims to expand this range into smart coatings for plastics and films. DSM's coatings enable glass to transmit more light, instead of reflecting it, thus boosting performance and/or improving aesthetics across a wide range of industries and applications, including the solar energy industry, horticultural and agricultural greenhouses, picture framing and in-store displays, TV and computer screens and the lighting industry.

DSM explores opportunities in new areas where its technologies can meet current and future market demands. Platforms are created within the scope of securing food, health and energy requirements of society. This is carried out in close collaboration with industry partners and

(potential) customers. For the three EBAs combined, DSM aspires to achieve profitable sales of more than EUR 1 billion in 2020.

R&D plays a key role in the realisation of DSM's innovation strategy. Most of the annual R&D expenditure is directed towards business-focused R&D programmes. DSM has a corporate research programme in place to build and strengthen the technological competences the Company needs to execute development projects. In 2011, DSM employed worldwide in total 2,520staff in R&D activities and had an R&D expenditure of EUR 476 million or 5.3% of sales.

Other Activities

Corporate Activities comprises various activities and businesses that do not belong to any of the four reporting clusters or the Innovation Centre. It consists of both operating and service activities and also includes a number of costs that cannot be logically allocated to the clusters. Corporate activities includes the Maleic Anhydride and Derivatives business, DEX Plastomers and a number of other activities such as Sitech Services, DSM Insurances and part of the costs of corporate departments. The other activities' share in DSM's overall net sales is approximately 4% in 2011.

Supervisory Board and Managing Board

Koninklijke DSM N.V. is a company limited by shares listed on Euronext Amsterdam, with a Managing Board and an independent Supervisory Board. Members of the Managing Board and the Supervisory Board are appointed (and, if necessary, dismissed) by the General Meeting of Shareholders. The Managing Board is responsible for the company's strategy, its portfolio policy, the deployment of human and capital resources, the company's risk management system and the company's financial performance. The Supervisory Board supervises the policy pursued by the Managing Board, the Managing Board's performance of its managerial duties and the company's general course of affairs, taking account of the interests of all the company's stakeholders. The Supervisory Board consists of at least five independent non-executives.

The composition of the Supervisory Board and the Managing Board is as follows:

- Supervisory Board: Rob J. Routs (chairman), Ewald Kist (deputy-chairman), Pierre Hochuli, Pauline van der Meer Mohr, Claudio Sonder, Tom De Swaan,.
- Managing Board: Feike Sijbesma (chairman), Rolf-Dieter Schwalb (CFO), Stefan Doboczky, Nico Gerardu, Stephan B. Tanda,.

The business address of all members of the Supervisory Board and the Managing Board is: Koninklijke DSM N.V., Het Overloon 1, 6411 TE Heerlen, The Netherlands.

Listed below are the principal activities performed by members of the Supervisory Board and the Managing Board outside Koninklijke DSM N.V. None of the members of the Supervisory Board and the Managing Board have any (potential) conflict between their duties to Koninklijke DSM N.V. and their private interests and other duties.

Supervisory Board:

Routs, R.J.

- chairman of the Supervisory Board of Aegon N.V.
- member of the Supervisory Board of Royal KPN N.V.
- member of the Board of Directors of Canadian Utilities Ltd.
- member of the Board of Directors of A.P. Moeller-Maersk Group
- member of the Board of Directors of UPM Kymmene Corporation

Kist, E.

- member of the Supervisory Board of De Nederlandsche Bank N.V.
- member of the Supervisory Board of Royal Philips Electronics N.V.
- member of the Supervisory Board of Stage Entertainment.
- member of the Supervisory Board of Moody's Investor Services.
- member of the Board of Governors of the Peace Palace in The Hague (The Netherlands).

Haynes, V.F.

- last position held: President and CEO of the Research Triangle Institute

Hochuli, P.

- member of the Board of Directors of Domes of Silence Holdings Ltd.

Kennedy, E.T.

- Professor of Nutrition Friedman School of Nutrition Science and Policy at Tufts University in Boston (USA)
- dean of Nutrition Friedman School of Nutrition Science and Policy at Tufts University in Boston (USA)
- global executive director of the International Life Sciences Institute (Washington D.C., USA)
- under secretary for Research, Education and Politics at the US Department of Agriculture

Van der Meer Mohr, P.F.M.

- president of the Executive Board of Erasmus University Rotterdam

- member of the Supervisory Board of ASML N.V.
- chair of the Supervisory Board of the Rotterdam School of Management
- member of the Supervisory Board of Nederlandse School voor Openbaar Bestuur
- director of the Hollandsche Maatschappij van Wetenschappen
- member of the Economic Development Board of Rotterdam
- member of the Duisenberg School of Finance Board

Sonder, C.T.L.

- chairman of the Board of Lojas Renner S.A.
- member of the Supervisory Board of Companhia Suzano de Papel e Celulose S.A.
- Executive Vice President of Suzano Holding S.A.
- member of the Supervisory Board of RBS S.A. Media Group.
- member of the Supervisory Board of OGX S.A.
- member of the Supervisory Board of Hospital Albert Einstein.

De Swaan, T.

- non-executive director of the Board of GlaxoSmithKline plc.
- non-executive director of the Board of Zurich Financial Services.
- chairman of the Supervisory Board of Van Lanschot Bankiers N.V.
- vice chairman of the Supervisory Board of Royal Ahold N.V.
- member of the Board of Trustees of Netherlands Cancer Institute-Antoni van Leeuwenhoek Hospital.
- board member of Royal Concertgebouw Orchestra.

Managing Board:

Sijbesma, F.

- board member of CEFIC (European Chemical Industry Council).
- member of the Advisory Board of RSM Erasmus University.
- member of the Advisory Board of ECP-EPN (Electronic Commerce Platform Netherlands).

Schwalb, R.-D.

(no supervisory directorships or other positions)

Doboczky, S.

(no supervisory directorships or other positions)

Gerardu N.H.

- member of the Supervisory Board of Voestalpine Polynorm N.V.
- member of the Supervisory Board of the Bonnefanten Museum in Maastricht
- board member of VNCI (Association of the Dutch Chemical Industry)

Tanda, S.B.

- chairman of EuropaBio (European Biotechnology Industry Association).
- board member of scienceindustries (Swiss association for the chemical, pharmaceutical and biotech industries).
- board member of BIO (US Biotechnology Industry Organization).

Committees of the Supervisory Board:

Pursuant to article 29 of the articles of association, the Supervisory Board has established an audit committee, a nomination committee, a remuneration committee and a corporate social responsibility committee.

Audit committee

The Audit Committee is comprised of Mr. T. de Swaan (Chair), Mr. C. Sonder, Mr. P. Hochuli and Mrs. V. Haynes.

Working within the Supervisory Board, the Audit Committee is charged in particular with the supervision of the Managing Board with respect to:

- the operation of the internal risk management and control systems, including supervision of the enforcement of the relevant legislation and regulations, and supervising the operation of codes of conduct.
- giving advice to the Supervisory Board on the nomination by the Supervisory Board to the General Meeting of Shareholders for the appointment of the external auditor.
- where necessary, making proposals to the Supervisory Board on the policy applied in respect of the independence of the external auditor and possible (potential) conflicts of interest between the external auditor and the Company.

