

The Securities outlined in this Prospectus are being offered in a manner which does not constitute an "offer of securities to the public" pursuant to the Directive 2003/71/EC (the "**Prospectus Directive**"). This Prospectus has, however, been approved by the AFM and application has been made for listing on Euronext Amsterdam.

## **PROSPECTUS DATED 15 July 2008**



**ABN AMRO Bank N.V., London Branch**

*(incorporated in the Netherlands with its statutory seat in Amsterdam)*

**USD 30,000,000**

**ABN AMRO SECO HEDGED Principal Protected Notes (Series I) due 2012**

**ISIN: XS0328770952**

**Issue price: 100 per cent.**

The issue price of the USD 30,000,000 ABN AMRO SECO HEDGED Principal Protected Notes (Series I) due 2012 (the "**Notes**") issued by ABN AMRO Bank N.V., acting through its London Branch (the "**Issuer**") is 100 per cent. of their principal amount.

No person has been authorised to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer. A discussion of the principal risks inherent in investing in the Notes that could affect Noteholders is contained in the section headed "*Risk Factors Relating to the Notes*" but this Prospectus does not describe all of the risks of an investment in the Notes.

**PROSPECTIVE INVESTORS SHOULD ENSURE THAT THEY UNDERSTAND FULLY THE NATURE OF THE NOTES AND THE EXTENT OF THEIR EXPOSURE TO THE RISKS ASSOCIATED WITH THE NOTES. THE MARKET PRICE AND/OR VALUE OF THE NOTES MAY BE VOLATILE AND NOTEHOLDERS MAY RECEIVE LESS THAN THE AMOUNT PAID FOR THE NOTES IF THEY SELL THEIR NOTES OR THEIR NOTES ARE REDEEMED PRIOR TO THE MATURITY DATE. NOTEHOLDERS WILL RECEIVE NOT LESS THAN THE FACE VALUE OF THE NOTES ON THE MATURITY DATE. PROSPECTIVE PURCHASERS NEED TO CONSIDER THE SUITABILITY OF AN INVESTMENT IN THE NOTES IN LIGHT OF THEIR OWN FINANCIAL, FISCAL, REGULATORY AND OTHER CIRCUMSTANCES.**

**PROSPECTIVE INVESTORS SHOULD CAREFULLY READ THE INFORMATION CONTAINED IN THIS DOCUMENT. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS DOCUMENT YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.**

References in this Prospectus to the Notes being "listed" (and all related references) shall mean that application will be made for the Notes to be admitted for trading. At the time of issue of this Prospectus, the Notes have not been admitted for trading on any exchange, although the Issuer has applied for listing on Euronext Amsterdam ("**Euronext**"). Euronext is a regulated market for the purposes of Directive 93/22/EC.

The Notes are in bearer form, in the denomination of USD 1.00 each. The Notes are initially in the form of the Temporary Global Note, without interest coupons attached, which was deposited on or around 2 November 2007 (the "**Issue Date**") with the Common Depository. The Temporary Global Note will be exchangeable, in whole or in part, for interests in, as applicable, the Permanent Global Note, without interest coupons, not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Definitive Notes in the denomination of USD 1.00 each and without interest coupons attached. See the section headed "*Summary of Provisions Relating to the Notes while in Global Form*".

**THE CONTENTS OF THIS PROSPECTUS ARE NOT INTENDED TO CONTAIN AND SHOULD NOT BE REGARDED AS CONTAINING ADVICE RELATING TO LEGAL, TAXATION, INVESTMENT OR ANY OTHER MATTERS AND PROSPECTIVE INVESTORS ARE RECOMMENDED TO CONSULT THEIR OWN PROFESSIONAL ADVISERS FOR ANY ADVICE CONCERNING THE ACQUISITION, HOLDING OR DISPOSAL OF ANY NOTES.**

**AN INVESTMENT IN THE NOTES IS ONLY SUITABLE FOR INVESTORS WHO (EITHER ALONE OR IN CONJUNCTION WITH AN APPROPRIATE FINANCIAL OR OTHER ADVISER) ARE CAPABLE OF EVALUATING THE MERITS AND RISKS OF SUCH AN INVESTMENT AND WHO HAVE SUFFICIENT RESOURCES TO BE ABLE TO BEAR ANY LOSSES THAT MAY RESULT THEREFROM.**

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Where information has been sourced from a third party, the Issuer confirms that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The only information sourced from a third party is contained in the sections entitled "*Summary of the Investment Strategy of the Fund*" which has been sourced from the Investment Manager.

Neither the delivery of this document nor any sale of Notes shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof. This document does not constitute an offer of, or an invitation by, or in respect of, the Issuer to subscribe for, or purchase, any of the Notes. This document does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

This Prospectus should not be considered as a recommendation by the Issuer that any recipient of this Prospectus should purchase any of the Notes. Each prospective investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see the section headed "*Documents Incorporated by Reference*").

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any document incorporated by reference herein or therein, or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

The Notes have not been and will not be registered under the U.S. Securities Act of 1993 as amended (the "**Securities Act**") and 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 or benefit of, US Persons (as defined in Regulation S under the Securities Act).

The delivery of this Prospectus does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other financial statements or any further information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same, and does not constitute a representation, warranty or undertaking by the Issuer that this information shall be updated at any time after the date of this Prospectus. Prospective investors should review, amongst other things, the most recent financial statements of the Issuer when deciding whether or not to purchase any of the Notes.

The Issuer does not represent that this document may be lawfully distributed, or that Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, which would permit a public offering of the Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus, together with its attachments (if any), nor any advertisement or other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and the Issuer has represented that all offers and sales by them will be made on the same terms.

The distribution of this document and the offer or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any such restrictions. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this document, see the section headed "*Selling Restrictions Applicable to the Notes*" below.

The Issuer has applied to the AFM to approve this Prospectus in accordance with article 5:6 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*). At the date hereof, approval of this document as a Prospectus in accordance with such legislation has been given.

Pursuant to such approval this Prospectus will constitute a prospectus for the purposes of Article 5.3 of the Prospectus Directive.

**ABN AMRO BANK N.V., acting through its London Branch**

The date of this Prospectus is 15 July 2008

## TABLE OF CONTENTS

SUMMARY .....	5
RISK FACTORS RELATING TO THE NOTES .....	13
DOCUMENTS INCORPORATED BY REFERENCE .....	25
DEFINITIONS .....	25
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM .....	29
TERMS AND CONDITIONS OF THE NOTES .....	31
USES OF PROCEEDS .....	61
TAXATION .....	62
EUROPEAN UNION SAVINGS DIRECTIVE.....	66
SELLING RESTRICTIONS APPLICABLE TO THE NOTES.....	67
NO OWNERSHIP BY US PERSONS.....	69
GENERAL INFORMATION .....	70
FEES, COSTS AND EXPENSES.....	72

## SUMMARY

*This summary has been prepared in accordance with Article 5(2) of the Prospectus Directive (Directive 2003/71/EC) and must be read as an introduction to the Registration Document as supplemented or amended from time to time and this Prospectus prepared by the Issuer relating to the Notes referred to below. Any decision to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. No civil liability will attach to the Issuer solely on the basis of the summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.*

*Words and expressions defined in the section headed "Terms and Conditions of the Notes" or the section headed "Definitions" have the same meanings in this summary.*

### **Issuer**

#### **Issuer**

ABN AMRO Bank N.V., London Branch

The Issuer is a subsidiary of ABN AMRO Holding N.V. ("**Holding**"). Holding's is a public limited liability company incorporated under Dutch law on 30 May 1990 with registered offices in Amsterdam, The Netherlands. The main address is Gustav Mahlerlaan 10, 1082 PP Amsterdam, with a mailing address in The Netherlands at Post Office Box 283, 1000 EA Amsterdam.

On 17 October 2007 RFS Holdings B.V., a company whose shares are held by The Royal Bank of Scotland Group plc ("**RBS**"), Banco Santander S.A. ("**Santander**"), Fortis N.V. and Fortis SA/N.V. ("**Fortis**") acquired 85.6% of ABN AMRO Holding N.V. Through subsequent purchases RFS Holdings B.V. increased its stake in ABN AMRO Holding N.V. and its consolidated subsidiaries ("**ABN AMRO**") to 99.3% as at 31 December 2007. RFS Holdings B.V. is controlled by RBS, which is incorporated in the U.K. and registered at 36 St. Andrew Square, Edinburgh, Scotland. As from 17 October 2007 The Royal Bank of Scotland Group plc is the ultimate parent company of ABN AMRO Holding N.V.

Holding's consolidated financial statements include condensed financial information with respect to ABN AMRO Bank N.V. (the "**Bank**"), which itself had total assets of €1,025 billion as of 31 December 2007..

Following the completion of the acquisition, RBS, Fortis and Santander (the "**Consortium Banks**") have worked closely with the management of ABN AMRO to verify and expand the information received from, and assumptions made on the basis of, the limited due diligence access granted to them before announcement of the offers. In December 2007, the Consortium Banks agreed and validated a base-line plan for achieving synergies and for separating and transferring the ABN AMRO businesses

to the respective banks. The businesses to be acquired by each of the Consortium Banks and in which each have an interest through their share holdings in RFS Holdings B.V. equal to their funding requirements, are:

**RBS:** Business Unit North America, Business Unit Global Clients (excluding Latin America) and Dutch wholesale clients and wholesale clients in Latin America (excluding Brazil), Business Unit Asia (excluding interest in Saudi Hollandi Bank) and Business Unit Europe (excluding Antonveneta).