- preparing meetings of the Supervisory Board with the Managing Board where the annual report, the annual accounts, the half-yearly and the quarterly figures of the Company are discussed.

Nomination Committee

The Nomination Committee is comprised of Mr. R. Routs (Chair), Mr. E. Kist and Mrs. P. Van der Meer Mohr.

The Nomination Committee has the following duties:

- drafting selection criteria and appointment procedures for Supervisory Board members and Managing Board members;
- assessing at least once a year the size and composition of the Supervisory Board and the Managing Board, and to make proposals for the Supervisory Board Profile;
- assessing at least once a year the functioning of individual Supervisory Board members and Managing Board members, and report their findings to the Supervisory Board;
- making proposals for (re)appointments;
- supervising the policy of the Managing Board on the selection criteria and appointment procedures for senior management;
- preparing the decision-making process of the Supervisory Board on the acceptance by a member of the Managing Board of the membership of the Supervisory Board of a listed company; and
- preparing the decision-making process of the Supervisory Board concerning any conflicts of interest that may arise in the acceptance by members of the Supervisory Board of additional positions.

Remuneration Committee

The Remuneration Committee is comprised of Mr. E. Kist (Chair), Mr. R. Routs and Mr. T. De Swaan.

The Remuneration Committee has the following duties:

- drafting proposals to the Supervisory Board for the remuneration policy to be pursued for members of the Managing Board, which policy, as well as any material changes thereto, shall be submitted to the General Meeting of Shareholders for adoption;
- drafting proposals for the remuneration of the individual members of the Managing Board; such proposals shall, in any event, deal with the remuneration structure; and the amount of the fixed remuneration, shares and/or options to be granted and/or other variable remuneration components, pension rights, redundancy pay and other

forms of compensation awarded, as well as the performance criteria and their application,

- and, if there are reasons therefore, to make proposals for changes or additions to the remuneration of individual members of the Managing Board, which remuneration and possible changes and/or additions shall be submitted for adoption to the Supervisory Board (without prejudice to the power of the Supervisory Board to delegate the final adoption to the Remuneration Committee, within the framework set by the Supervisory Board);

- to prepare the Remuneration Report referred to in clause 12.1 of the Regulations of the Supervisory Board; and

- to make proposals to the Supervisory Board for the remuneration of the individual members of the Supervisory Board, which remuneration will be submitted to the General Meeting of Shareholders for adoption.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee is comprised of Mrs. P. Van der Meer Mohr (Chair), Mr P Hochuli, Mr. C. Sonder and Mrs. E. Kennedy.

The Corporate Social Responsibility Committee has the following duties:

- preparation of discussions by the Supervisory Board on the supervision of the Managing Board with respect to formulating, developing, implementing, monitoring and reporting on the Company's social and environmental policies in line with the DSM values / Code of Business Conduct; and

- to prepare the meeting of the Supervisory Board with the Managing Board where the Integrated Annual Report, is discussed.

Dutch Corporate Governance Code

DSM supports the amended Dutch corporate governance code 2008 (Frijns Code), which can be found on www.commissiecorporategovernance.nl.

Following the publication of the amended Dutch corporate governance code in December 2008 DSM has reviewed all Principles and Best Practice provisions of the amended code and has, where applicable, taken measures to implement the amended Principles and Best Practice provisions. The Regulations of the Managing Board and the Supervisory Board and the Charters of the Supervisory Board committees have been brought in line with the amended code. The implementation of the amended code within DSM was a separate agenda item at the Annual General Meeting of Shareholders of 31 March 2010.

In view of this DSM can confirm that it applies to all of the amended code's 113 Best Practices.

With respect to Best Practice provision II.1.8 it is to be reported that Mr. Nico Gerardu, member of the Managing Board, acted as the chairman of the Supervisory Board of a listed company until 11 July 2011. On that date he resigned from the Supervisory Board of this listed company.

With respect to the appointment of members of the Managing Board for a period of at most four years (Best Practice II.1.1) it should be noted that DSM has adhered to this Best Practice since the introduction of the corporate governance code in 2004.

Since DSM respects agreements made before the introduction of said code, the current chairman of the Managing Board will remain appointed for an indefinite period.

With respect to the Dutch corporate governance code it should be noted that any substantial change in the corporate governance structure of the Company and in the Company's compliance with the code shall be submitted to the General Meeting of Shareholders for discussion under a separate agenda item.

All documents related to the implementation at DSM of the Dutch Corporate Governance Code, can be found in the Governance section of the corporate website (www.dsm.com).

Markets

DSM supplies its products to high-end industrial markets (business to business). The human and animal nutrition market is the principal end use market for DSM.

DSM end markets 2011	
Health and Nutrition	38%
Pharmaceuticals	7%
Metal, Building & construction	11%
Automotive / Transport	8%
Textiles	10%
Electrics / Electronics	8%
Packaging	7%
Other	11%
Total	**100%**

General review and strategy

General

2011 was another strong year for DSM despite the challenges of the global economy, adverse currency movements and high raw material costs. As a consequence the Company proposed to

increase its dividend for the second consecutive year. In the Nutrition cluster the Company made good progress once again and the Polymer Intermediates cluster delivered its highest profitability in history.

Furthermore, the company made significant steps in the first year of implementing its growth strategy. This included the acquisition of Martek Biosciences Corporation on 24 February, 2011 for USD 1.1 billion, the formation of the joint venture DSM Sinochem Pharmaceuticals with Sinochem, the completion of non-core divestments, progress in sustainability-related innovations and expansion into high growth economies, which now account for 39% of sales. At the start of 2012 DSM announced a joint venture with POET LLC, to make advanced biofuels a reality on a commercial scale.

DSM is conscious that risks to the macro-economic global outlook remain, and that economic and political uncertainty in Europe and some of its end markets, especially building and construction, persists. However, DSM believes that its balanced portfolio in health, nutrition and materials, its broad geographic spread with a significant presence in high growth economies, together with its strong balance sheet, leaves the company well placed to achieve its ambitious 2013 targets.

Full year organic sales growth was 11%, well above DSM's strategic target of 5-7%. All clusters, especially Polymer Intermediates, contributed to this growth.

Full year EBITDA was EUR 1,296 million. EBITDA growth (excluding the IFRS pension adjustment) was 15%, which is above sales growth.

The Nutrition cluster reported a result of EUR 735 million including Martek, higher than the year before despite a negative currency impact of about EUR 75 million net of hedging results, mainly Swiss franc related.

The Pharma cluster reported a lower, but stabilising result of EUR 36 million. As a result of the formation of the joint venture with Sinochem in anti-infectives, DSM Sinochem Pharmaceuticals was consolidated into the Company's financial statements at 50% in the last 4 months of the year.

The Performance Materials cluster posted a higher result for the year of EUR 293 million, despite tough economic conditions in Q4 and weakness in the tender driven vehicle protection business at DSM Dyneema.

The Polymer Intermediates cluster had its four best quarters ever in 2011, resulting in a very substantial increase in EBITDA (to EUR 380 million), compared to a strong 2010 performance.

Net sales in China (continuing operations) increased by 30% from USD 1,535 million in 2010 to USD 2,002 million in 2011. Total sales in high growth economies increased to 39% of overall sales in 2011.

Innovation sales - measured as sales from innovative products and applications introduced in the last five years - reached 18% of total net sales in 2011, close to the company's 2015 target of approximately 20%.

Strategy: **DSM in motion: *driving focused growth***

DSM's strategy called "DSM in motion: *driving focused growth*" was launched on 23 September, 2010 and replaced the previous corporate global strategy called "Vision 2010". The new strategy centres on three dimensions simultaneously: people, planet and profit.

The strategy envisages that the businesses that form DSM's new core in life sciences and materials sciences are built around finding innovative and sustainable solutions to some of the most important challenges, based on a clear understanding of the key global societal trends and their consequences for the planet, consumers and societies, which in turn is based upon extensive stakeholder input.

The global population is expected to grow from approximately 7 billion now to 9 billion by 2050. In addition, it will continue to include a high proportion of older people than previously and become increasingly urbanised and wealthy in the developing world, leading to increased consumption per capita and a bigger claim on the world's resources. All this comes together in three key global societal trends: a global demographic shift, challenges in the field of climate and energy usage and a growing focus on how to secure health and wellness for all.

- **Global shifts**
  The accelerating shift of wealth from West to East and from North to South is the basis of a whole series of global shifts which are creating a more urban, more connected and more prosperous world – but with huge resource and cultural challenges as a result.
- **Climate change and energy**
  The accepted reality that our fossil age is causing considerable change to our climate is driving the search for alternative energy, chemicals and materials sources as well as efforts to reduce resource consumption in a multitude of ways as the world will enter an era of resource scarcity.
- **Health and wellness**
  The impact of a growing, aging, more urban population is being felt across the world, but in remarkably different ways: the drive to improve well-being and increase life span among the growing middle classes of the high growth economies contrasts with the continuing struggle to effectively feed the populations in less well-off parts of the world.

DSM's focus is on providing its customers with the innovations and sustainable products they need to meet the societal and market demands arising from these trends. By adding to its customers' success, DSM adds to its own success too.

It is DSM's ambition to fully leverage the unique opportunities in life sciences and materials sciences, using four growth drivers (High Growth Economies, Innovation, Sustainability and Acquisitions & Partnerships). DSM intends to capture regional business opportunities and synergies and implement excellence throughout its global organisation.

A culture change program, called “MOTION”, for all employees, focusing on external orientation, accountability for performance and inspirational leadership, will be further rolled out with an emphasis on collaboration and speed of execution to support this strategy. All this is based on sustainability as DSM's core value and its true belief in diversity and inclusion, including internationalisation.

DSM has set itself ambitious targets for the current strategy period as presented in the following table:

Profitability targets 2013		**2011**
EBITDA	EUR 1.4 - 1.6 billion	EUR 1,296 mln
ROCE	> 15%	14%
Sales targets 2015		**2011**
Organic sales growth	5% - 7% annually	11%
China sales	from USD 1.5 billion to > USD 3 billion	USD 2 billion
High Growth Economies	from ~32% towards 50% of total sales	39%
Innovation	from ~12% to 20% of total sales	18%
EBA aspiration 2020		**2011**
EBA sales	> EUR 1 billion	Good progress

The company has high aspirations, based on an assessment of the opportunities, particularly in high growth economies, innovation, sustainability, acquisitions and partnerships, and aims at accelerated growth and increased profitability.

Final remark

This chapter contains forward-looking statements with respect to DSM's future (financial) performance and position. Such statements are based on current expectations, estimates and projections of DSM and information currently available to the Company. Examples of forward-looking statements include statements made or implied about the Company's strategy, estimates of sales growth, financial results, cost savings and future developments in its existing business as well as the impact of future acquisitions, and the Company's financial position. These statements can be management estimates based on information provided by specialised agencies or advisors like Global Insight, Consensus Economics, the IMF, CEFIC and Eurostat, sources believed to be reliable by DSM.

SELECTED FINANCIAL INFORMATION

DSM publishes financial statements on a yearly basis and also half-year and quarterly results.

The selected financial information below should be read in conjunction with the audited consolidated financial statements included in the DSM 2011 Integrated Annual Report and the DSM 2010 Integrated Annual Report. The selected financial data as of 31 December 2011 and 31 December 2010 and for the two years then ended have been derived from these audited consolidated financial statements.

For information about significant accounting policies, acquisitions and divestments affecting the periods presented, see the Royal DSM N.V. Financial Statements 2011 section as well as Note 2 to our consolidated financial statements included in the DSM 2011 Integrated Annual Report, incorporated by reference herein. For information on the changes in equity, see Note 16 to our consolidated financial statements.

From 2005 onwards our consolidated financial statements are prepared in accordance with IFRS as adopted by the EU.

Consolidated income statement for the year ended 31 December 2011[1]

	Continuing operations			Discontinued operations	Total
	Before exceptional items	Exceptional items	Total		
Net sales	9,048	-	9,048	145	9,193
Cost of sales	(6,479)	(48)	(6,527)	(98)	(6,625)
Gross margin	**2,569**	**(48)**	**2,521**	**47**	**2,568**
Marketing and sales	(882)	-	(882)	(10)	(892)
Research and development	(378)	-	(378)	(3)	(381)
General and administrative	(474)	(13)	(487)	(6)	(493)
Other operating income	71	13	84	112	196
Other operating expense	(40)	(29)	(69)	(1)	(70)
Operating profit	**866**	**(77)**	**789**	**139**	**928**
Interest costs	(99)	-	(99)	-	(99)
Other financial income and expense	17	140	157	-	157

[1] *Source*: Royal DSM N.V. audited Integrated Annual Report 2011. All amounts are in EUR million.

	Continuing operations			Discontinued operations	Total
	Before exceptional items	Exceptional items	Total		
Share of the profit of associates	3	-	3	-	3
Profit before income tax expense	**787**	**63**	**850**	**139**	**989**
Income tax expense	(147)	25	(122)	(7)	(129)
Profit for the year	**640**	**88**	**728**	**132**	**860**
Reclassification of the net result from disposed activities	**-**	**111**	**111**	**(111)**	**-**
Total	**640**	**199**	**839**	**21**	**860**
Of which:					
- Profit attributable to non-controlling interests	46	-	46	-	46
- Net profit attributable to equity holders of Royal DSM N.V.	594	199	793	21	814
- Net profit attributable to equity holders of Royal DSM N.V.	**594**	**199**	**793**	**21**	**814**
Dividend on cumulative preference shares	(10)	-	(10)	-	(10)
Net profit available for holders of ordinary shares	**584**	**199**	**783**	**21**	**804**

Consolidated income statement for the year ended 31 December 2010[2]

	Continuing operations			Discontinued operations	Total
	Before exceptional items	Exceptional items	Total		
Net sales	8,176	-	8,176	874	9,050
Cost of sales	(5,953,)	29	(5,924)	(674)	(6,598)

[2] *Source*: Royal DSM N.V. audited Integrated Annual Report 2010. All amounts are in EUR million.