**Fortis:** Business Unit Netherlands (excluding former Dutch wholesale clients), Business Unit Private Clients (excluding Latin America) and Business Unit Asset Management. The European Commission has cleared the acquisition of certain businesses of ABN AMRO by Fortis, on the condition that certain specified businesses were divested. The businesses identified for disposal are the Hollandsche Bank Unie N.V., 13 advisory branches and two Corporate Client Departments as well as the sale of the Dutch factoring company IFN Finance B.V. Fortis can only acquire control over ABN AMRO's Business Unit Netherlands and Business Unit Private Clients after divesting these assets to a suitable purchaser.

**Santander:** Business Unit Latin America (excluding wholesale clients outside Brazil), Antonveneta, Asset Management Antonveneta and Private Clients business in Latin America. On 8 November 2007 Santander announced it had reached an agreement with Banco Monte dei Paschi di Siena with respect to the sale of Antonveneta.

Furthermore the Consortium Banks participate proportionally to their funding commitment in the shared assets which include: central functions including Head Office functions, the private equity portfolio, ABN AMRO Group's investment in Saudi Hollandi Bank, the central investment portfolio and debt issuances. During the reorganisation, the Consortium Banks will retain a shared economic interest in all central functions (including Head Office functions) that provide support to the ABN AMRO businesses. The non-core assets are expected to be disposed of over a period of time with a view to maximising their value.

This transition plan forms the basis for continued consultation with employee representative bodies and regulators. The plan for separating and transferring the ABN AMRO businesses to the Consortium Banks was submitted to the Dutch Central Bank and Central Works Council for review in mid December and was neutrally advised by the Central Works Council on 14 February 2008 and approved by the Dutch Central Bank on 10 March 2008. Now that the approvals have been received, the implementation of the plan can begin.

Different parts of ABN AMRO will separate and integrate at different times. The precise timing of the separation of the businesses will depend on a range of factors, including the complexity of the separation task. For more complex separation processes, where the businesses are closely

interlinked with the ABN AMRO Group systems and platforms, (such as within the BU Netherlands), separation and integration is expected to take some time; in contrast other less complicated separations will move relatively quickly. In each case the pace of the separation process will aim to accommodate the need for clarity among employees while also maintaining the appropriate level of service to ABN AMRO's clients.

The Consortium Banks are in the process of agreeing on the ownership of the debt issued and/or guaranteed by ABN AMRO. Upon the finalisation of this agreement, the impact, if any, on the debt issuances will be communicated.

The following organisational structure was adopted in January 2006. This structure was used by the Consortium Banks to divide the activities amongst each other: Holding's Group structure comprises:

- seven client BUs
- three global product BUs
- two cross-BU segments
- Group Functions
- Services

The seven client BUs consist of five regional BUs (The Netherlands, Europe North America, Latin America and Asia) and two global client BUs, Private Clients and Global Clients. BU Global Clients overlaps the regional BUs in the segment reporting adopted in 2007.

The three global product BUs (Global Markets, Transaction Banking and Asset Management) support the client BUs by developing and delivering products for all of ABN AMRO's clients globally.

The Commercial Client Segment encompasses all of ABN AMRO's commercial clients. The Commercial Client Segment coordinates activities across the Client and Product BUs, sharing best practice and the overall strategic framework supporting this essential component of the Bank's portfolio.

Group Functions delivers support across the Group in areas ranging from Risk to Finance and from Human Resources to Sustainability.

Services focuses on increasing its operational efficiency through Group-wide consolidation and standardisation.

As from 2008, ABN AMRO will be organised into three units each containing the businesses that will ultimately be transferred to the respective Consortium Banks. A fourth unit will include central functions including the Head Office functions and businesses which are regarded as non-strategic.

<b>Paying Agent</b>	ABN AMRO Bank N.V.
<b>Calculation Agent</b>	ABN AMRO Bank N.V., acting through its London Branch.

***Essential Characteristics of the Notes***

<b>The Notes</b>	USD 30,000,000 ABN AMRO SECO HEDGED Principal Protected Notes (Series I) due 2012.
------------------	--

The Notes are non-interest bearing. The redemption amount payable on the Notes is linked to the performance of the Index (see "Index" below for a description of the Index) and, on the Maturity Date, will be at least equal to the Face Value per Note.