	Continuing operations			Discontinued operations	Total
	Before exceptional items	Exceptional items	Total		
Gross margin	**2,223**	**29**	**2,252**	**200**	**2,452**
Marketing and sales	(793)	-	(793)	(63)	(856)
Research and development	(314)	(14)	(328)	(10)	(338)
General and administrative	(366)	-	(366)	(14)	(380)
Other operating income	43	55	98	37	135
Other operating expense	(41)	(58)	(99)	(112)	(211)
Operating profit	**752**	**12**	**764**	**38**	**802**
Interest costs	(102)	-	(102)	-	(102)
Other financial income and expense	9	-	9	-	9
Share of the profit of associates	5	-	5	-	5
Profit before income tax expense	**664**	**12**	**676**	**38**	**714**
Income tax expense	(162)	(4)	(166)	(23)	(189)
Profit for the year	**502**	**8**	**510**	**15**	**525**
Reclassification of the net result from disposed activities	**-**	**(48)**	**(48)**	**48**	**-**
Total	**502**	**(40)**	**462**	**63**	**525**
Of which:					
- Profit attributable to non-controlling interests	18	-	18	-	18
- Net profit attributable to equity holders of Royal DSM N.V.	484	(40)	444	63	507
- Net profit attributable to equity holders of Royal DSM N.V.	**484**	**(40)**	**444**	**63**	**507**
Dividend on cumulative preference shares	(10)	-	(10)	-	(10)
Net profit available for holders of	**474**	**(40)**	**434**	**63**	**497**

	Continuing operations			Discontinued operations	Total
	Before exceptional items	Exceptional items	Total		
ordinary shares					

These figures were derived from the 2011 Integrated Annual Report respectively the 2010 Integrated Annual Report which include (i) the audited annual accounts in respect of the financial year ended 31 December 2011 respectively 2010 and have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

Net sales

At EUR 9.0 billion, net sales from continuing operations in 2011 were 11% higher than in the previous year. Volume growth accounted for a 4% increase in net sales. Selling prices were on average 7% higher than in 2010. The positive effect of 1% relating to acquisitions and divestments was offset by the negative impact of the exchange rates.

Operating costs

Total operating costs of continuing operations before exceptional items amounted to EUR 8.2 billion, EUR 0.8 billion higher than in 2010, when these costs stood at EUR 7.4 billion. Total operating costs in 2011 included cost of sales to an amount of EUR 6.5 billion (2010: EUR 6.0 billion). Gross margin as a percentage of net sales stood at 28% (2010: 27%).

Operating profit

The operating profit from continuing operations before exceptional items increased by EUR 114 million (15%), from EUR 752 million in 2010 to EUR 866 million in 2011. The EBITDA margin (operating profit before depreciation and amortisation as a percentage of net sales) increased from 14.2% in 2010 to 14.3% in 2011.

Net profit

The net profit from continuing operations before exceptional items increased by EUR 110 million to EUR 594 million.

Net finance costs (continuing operations), before exceptional items, stood at EUR 82 million in 2011, compared to EUR 93 million in 2010. The decrease was mainly a result of favourable hedge results and lower interest costs.

At 19%, the effective tax rate in 2011 was 5 percentage points lower than in 2010. The lower tax rate was a result of a different geographical spread of results and the application of preferential tax regimes, in countries where DSM is operating.

The net profit (total DSM) increased from EUR 507 million in 2010 to EUR 814 million in 2011, partly due to exceptional items and a lower tax rate.

Full year exceptional items amounted to EUR 173 million (EUR 199 million after tax), comprising the book profits on the sale of Danisco shares, the divestments of DSM Elastomers, the establishment of the DSM Sinochem Pharmaceuticals joint venture as well as losses regarding the non-recurring value adjustments of inventories in relation to the Martek acquisition, restructuring actions at DSM Resins and limited costs for litigation settlements and claims.

Consolidated balance sheet[3]

Assets

	31 December 2011	**31 December 2010**
x EUR million		
Non-current assets		
Intangible assets	**1,786**	**1,070**
Property, plant and equipment	**3,405**	**2,943**
Deferred tax assets	**292**	**326**
Prepaid pension costs	**-**	**1**
Associates	**35**	**25**
Other financial assets	**135**	**270**
	5,653	**4,635**
Current assets		
Inventories	**1,573**	**1,340**
Trade receivables	**1,551**	**1,361**
Other receivables	**153**	**116**
Financial derivatives	**50**	**134**
Current investments	**89**	**837**
Cash and cash equivalents	**2,058**	**1,453**
	5,474	**5,241**
Assets to be contributed to joint ventures (100% basis)	**-**	**317**

[3] *Source*: Royal DSM N.V. audited Integrated Annual Report 2011. All amounts are in EUR million.

Assets

	31 December 2011	31 December 2010
Assets held for sale	**30**	**287**
	5,504	**5,845**
Total	**11,157**	**10,480**

Equity and liabilities

Equity and Liabilities

	31 December 2011	31 December 2010
x EUR million		
Equity		
Shareholders' equity	**5,784**	**5,481**
Non-controlling interests	**190**	**96**
	5,974	**5,577**
Non-current liabilities		
Deferred tax liabilities	**192**	**155**
Employee benefits liabilities	**322**	**297**
Provisions	**116**	**93**
Borrowings	**2,029**	**1,992**
Other non-current liabilities	**69**	**33**
	2,728	**2,570**
Current liabilities		
Employee benefits liabilities	**6**	**24**
Provisions	**43**	**33**
Borrowings	**160**	**105**
Financial derivatives	**326**	**219**
Trade payables	**1,348**	**1,277**

Equity and Liabilities

	31 December 2011	31 December 2010
Other current liabilities	**557**	**512**
	2,440	**2,170**
Liabilities to be contributed to joint ventures (100% basis)	**-**	**104**
Other liabilities held for sale	**15**	**59**
	2,455	**2,333**
Total	**11,157**	**10,480**

These figures were derived from the 2011 Integrated Annual Report which includes the audited annual accounts in respect of the financial year ended 31 December 2011 and have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

The balance sheet total (total assets) increased by EUR 0.7 billion in 2011 and amounted to EUR 11.2 billion at year-end (2010: EUR 10.5 billion). Equity increased by EUR 397 million compared to the position at the end of 2010; this was due to the profit for the year and proceeds from re-issued shares which were partly offset by the repurchase of shares. Equity as a percentage of total assets increased from53% at the end of 2010 to 54% at the end of 2011. The current ratio before reclassification to held for sale (current assets divided by current liabilities) decreased from 2.42 in 2010 to 2.24 in 2011.

The operating working capital (continuing operations) was EUR 308 million higher than in 2010 and amounted to 20.2% of annualised net sales (2010: 17.9%). Cash and cash equivalents including current investments decreased by EUR 143 million and amounted to EUR 1,247 million.

Compared to 2010, net debt increased by EUR 426 million. As at 31 December 2011 it stood at EUR 318 million. As at 31 December 2011, EUR 89 million (2010: EUR 837 million) had been invested in higher yielding term deposits (duration 3 to 6 months), which are shown in the cash flow statement as 'current investments'.

Consolidated statement of changes in equity[4]

x EUR million	share capital	share premium	treasury shares	other reserves	retained earnings		total	non-controlling interests	total equity
					actuarial gains and losses	other			
Balance at 1 January 2010	**338**	**489**	**(637)**	**(2)**	**(381)**	**5,142**	**4,949**	**62**	**5,011**
Dividend paid	-	-	-	-	-	(206)	(206)	(1)	(207)
Options/performance shares granted	-	-	-	10	-	-	10	-	10
Options/performance shares exercised/ cancelled and SARs cancelled	-	-	-	(16)	-	19	3	-	3
Proceeds from reissued shares	-	-	95	-	-	-	95	-	95
Change in DSM's share in subsidiaries	-	-	-	-	-	-	-	15	15
Reclassification to held for sale	-	-	-	-	-	-	-	(5)	(5)
Total comprehensive income	-	-	-	389	(266)	507	630	25	655
Balance at 31 December 2010	**338**	**489**	**(542)**	**381**	**(647)**	**5,462**	**5,481**	**96**	**5,577**
Dividend paid	-	-	-	-	-	(242)	(242)	(4)	(246)
Options/performance shares granted	-	-	-	19	-	-	19	-	19
Options/performance shares exercised/ cancelled and SARs cancelled	-	-	-	(18)	-	24	6	-	6
Proceeds from reissued shares	-	-	201	-	-		201	-	201
Change in DSM's share in subsidiaries	-	-	-	-	-	-	-	42	42
Reclassification to	-	-	-	-	-	-	-	-	-

[4] *Source*: Royal DSM N.V. audited Integrated Annual Report 2011. All amounts are in EUR million.

x EUR million	share capital	share premium	treasury shares	other reserves	retained earnings		total	non-controlling interests	total equity
					actuarial gains and losses	other			
held for sale									
Repurchase of shares	-	-	(357)	-	-	-	(357)	-	(357)
Total comprehensive income	-	-	-	(108)	735	49	676	56	732
Balance at 31 December 2011	**338**	**489**	**(698)**	**274**	**88**	**5,293**	**5,784**	**190**	**5,974**

These figures were derived from the 2011 Integrated Annual Report which includes the audited annual accounts in respect of the financial year ended 31 December 2011 and have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

DSM's dividend policy is to provide a stable and preferably rising dividend.

DSM therefore proposed to the Annual General Meeting of Shareholders, to be held on 11 May 2012, to increase the dividend by EUR 0.10 to EUR 1.45 per ordinary share. An interim dividend of EUR 0.45 per ordinary share having been paid in August 2011, the final dividend, to be paid in June 2012, would then amount to EUR 1.00 per ordinary share. The dividend will be payable in cash or in the form of ordinary shares at the option of the shareholder.

DSM reiterates that for the coming years the company intends to further increase the dividend to at least EUR 1.50 per ordinary share, barring unforeseen circumstances and assuming that DSM will be able to fulfil its growth aspirations.

Consolidated cash flow statement[5]

x EUR million	2011	2010
Operating activities		
Profit for the year	860	525
Income tax	129	189
Profit before income tax expense	**989**	**714**
Share of the profit of associates	(3)	(5)
Net finance costs		

[5] *Source*: Royal DSM N.V. audited Integrated Annual Report 2011

x EUR million		2011		2010
- Before exceptional items		82		93
- Exceptional items		(140)		-
Operating profit		**928**		**802**
Depreciation, amortisation and impairments		502		424
Earnings before interest, tax, depreciation and amortisation		**1,430**		**1,226**
Adjustments for:				
- (Gain) or loss from disposals	(201)		37	
- Change in provisions	23		(63)	
- Defined benefit plans:	(33)		(79)	
	(211)		(105)	
Interest Received	103		61	
Interest Paid	(161)		(150)	
Income taxes received	7		5	
Income tax paid	(95)		(68)	
Other	41		61	
Changes, excluding working capital		(316)		(196)
Operating cash flow before changes in working capital		**1,114**		**1,030**
Change in operating working capital:				
- Inventories	(112)		(108)	
- Trade receivables	(123)		(160)	
- Trade payables	(25)		249	
	(260)		(19)	
Changes in other working capital	28		92	
Changes in working capital		(232)		73
Cash provided by operating activities		**882**		**1,103**

x EUR million		2011		2010
Investing activities				
Capital expenditure for:				
- Intangible assets	(54)		(46)	
- Property, plant and equipment	(423)		(370)	
Proceeds from disposal of property, plant and equipment	8		7	
Acquisition of subsidiaries and associates	(929)		(61)	
Cash from net investment hedge	(77)		-	
Proceeds from disposal of subsidiaries and businesses	513		363	
Change in fixed-term deposits	748		(832)	
Other financial assets:				
- Capital payments and acquisitions	(3)		(8)	
- Change in loans granted	3		(24)	
- Proceeds from disposals	221		7	
Cash used in investing activities		**(7)**		**(964)**
Financing activities				
Loans taken up	35		5	
Repayment of loans	(50)		(14)	
Change in debt to credit institutions / commercial paper and current investments	74		(41)	
Dividend paid	(155)		(206)	
Proceeds from reissued shares	111		95	
Repurchase of shares	(357)		-	
Cash used in financing activities		**(342)**		**(161)**
Change in cash and cash equivalents		**547**		**(22)**
Cash and cash equivalents at 1 January		**1,453**		**1,340**

x EUR million	2011	2010
Exchange differences of cash held	58	135
Cash and cash equivalents at 31 December	**2,058**	**1,453**

These figures were derived from the 2011 Integrated Annual Report which includes the audited annual accounts in respect of the financial year ended 31 December 2011 and have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

Capital expenditure and financing

Capital expenditure on intangible assets and property, plant and equipment amounted to EUR 528 million in 2011 and was above the level of amortisation and depreciation.

At EUR 882 million, net cash provided by operating activities was 9.6% of net sales.

General information

Unless stated otherwise, all amounts are in EUR million.

In conformity with article 402, Book 2 of the Dutch Civil Code, a condensed statement of income is included in the Koninklijke DSM N.V. accounts.

A list of DSM participations has been filed with the Chamber of Commerce for Limburg (Netherlands) and is available from the Company upon request. The list can also be downloaded from the Company's website (www.dsm.com).

The preparation of financial statements requires estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the financial statements. The policies that management considers both to be most important to the presentation of financial condition and results of operations are discussed in the relevant notes. The same holds for the issues that require management judgments or estimates about matters that are inherently uncertain. Management cautions that future events often vary from forecasts and that estimates routinely require adjustment. Areas of judgment that have the most significant effect on the amounts recognised in the financial statements relate to the categorisation of certain items as 'exceptional', the identification of cash generating units and the classification of activities as 'held for sale' and 'discontinued operations'.

Currency exchange rates[6]

The currency exchange rates that were used in preparing the consolidated statements are listed below for the most important currencies.