<b>Issue Date</b>	2 November 2007.
-------------------	------------------

<b>Maturity Date</b>	The fifth anniversary of the Issue Date or, where such day is not a Business Day, the immediately following Business Day; provided, however, that in the event that a Suspension Event has occurred and is continuing on the Terminal Allocation Date, the Maturity Date may be postponed by up to 12 months at the discretion of the Issuer.
----------------------	---

<b>Terminal Allocation Date</b>	The earlier of (i) the 45 <sup>th</sup> day prior to the Maturity Date; and (ii) the latest date on which a holder of Fund Shares could place redemption order(s) in respect of Fund Shares such that the redemption proceeds would be expected to have been received prior to the 5 <sup>th</sup> Business Day before the Maturity Date.
---------------------------------	---

<b>Issue Price</b>	100% of Face Value.
--------------------	---------------------

<b>Face Value</b>	USD 1.00 per Note.
-------------------	--------------------

<b>Final Redemption Amount</b>	The Notes entitle the Noteholder to receive the Final Redemption Amount from the Issuer on the Maturity Date. The Final Redemption Amount is an amount per Note equal to the higher of: (i) the Minimum Redemption Amount; and (ii) the Maturity Index Value, subject to adjustments, reasonable costs and expenses and charges or penalties.
--------------------------------	---

<b>Minimum Redemption Amount</b>	100% of Face Value.
----------------------------------	---------------------

<b>Index</b>	The Index is comprised of the Index Components. The initial allocation to the Index Components as at the Index Start Date was 100% to the Equity Component. Thereafter the allocation to the Index Components shall be determined in accordance with the Conditions.
--------------	--

<b>Index Components</b>	The Equity Component, the Hedge Component, the Protection Component and the Cash Component.
-------------------------	---

<b>Index Value</b>	For any Calculation Date, the sum of the values of the Index Components on such Calculation Date. The Index Value as at the Index Start Date was USD 1.00, being the value of the Equity Component as at the Index
--------------------	--



	Start Date.
<b>Equity Component</b>	The Index's exposure per Note to the performance of the Fund Shares.
<b>Hedge Component</b>	The Index's exposure per Note to a notional total return swap having regard to market liquidity pursuant to which, on a monthly basis, interest payments and payments that are linked to the performance of the Total Return Index are debited from or credited to the Index.
<b>Total Return Index</b>	A notional index, the level of which on any day shall be determined by the Calculation Agent in its sole and absolute discretion (to be exercised in good faith in a commercially reasonable manner) based on the level for the S&P500 Index as published on Bloomberg page 'SPX Index' on such day together with dividend adjustments as determined by the Calculation Agent from the relevant S&P 500 futures contracts.
<b>Cash Component</b>	The Index's exposure per Note to a notional cash balance.
<b>Protection Component</b>	The Index's notional exposure per Note to Eligible Collateral held with ABN AMRO Bank N.V., denominated in USD. Each such deposit matures with a value of USD 1.00 on the Maturity Date of the Notes and is not interest bearing.
<b>Protection Premium</b>	<p>A per Note amount of 1.00% per annum on the higher of the Face Value and the Index Value, calculated on every Calculation Date from (but excluding) the Issue Date to and including the Maturity Date, expressed in USD and accrued daily on an actual/360 basis. The Protection Premium will be notionally deducted from the Index on a daily basis by pro rata adjustment to the number of units of the Cash Component.</p> <p>If a Cash-Out Event occurs, the Protection Premium will be reduced to 0.35% per annum from (and including) the date on which the Cash-Out Event has occurred.</p>
<b>Index Start Date</b>	31 October 2007.
<b>Rebalancing of the Index</b>	If on any Calculation Date a Rebalancing Event occurs, the proportion of the Index allocated to each Index Component shall be adjusted, first by increasing or decreasing the size of the Equity Component and thereafter by effecting the consequential adjustments to be made to the Protection Component, the Cash Component and the Hedge Component, in each case as determined by the Calculation Agent in accordance with the Conditions. See Condition 6 ( <i>Rebalancing</i> ) and Condition 7 ( <i>Rebalancing Methodology</i> ).

**Rebalancing  
following a Cash-  
Out Event**

If, at any time, a Cash-Out Event is deemed to have occurred, the Calculation Agent shall reduce the Equity Component and the Hedge Component to zero (in each case in a manner that reflects a notional sale of the Fund Shares comprising the Equity Component as at the date on which the Cash-Out Event is deemed to have occurred and a corresponding reduction in the Hedge Component) as soon as reasonably practicable after the occurrence of such Cash-Out Event. Thereafter the Calculation Agent shall use the notional proceeds of the liquidation of the Equity Component to increase the Protection Component and the notional termination cost or notional proceeds (as applicable) of the Hedge Component to increase or decrease (as applicable) the Protection Component. The Index will thereafter be allocated solely to the Cash Component and the Protection Component and accordingly, from that time, the Notes will no longer provide Noteholders with exposure to the performance of the Fund.

**Cash-Out Events**

The occurrence in respect of any Calculation Date, of any of the following (unless waived by the Issuer in its sole and absolute discretion whereby such waiver shall not constitute a precedent):

- (a) the Value of Equity Component would, as a result of any proposed rebalancing, be less than USD 0.03;
- (b) the Equity Gap becomes less than or equal to USD 0.02; or
- (c) a Fund Event has occurred.