[6] *Source*: Koninklijke DSM N.V. audited Integrated Annual Report 2011

1 euro =	**exchange rate at balance sheet date**		average exchange rate	
	2011	2010	**2011**	2010
US dollar	**1.29**	1.33	**1.39**	1.33
Swiss franc	**1.22**	1.25	**1.23**	1.38
Pound sterling	**0.84**	0.87	**0.87**	0.86
100 Japanese yen	**1.00**	1.08	**1.11**	1.17
Chinese Renminbi	**8.24**	8.77	**9.00**	8.98

PRC CURRENCY CONTROLS

The following is a general description of certain currency controls in the PRC and is based on the law and relevant interpretations thereof in effect as at the date of this Base Prospectus, all of which are subject to change, and does not constitute legal advice. It does not purport to be a complete analysis of all applicable currency controls in the PRC relating to the Notes. Prospective holders of Notes who are in any doubt as to PRC currency controls are advised to consult their own professional advisers.

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to controls imposed under PRC law.

Current Account Items

Under PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. On 17 June 2010, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades (Yin Fa (2010) No. 186) (關於擴大跨境貿易 人民幣結算試點有關問題的通知) (the "**Pilot Programme of Renminbi Settlement Circular**"), pursuant to which (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts was expanded to cover 20 provinces and cities including Beijing and Guangdong Province, and (iii) the restriction on designated offshore districts was uplifted. Accordingly, any enterprises in the designated pilot districts and offshore districts are entitled to use Renminbi to settle imports and exports of goods and services and other current account items between them. Renminbi remittance for exports of goods from the PRC may only be effected by approved pilot enterprises in designated pilot districts in the PRC. In August 2011, the PRC government further expanded Renminbi cross-border trade settlement nationwide.

As a new regulation, the Pilot Programme of Renminbi Settlement Circular will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the Pilot Programme of Renminbi Settlement Circular and impose conditions for settlement of current account items.

Capital Account Items

Under the applicable PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant PRC authorities.

Settlements for capital account items are generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties are also generally required to make capital item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency. That said, the relevant PRC authorities may grant approval for a foreign entity to make a capital contribution or a shareholder's loan to a foreign invested enterprise with Renminbi lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in Renminbi on a trial basis. The foreign invested enterprise may be required to complete registration and verification process with the relevant PRC authorities before such Renminbi remittances.

On 7 April 2011, the State Administration of Foreign Exchange of the PRC (國家外匯管理局) ("**SAFE**") promulgated the Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi (國家外匯管理局綜合司關於規範跨境人民幣資本項目業務操作有關問題的通知) (the "**SAFE Circular**"), which became effective on 1 May 2011. According to the SAFE Circular, in the event that foreign investors intend to use cross-border Renminbi (including offshore Renminbi and onshore Renminbi held in the accounts of non-PRC residents) to make contribution to an onshore enterprise or make payment for the transfer of equity interest of an onshore enterprise by a PRC resident, such onshore enterprise shall be required to submit the relevant prior written consent of the Ministry of Commerce of the PRC (商務部) (the "**MOFCOM**") to the relevant local branches of SAFE of such onshore enterprise and register for foreign invested enterprise status. Further. the SAFE Circular clarifies that the foreign debts borrowed, and the external guarantee provided by, an onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and external guarantee regime.

On 12 October 2011, the MOFCOM promulgated the Circular on Issues in relation to Cross-border RMB Foreign Direct Investment (商務部關於跨境人民幣直接投資有關問題的通) (the "**MOFCOM RMB FDI Circular**"). In accordance with the MOFCOM RMB FDI Circular, the MOFCOM and its local counterparts are authorised to approve RMB foreign direct investments ("**RMB FDI**") in accordance with existing PRC laws and regulations regarding foreign investment, with the following exceptions which require the preliminary approval by the provincial counterpart of the MOFCOM and the consent of the MOFCOM: (i) RMB FDI with the capital contribution in Renminbi of RMB300 million or more; (ii) RMB FDI in financing guarantee, financing lease, micro financing or auction industries; (iii) RMB FDI in foreign invested investment companies, venture capital or equity investment enterprises; or (iv) RMB FDI in cement, iron & steel, electrolytic aluminium, shipbuilding or other policy sensitive sectors. In addition, RMB FDI in real estate sector is allowed following the existing rules and regulations of foreign investment in real estate, although Renminbi foreign debt remains unavailable to foreign invested real estate enterprises. The proceeds of RMB FDI may not be used towards investment in securities, financial derivatives or

entrustment loans in the PRC, except for investments in PRC domestic listed companies through private placements or share transfers by agreement under the PRC strategic investment regime.

On 13 October 2011, PBOC promulgated the Measures on Administration of the RMB Settlement in relation to Foreign Direct Investment (外商直接投資人民幣結算業務管理辦法) (the "**PBOC RMB FDI Measures**"), pursuant to which, PBOC special approval for RMB FDI and shareholder loans which is required by the PBOC Notice concerning Clarification of Certain Issues on Cross-border RMB Settlement (《中國人民銀行關於明確跨境人民幣業務相關問題的通知》) (the "**PBOC Notice**") promulgated on 3 June 2011 is no longer necessary. The PBOC RMB FDI Measures provide that, among others, foreign invested enterprises are required to conduct registrations with the local branch of the PBOC within 10 working days after obtaining the business licenses for the purpose of Renminbi settlement, a foreign investor is allowed to open a Renminbi expense account (人民幣前期費用專用存款賬戶) to reimburse some expenses before the establishment of a foreign invested enterprise and the balance in such an account can be transferred to the Renminbi capital account (人民幣資本金專用存款賬戶) of such foreign invested enterprise when it is established, commercial banks can remit a foreign investor's Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries out of the PRC after reviewing certain requisite documents, if a foreign investor intends to use its Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries, the foreign investor may open a Renminbi re-investment account (人民幣再投資專用賬戶) to pool the Renminbi proceeds, and the PRC parties selling stake in domestic enterprises to foreign investors can open Renminbi accounts and receive the purchase price in Renminbi paid by foreign investors. The PBOC RMB FDI Measures also state that Renminbi debt and foreign currency debt of a foreign invested enterprise from its offshore shareholders, offshore affiliates and offshore financial institutions constitute its foreign debt quota, and a foreign invested enterprise may open a Renminbi account (人民幣一般存款賬戶) to receive its Renminbi proceeds borrowed offshore by submitting the Renminbi loan contract to the commercial bank and make repayments of principal of and interest on such debt in Renminbi by submitting certain documents as required to the commercial bank.

As new regulations, the SAFE Circular, the PBOC Notice, the MOFCOM RMB FDI Circular and the PBOC RMB FDI Measures will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions, registrations or approvals set out in such rules.

TAXATION

Netherlands Taxation

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Base Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary is included for general information only and does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of a Note, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

For the purpose of this summary it is assumed that no holder of a Note has or will have a substantial interest, or - in the case of a holder of a Note being an entity - a deemed substantial interest, in the Issuer and that no connected person (verbonden persoon) to the holder of a Note has or will have a substantial interest in the Issuer.

Generally speaking, an individual has a substantial interest in a company if (a) such individual, either alone or together with his partner, directly or indirectly has, or is deemed to have or (b) certain relatives of such individual or his partner directly or indirectly have or are deemed to have (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent or more of either the total issued and outstanding capital of the Issuer or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5 per cent or more of either the annual profit or the liquidation proceeds of such company.

Generally speaking, an entity has a substantial interest in a company if such entity, directly or indirectly has (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent or more of either the total issued and outstanding capital of the Issuer or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5 per cent or more of either the annual profit or the liquidation proceeds of such company. An entity holding a Note has a deemed substantial interest in a company if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.

For the purpose of this summary, the term "entity" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.

Where this summary refers to "The Netherlands" or "Dutch" it refers only to the European part of the Kingdom of the Netherlands.

Where this summary refers to a holder of a Note, an individual holding a Note or an entity holding a Note, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Note.

Investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of a Note.

1. **WITHHOLDING TAX**

All payments made by the Issuer of interest and principal under the Notes can be made free of withholding or deduction of any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein, unless the Notes qualify as debt that effectively functions as equity for purposes of article 10, paragraph 1, sub d of the Corporate Tax Act (*Wet op de vennootschapsbelasting 1969*).

2. **TAXES ON INCOME AND CAPITAL GAINS**

Residents

Resident entities

An entity holding a Note which is, or is deemed to be, resident in The Netherlands for corporate income tax purposes and which is not tax exempt, will generally be subject to corporate income tax in respect of income or a capital gain derived from a Note at rates up to 25 per cent.

Resident individuals

An individual holding a Note who is, is deemed to be, or has elected to be treated as, resident in The Netherlands for income tax purposes will be subject to income tax in respect of income or a capital gain derived from a Note at rates up to 52 per cent if:

(i) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or

(ii) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor (ii) applies, an individual holding a Note will be subject to income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from a Note. The deemed return amounts to 4 per cent. of the average value of the individual's net assets in the relevant fiscal year (including the Note). Subject to application of certain allowances, the deemed return will be taxed at a rate of 30 per cent.

Non-residents

A holder of a Note which is not, is not deemed to be, and - in case the holder is an individual - has not elected to be treated as, resident in The Netherlands for the

relevant tax purposes will not be subject to taxation on income or a capital gain derived from a Note unless:

(i) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in The Netherlands and the holder of a Note derives profits from such enterprise (other than by way of securities); or

(ii) the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

3. **GIFT AND INHERITANCE TAXES**

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder of a Note, unless:

(i) the holder of a Note is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or

(ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions.

4. **VALUE ADDED TAX**

The issuance or transfer of a Note, and payments of interest and principal under a Note, will not be subject to value added tax in The Netherlands.

5. **OTHER TAXES AND DUTIES**

The subscription, issue, placement, allotment, delivery or transfer of a Note will not be subject to registration tax, stamp duty, transfer tax or any other similar tax or duty payable in The Netherlands.

6. **RESIDENCE**

A holder of a Note will not be or become, or deemed to be or become, resident in The Netherlands for tax purposes and, subject to the exceptions set out above, will not otherwise be or become subject to Dutch taxation, by reason only of acquiring, holding or disposing of a Note or the execution, performance, delivery and/or enforcement of a Note.

7. **EU COUNCIL DIRECTIVE ON TAXATION OF SAVINGS INCOME**

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State

details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

SUBSCRIPTION AND SALE

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings assigned to them by Regulation S under the Securities Act ("**Regulation S**").

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed and each further Dealer appointed under the Programme will be required to agree that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

Public Offer Selling Restrictions Under The Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) *Approved prospectus*: if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved in another Relevant Member State or, where appropriate, approved in another Relevant

Member State and notified to the competent authority in that Relevant Member State, **provided that** any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) *Qualified investors: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive*;

(c) *Fewer than 100 offerees*: at any time 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) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) *Other exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression 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 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, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

(a) *No deposit-taking*: in relation to any Notes having a maturity of less than one year:

(i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

(ii) it has not offered or sold and will not offer or sell any Notes other than to persons:

(a) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

(b) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses;

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 of England and Wales (the "**FSMA**") by the Issuer;

(b) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(c) *General compliance*: 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.

Selling Restrictions Addressing Additional Netherlands Securities Laws/Global

(a) According to the Dutch Savings Certificate Act (*Wet inzake Spaarbewijzen*), bearer Zero Coupon Notes and other Notes which qualify as savings certificates as defined in the Dutch Savings Certificates Act may be transferred and accepted only through the mediation of either the Issuer or a Member of Euronext Amsterdam N.V. with due observance of the Dutch Savings Certificates Act (including registration requirements), except in the case of (i) the initial issue of such Notes to the first holders thereof, (ii) any transfer and acceptance by individuals who do not act in the conduct of a profession or trade, and (iii) any transfer and acceptance of such Notes, if they are physically issued outside The Netherlands and are not distributed in The Netherlands in the course of primary trading or immediately thereafter.

(b) Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in The Netherlands in reliance on Article 3(2) of the Prospectus Directive unless:

(i) such offer is made exclusively to legal entities which are qualified investors (as defined in the Prospectus Directive and which includes authorised discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in The Netherlands; or

(ii) standard exemption logo and wording are disclosed as required by article 5:20(5) of the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*, the "**Wft**"); or

(iii) such offer is otherwise made in circumstances in which article 5:20(5) of the Wft is not applicable,

provided that no such offer of Notes shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive. For the purposes of this provision, the expressions an "**offer of Notes to the public**" in relation to any Notes in The Netherlands and "**Prospectus Directive**" have the meaning given to them above in the paragraph headed with "*Public Offer Selling Restriction Under The Prospectus Directive*" under this section "*Subscription and Sale*".

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the "**FIEL**"). Each Dealer agrees that it has not offered or sold and will not offer or sell any such Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEL and any applicable laws, regulations and ministerial guidelines of Japan.

The People's Republic of China

Each of the Joint Lead Managers has represented, warranted and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan) as part of the initial distribution of the Notes, except as permitted by the securities laws of the People's Republic of China.

Hong Kong

In relation to each Tranche of Notes, each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") other than (i) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere,

any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree 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 which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus, any Final Terms or any other offering material relating to the Notes and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of 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 other Dealer shall have any responsibility therefore.

Save as specifically described in this Base Prospectus, neither the Issuer, the Arranger nor any of the Dealers represents that 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 each Tranche, the relevant Dealer will be required to comply with such other or additional restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

GENERAL INFORMATION

Authorisation

The establishment of the Programme was duly authorised by a resolution of the Managing Board of the Issuer on 28 June 1999. The annual update of the Programme and the issue of the Notes hereunder have been duly authorised by a resolution of the Managing Board of the Issuer on 13 February 2012. All consents, approvals and authorisations required by the Issuer under the laws of The Netherlands have been given for the issue of the Notes and for the Issuer to undertake and perform its obligations under the Dealer Agreement, the Fiscal Agency Agreement and the Notes.