**Potential Fund  
Events and Fund  
Events**

Potential Fund Events are certain events affecting the Fund and/or the Investment Manager. Fund Events are Potential Fund Events that the Calculation Agent, in its sole and absolute discretion, determines will constitute a Fund Event. A Fund Event constitutes a Cash-Out Event. The consequences of a Cash-Out Event are set out above (*Rebalancing following a Cash-Out Event*).

**Early Redemption**

There are provisions for redemption of the Notes prior to the Maturity Date either: (i) at the election of the Issuer; or (ii) at the election of the Noteholders. In such circumstances Noteholders will receive an amount per Note equal to the Redemption Amount as of the date fixed for redemption. It is possible that the amount paid to a Noteholder in such circumstances will be less than the Face Value and may even be zero.

**Redemption  
Amount**

An amount in USD per Note equal to the Index Value as of the relevant Issuer Redemption Date or Noteholder Redemption Date, as applicable, adjusted to reflect the notional redemption proceeds which would be received by a holder of Fund Shares in respect of a redemption of Fund Shares in respect of such date, less:

- (a) any applicable Early Redemption Adjustment;
- (b) any reasonable expenses and costs to the Issuer of notionally unwinding any underlying and/or related hedging and funding

arrangements; and

- (c) any further additional discounts resulting from any redemption charges or penalties being enforced by the Fund or the underlying fund managers within the Fund,

as determined by the Calculation Agent in its sole and absolute discretion.

<b>Minimum number of Notes to be redeemed on a Noteholder Redemption Day</b>	The minimum number of Notes which a Noteholder may elect to redeem is 1,000,000 Notes and thereafter in integral multiples of 1,000,000 Notes. A Noteholder may not redeem part only of its holding of Notes if, as a result of such redemption, such Noteholder would hold less than the Minimum Holding
<b>Status of the Notes</b>	The Notes will constitute unsubordinated and unsecured obligations of the Issuer and will rank equally among themselves and, with the exception of certain obligations given priority by applicable law, will rank <i>pari passu</i> with all other present and future outstanding unsecured and unsubordinated obligations of the Issuer.
<b>Listing</b>	It is the intention of the Issuer that the Notes will be listed on Euronext Amsterdam. Application has been made for approval for listing on Euronext Amsterdam at the date of this Prospectus.
<b>Taxation</b>	Investors should also note that payments in respect of the Notes may be subject to deductions or withholding for or on account of tax. In the event that the Issuer or any Paying Agent is required to make any deduction or withholding for or on account of tax from a payment in respect of the Notes, neither the Issuer nor the Paying Agent nor any other person will be obliged to pay any additional amounts to the Noteholders in respect of such deduction or withholding (see Condition 11 ( <i>Taxation</i> )).
<b>Governing Law</b>	The Notes will be created under and governed by English Law.
<b>Selling Restrictions</b>	There are restrictions on the sale of Notes and the distribution of the offering material in certain jurisdictions including the United States, the United Kingdom, the European Economic Area, Belgium, Luxembourg and The Netherlands. For further information, please see the section headed " <i>Selling restrictions applicable to the Notes</i> ".
<b>Risks</b>	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes. These include the fact that the Issuer's results can be adversely affected by: (i) general economic conditions; (ii) competition; (iii) regulatory change; and (iv) standard banking risks, including changes in interest and foreign exchange rates and operational, credit, market, liquidity and legal risk. For further details, see the section headed " <i>Risk Factors</i> " in the Registration Document as supplemented or amended from time to time.

In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes. These include: (i) interest and currency exchange rate risks; (ii) the potential volatility in the value of the Notes and/or the Index Components; and (iii) the fact that the Notes are a medium term investment and that there is no guarantee of a positive return on investment for Noteholders, particularly if Noteholders redeem, or the Notes are redeemed, early. The Notes are complex investments and prospective purchasers need to consider the suitability of an investment in the Notes in light of their own financial, fiscal, regulatory circumstances, with such independent, professional advice as they consider necessary to understand fully the nature of their investment and the associated risks. For further details, see the section headed "*Risk Factors Relating to the Notes*" in this Prospectus.

Furthermore, there are certain factors which are material for the purpose of assessing the market now associated with the Fund. For further details, see the section headed "*Risk Factors Relating to the Notes*" in this Prospectus.