Ratings

Tranches of Notes issued under the Programme may be rated or unrated. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Programme or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued by a credit rating agency established in the EEA and registered (or which has applied for registration and not been refused) under the CRA Regulation, or (2) issued by a credit rating agency which is not established in the EEA but will be endorsed by a CRA which is established in the EEA and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation will be disclosed in the Final Terms.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**") unless (1) the rating is provided by a credit rating agency operating in the EEA before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, or (2) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation

Each of Moody's Investors Service Ltd., Standard & Poor's Credit Market Services Europe Limited, a division of The McGraw-Hill Companies, Inc. and Fitch Ratings Ltd. are credit rating agencies established and operating in the European Community prior to 7 June 2010 and have submitted an application for registration in accordance with the CRA Regulation and, as at the date of the Base Prospectus, such application for registration has not been refused. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Clearing Systems

The Notes have been accepted for clearance through Clearstream, Frankfurt, Clearstream, Luxembourg, Euroclear and Euroclear Netherlands. The appropriate German Securities Code ("**ISW**"), common code and the International Securities Identification Number in relation to the Notes of each Series will be specified in the Final Terms relating thereto. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The address of Euroclear Bank S.A./N.V. is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. The address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg. The address of Clearstream, Frankfurt is Neue Börsenstrasse 1, D-60487 Frankfurt am Main, Germany. The address of Euroclear Netherlands is Damrak 70, 1000 GD Amsterdam, The Netherlands.

Legend concerning United States Persons

Notes (other than Temporary Global Notes) and any Coupon appertaining thereto will bear a legend substantially to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

Settlement Arrangements

Settlement arrangements will be agreed between the Issuer, the relevant Dealer and the Fiscal Agent in relation to each Tranche of Notes.

Documents Incorporated by Reference

The following documents, which have previously been published or are published simultaneously with this Base Prospectus and have been filed with The Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*), shall be incorporated in, and to form part of, this Base Prospectus; this Base Prospectus should be read and construed in conjunction with such documents:

(i) the following sections of the 2010 Integrated Annual Report of the Issuer (in English): Report of the Managing Board (from and including page 28 to and including page 80), Review of Business (from and including page 82 to and including page 107), Supervisory Board and Management Board (from and including page 130 to and including page 131), the Financial Statements (from and including page 136 to and including page 207) and the Independent Auditor's Report on the Financial Statements (page 209);

(ii) the following sections of the 2011 Integrated Annual Report of the Issuer (in English): Report of the Managing Board (from and including page 26 to and including page 69), Review of Business (from and including page 70 to and including page 103), Supervisory Board and Management Board (from and including page 130 to and including page 131), the Financial Statements (from and including page 138 to and

including page 215) and the Independent Auditor's Report on the Financial Statements (page 217);

(iii) the unaudited interim report of the Issuer and its consolidated subsidiaries for the first quarter (DSM press release 8 May 2012);

(iv) the Articles of Association (*statuten*) of the Issuer; and

(v) the DSM press releases dated 23 January 2012 on the joint venture with POET, LLC to form POET-DSM Advanced Biofuels, LLC, in connection with cellulosic bio-ethanol, 26 March 2012 in connection with DSM's acquisition of the food enzymes business and technology from Verenium Corporation, 3 May 2012 on the agreement with Kensey Nash for a cash tender offer by the Issuer for all of the outstanding shares of Kensey Nash and dated 18 May 2012 about DSM's agreement to acquire Ocean Nutrition Canada in an all cash transaction for Canadian dollars 540 million (about €420 million),

save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Issuer will provide, without charge, to each person, upon the written request or request by email of such person, a copy of any or all of the documents which are incorporated herein by reference. Requests for such documents can be sent to investor.relations@dsm.com or to the registered office of the Issuer at Het Overloon 1, 6411 TE Heerlen, The Netherlands for the attention of Investor Relations (+31 (45) 5782864)).

The Issuer will, in the event of a significant new factor, material mistake or inaccuracy relating to the information contained in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new prospectus for use in connection with any subsequent issue of Notes to be admitted to trading on an EEA regulated market or to be offered to the public in the EEA.

Documents Available

So long as this Base Prospectus is valid as described in Article 9 of the Prospective Directive (as implemented in the legislation of The Netherlands), copies of the following documents will, when published, be available free of charge from the Issuer. Written requests for such documents should be directed to the Issuer at Het Overloon 1, 6411 TE Heerlen, The Netherlands for the attention of Investor Relations:

(i) the 2010 and 2011 Integrated Annual Reports of the Issuer (in English), including the audited consolidated annual accounts of the Issuer and its consolidated subsidiaries in respect of the financial year ended 31 December 2010 and 31 December 2011 (according to International Financial Reporting Standards) and the auditors reports thereon;

(ii) the unaudited interim report of the Issuer and its consolidated subsidiaries for the first quarter (DSM press release 8 May 2012);

(iii) the Articles of Association (*statuten*) of the Issuer, and the English translation of the Articles of Association of the Issuer;

(iv) the DSM press releases dated 23 January 2012 on the joint venture with POET, LLC to form POET-DSM Advanced Biofuels, LLC, in connection with cellulosic bio-ethanol, dated 26 March 2012 in connection with DSM's acquisition of the food enzymes business and technology from Verenium Corporation, 3 May 2012 on the agreement with Kensey Nash for a cash tender offer by the Issuer for all of the outstanding shares of Kensey Nash and dated 18 May 2012 about DSM's agreement to acquire Ocean Nutrition Canada;

(v) a copy of this Base Prospectus;

(vi) each set of Final Terms in relation to any Notes publicly offered or listed on any stock exchange;

(vii) the Fiscal Agency Agreement (which contains the forms of the Temporary and Permanent Global Notes, the Definitive Notes, the Receipts, the Coupons and the Talons);

(viii) any future supplements to this Base Prospectus and any other documents incorporated therein by reference.

Litigation

The Issuer is not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or its consolidated subsidiaries.

No Significant or Material Adverse Change

There has been no significant change in the financial or trading position of the Issuer and the Group and no material adverse change in the prospects of the Issuer, in each case, since 31 December 2011.

Auditors

The financial statements of the Issuer for the financial years ended 31 December 2010 and 31 December 2011 have been audited by Ernst & Young Accountants LLP, Prof. Dr. Dorgelolaan 12, 5613 AM Eindhoven, The Netherlands, who have issued an unqualified opinion in each case. The auditors of Ernst & Young Accountants LLP are members of the Dutch Institute for Registered Auditors (NIVRA). NIVRA is a member of International Federation of Accountants (IFAC).

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

Applicants will be informed of the amount allotted by the intermediary banks through which they place their orders.

Programme Limit

For the purpose of calculating the aggregate amount of Notes issued under the Programme from time to time:

(i) the euro equivalent of Notes denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the Notes) shall be determined, at the discretion of the Issuer, as of the date of agreement to issue such Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading bank selected by the Issuer on such date;

(ii) the amount (or, where applicable, the euro equivalent) of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each as specified in the applicable Final Terms in relation to the Notes) shall be calculated (in the case of Notes not denominated in euro, in the manner specified above) by reference to the original nominal amount of such Notes (in the case of Partly Paid Notes, regardless of the subscription price paid); and

(iii) the amount (or, where applicable, the euro equivalent) of Zero Coupon Notes (as specified in the applicable Final Terms in relation to the Notes) and other Notes issued at a discount or premium shall be calculated (in the case of Notes not denominated in euro, in the manner specified above) by reference to the net proceeds received by the Issuer for the relevant issue.

Third party information

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

Responsibility Statement

The Issuer accepts responsibility for the information contained in this Base Prospectus and for information incorporated by reference herein. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

REGISTERED OFFICES

THE ISSUER

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6411 TE Heerlen
The Netherlands

ARRANGER

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DEALERS

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FISCAL AGENT AND PAYING AGENT

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