### *Essential Characteristics of the Fund*

<b>Fund</b>	<p>Kenmar Global ECO Fund I SPC Limited (the "<b>Fund</b>") was incorporated in the Cayman Islands in April 2007 as an exempted company with limited liability under the laws of the Cayman Islands and is organised and registered as a segregated portfolio company. Its registered office is at Walker House, Mary Street, George Town, Grand Cayman, KY1-9002 Cayman Islands.</p> <p>Unless otherwise stated, all references in this document to the Fund are to Kenmar Global ECO Fund I SPC Limited.</p>
<b>Investment Manager</b>	Kenmar Global Investment Management Limited
<b>Summary of the Investment Strategy of the Investment Manager</b>	<p>The Fund, a socially responsible investment vehicle, is a "fund of funds" whose investment objective is capital appreciation with regards to the environment, sustainable development, and social responsibility. To achieve this, the Fund allocates its assets to alternative investment managers ("<b>Managers</b>") interested in social, environment and ethical concerns generally. Certain sectors, for example, alternative energy, clean energy, health, environmental services, information technology, finance, and water management are likely to be overweight as regards the general market. A large portion of the fund may be invested in such a manner as to give the Investment Manager an opportunity to engage with Managers to present and discuss the Funds ethical objectives. As an investor, the Fund can have meaningful conversations with managers as to the impact of their investment decisions on increasingly important social, environmental and ethical concerns.</p>

## **RISK FACTORS RELATING TO THE NOTES**

*The Issuer disclaims any responsibility to advise prospective investors regarding any matters arising under the laws of the country in which they reside that may affect the purchase of, or holding of, or the receipt of payments on the Notes. Prospective investors should consult their own legal and financial advisors concerning these matters.*

*There are certain factors that may affect the Issuer's ability to fulfill its obligations under the Notes. These include the fact that the Issuer's results can be adversely affected by: (i) general economic conditions; (ii) competition; (iii) regulatory change; and (iv) standard banking risks, including changes in interest and foreign exchange rates and operational, credit, market, liquidity and legal risk. For further details, see the section headed "Risk Factors" in the Registration Document as supplemented or amended from time to time.*

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes, or to perform any delivery obligations in relation to the Notes, may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and in the Registration Document as supplemented or amended from time to time. and reach their own views prior to making any investment decision.*

*Before making an investment decision with respect to the Notes, prospective investors should consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Notes and consider such an investment decision in the light of the prospective investor's personal circumstances.*

*Prospective investors should read the entire Prospectus. Words and expressions defined elsewhere in this Prospectus have the same meanings in this section. Investing in the Notes involves certain risks. Prospective investors should consider, among other things, the following:*

### **Part A - General risk factors**

#### **Factors that may affect the Issuer's ability to fulfil its obligations under the Notes**

Each prospective investor in the Notes should refer to the section entitled "Risk Factors" in the Registration Document as supplemented or amended from time to time for a description of those factors which may affect the Issuer's ability to fulfil its obligations under the Notes.

#### **Factors which are material for the purpose of assessing the market risks associated with the Notes**

##### ***The Notes may not be a suitable investment for all investors***

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information and/or documents contained or incorporated by reference in this Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes or any currency risk associated with circumstances where the currency for payments is different from the prospective investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment in the Notes and its ability to bear the applicable risks.

The Notes are complex financial instruments. A prospective investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the prospective investor's overall investment portfolio.

***Modification, waivers and substitution***

Condition 17 (*Meetings of Noteholders*) contains provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Condition 16 (*Amendment of Conditions*) also provides that the Issuer may decide, without the consent of the Noteholders, to any modification of any of the Conditions either:

- (a) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained herein or therein; or
- (b) in any other manner which is not materially prejudicial to the interests of the Noteholders.

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

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. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream 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.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depositary for Euroclear and Clearstream 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 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 to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the Notes but will have to rely upon their rights under the Instrument.

### ***Nominee Arrangements***

Where a nominee service provider (meaning an accountholder in the Clearing Systems through whom a Noteholder holds its Notes) is used by an investor to hold the relevant Notes or such investor holds interests in the Notes through accounts with a Clearing System, such investor will receive payments in respect of principal or any other amounts due, as applicable, solely on the basis of the arrangements entered into by the investor with the relevant nominee service provider or clearing system, as the case may be. Furthermore, such investor must rely on the relevant nominee service provider or clearing system to distribute all payments attributable to the relevant Notes which are received from the Issuer. Accordingly, such an investor will be exposed to the credit risk of, and default risk in respect of, the relevant nominee service provider or clearing system, as well as the Issuer.

For the purposes of: (i) distributing any notices to Noteholders; and (ii) recognising Noteholders for the purposes of attending and/or voting at any meetings of Noteholders, the Issuer will recognise as Noteholders only those persons who are at any time shown as accountholders in the records of Euroclear and/or Clearstream as persons holding a principal amount of the Notes. Accordingly, an investor must rely upon the nominee service provider which is the accountholder with the relevant clearing system through which the investor made arrangements to invest in the Notes (and, if applicable, the domestic clearing system through which the Notes are held), to forward notices received by it from Euroclear and/or Clearstream and to return the investor's voting instructions or voting certificate application to Euroclear and/or Clearstream. Accordingly, such an investor will be exposed to the risk that the relevant nominee service provider or clearing system may fail to pass on the relevant notice to, or fail to take relevant instructions from, the investor.

In addition, such a Noteholder will only be able to sell any Note held by it prior to the Maturity Date with the assistance of the relevant nominee service provider.

None of the Issuer, Calculation Agent, Fiscal Agent or the Custodian shall be responsible for the acts or omissions of any relevant nominee service provider or clearing system nor makes any representation or warranty, express or implied, as to the services provided by any relevant nominee service provider or clearing system.

### ***Change of law and jurisdiction***

The Conditions are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to English law or administrative practice after the date of this Prospectus.

Prospective investors should note that the courts of England and Wales shall have jurisdiction in respect of any disputes involving the Notes. Noteholders may, however, take any suit, action or proceedings arising out of or in connection with the Notes against the Issuer in any court of competent jurisdiction.

English law may be materially different from the equivalent law in the home jurisdiction of prospective investors in its application to the Notes.

#### ***The secondary market generally***

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. An illiquid secondary market may have a severely adverse effect on the market value of Notes. The Issuer may endeavour to provide a secondary market in the Notes and provide a bid price pursuant to the Conditions however the Issuer will not be obliged to purchase any Note from a Noteholder. In particular, the Issuer will not provide a secondary market in the Notes if certain conditions exist including, but not limited to, any failure by the Administrator to calculate and publish the Net Asset Value per Fund Share on any Calculation Date and any period of market turmoil.

#### ***Exchange rate risks and exchange controls***

The Issuer will redeem the Notes for USD. 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 USD. These include the risk that exchange rates may significantly change (including changes due to devaluation of USD 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 USD would decrease: (i) the Investor's Currency-equivalent yield on the Notes; (ii) the Investor's Currency-equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. An investors may receive, in the Investor's Currency, less principal than expected, or no principal.

#### ***Legal investment considerations may restrict certain investments***

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

#### ***Issuer and Holding credit risk***

The risk that the Issuer will be unable to pay amounts due under the Notes is known as credit risk. The Notes will constitute unsubordinated and unsecured obligations of the Issuer and will rank equally among themselves and equally with all other unsubordinated and unsecured obligations of the Issuer (other than obligations preferred by mandatory provisions of law). Pursuant to a declaration made under Article 2:403 of The Netherlands Civil Code, Holding is jointly and severally liable with the Issuer for all of the Issuer's liabilities. If you purchase Notes, you are relying on the creditworthiness of the Issuer and no other person. If either the Issuer or Holding becomes unable for any reason to fulfil its obligations then the Noteholder may suffer a total loss of principal.

#### ***Role and duties of Calculation Agent***



The Calculation Agent will employ the methodology described in this Prospectus. Any determination by the Calculation Agent in relation to the application of such methodology will be in its sole and absolute discretion and will be conclusive and binding on all parties, except in the case of manifest error.

While the Calculation Agent currently employs the methodology described in this Prospectus to make determinations in relation to the Index, no assurance can be given that market, regulatory, juridical or fiscal circumstances will not arise that would, in the view of the Calculation Agent, necessitate a modification or change of such methodology. The Calculation Agent will use reasonable efforts to ensure that such modifications or changes will result in a treatment that is consistent with the methodology described in this Prospectus.

***Volatility of the value of the Notes***

The Notes entitle the Noteholder to receive the Final Redemption Amount from the Issuer on the Maturity Date. In order to receive the Final Redemption Amount, Noteholders need to hold the Notes until the Maturity Date. Accordingly, only those persons who could sustain a loss in their investment due to either an early redemption or an early sale of their Notes on Euronext should make an investment.

The extent to which, if any, the Final Redemption Amount exceeds the Minimum Redemption Amount will be determined by reference to changes in the values of the components of the Index. The return on the Notes may vary significantly over the life of the Notes, and may decrease as well as increase.

The Issuer makes no representation as to any return that investors will earn on the Notes or as to the correlation of the Notes with other instruments in the future. Several factors beyond the control of the Issuer may influence the value of the Notes, including:

- (a) the value of the Shares;
- (b) the volatility (i.e. the frequency and magnitude of changes) in the price of both the components of the Index and the constituent elements of such components;
- (c) currency exchange rates, interest rates and yields in the market generally. The Index entails the calculation of an amount in USD which is reflective of the Equity Component, the Protection Component and the Cash Component, the value of each of which may be affected by these factors; and
- (d) economic, financial, political and regulatory or judicial events that affect the financial markets generally and which may affect the market price of the Index Components.

Some or all of these factors will influence the price that Noteholders will receive if they sell or redeem the Notes.

**THE PRICE AT WHICH A NOTEHOLDER WILL BE ABLE TO SELL OR REDEEM PRIOR TO THE MATURITY DATE MAY BE AT A DISCOUNT TO THE FACE VALUE OF THE NOTES.**

### ***Rebalancings and Cash-Out Event***

If, on any Calculation Date after the Issue Date, a Rebalancing Event occurs, the Calculation Agent will initiate a rebalancing of the Index by adjusting the Index Components. Any such rebalancing will have an impact on the future value of the Notes which may be positive or negative.

If, at any time, a Cash-Out Event is deemed to have occurred, the Calculation Agent shall reduce the Equity Component and the Hedge Component to zero (in each case in a manner that reflects a notional sale of the Fund Shares comprising the Equity Component as at the date on which the Cash-Out Event is deemed to have occurred and a corresponding reduction in the Hedge Component) as soon as reasonably practicable after the occurrence of such Cash-Out Event. Thereafter the Calculation Agent shall use the notional proceeds of the liquidation of the Equity Component to increase the Protection Component and the notional termination cost or notional proceeds (as applicable) of the Hedge Component to increase or decrease (as applicable) the Protection Component. The Index will thereafter be allocated solely to the Cash Component and the Protection Component and accordingly, from that time, the Notes will no longer provide Noteholders with exposure to the performance of the Fund.

### ***Return on an investment in the Notes will be affected by charges incurred by investors***

An investor's total return on an investment in the Notes will be affected by the fees outlined in the section headed "*Fees, Costs and Expenses*" and any fees charged by a nominee service provider and/or clearing system used by the investor. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Notes, custody services and on payments on the Notes. Potential investors are therefore advised to investigate the basis on which any such fees will be charged on the relevant Notes.

### ***Tax consequences of holding the Notes***

Potential investors should consider the tax consequences of investing in holding, transferring and redeeming the Notes and consult their tax adviser about their own tax situation. For a summary of the principal tax consequences of the acquisition, holding or redemption and disposal of Notes, please see the section headed "*Taxation*" below.

### ***No tax gross-up***

If payments on the Notes are or become subject to a withholding or deduction required by law on account of any present or future taxes, duties, assessments or governmental charges of whatever nature the Issuer will make the required withholding or deduction, as the case may be, and neither the Issuer nor the Paying Agent nor any other person shall pay any additional amounts to the Noteholders in respect of such withholding or deduction (see Condition 11 (*Taxation*)).

### ***Notes are a medium to long-term investment***

Investment in the Notes may not be suitable for all investors. The value of the Notes may fluctuate. The difference at any one time between the price paid for a Note (its Face Value) and the price at which a Note may be sold or otherwise redeemed may therefore fluctuate. **Consequently, Noteholders may not receive the Face Value of the Note if they redeem or sell their Notes prior to the Maturity Date.** Noteholders should therefore have the intention of holding the Notes to the Maturity Date and an investment in the Notes should be viewed as a medium-term to long-term investment. Investment in the Notes may not be suitable for all investors.

### ***Early redemption at the option of the Issuer may result in Noteholders receiving less than the Face Value***

The Notes may be redeemed prior to the Maturity Date at the option of the Issuer:

- (a) following a change in tax rules affecting the Issuer which would result in the Issuer having to make additional payments in respect of the Notes;
- (b) if it becomes unlawful for the Issuer to perform any of its obligations in respect of the Notes; or
- (c) in certain other circumstances.

See Condition 3.2 (*Redemption at option of Issuer*) for further details of these events.

In such circumstances Noteholders will receive an amount in respect of each Note redeemed equal to the Redemption Amount on the date fixed for redemption. It is therefore possible that the amount paid to a Noteholder in such circumstances will be less than the Face Value.

***Early redemption by Noteholders may result in Noteholders receiving less than the Face Value***

Noteholders may elect to redeem their Notes on a Noteholder Redemption Day (subject to the Minimum Redemption and thereafter in integral multiples of 1,000,000 Notes) prior to the Maturity Date. In such circumstances Noteholders will receive the Redemption Amount per Note. It is therefore possible that the amount paid to a Noteholder in such circumstances will be less than the Face Value.

***Suspension Event***

A Suspension Event is, in the determination of the Calculation Agent, any suspension or limitation on the calculation and/or publication of the Index Value and/or the Net Asset Value per Fund Share for any reason, or any suspension of or limitation on the trading of Shares. Any such Suspension Event shall continue until the Calculation Agent has determined that the event(s) that triggered such Suspension Event have been resolved to the Calculation Agent's satisfaction.

If a Suspension Event has occurred and is continuing on the Terminal Allocation Date or any day as of which the Index Value, the Final Redemption Amount, or the Redemption Amount would otherwise be calculated (each of such dates a "**Valuation Date**"), the Issuer may (but is not obliged to): (a) postpone the occurrence of such Valuation Date until as soon as practicable following the end of such Suspension Event and suspend payment of, as the case may be, the relevant amount; and/or (b) make its own determination of the Index Value for the relevant Valuation Date and use such Index Value for the purposes of any calculation made or to be made in respect of the Notes on such Valuation Date.

***Early Redemption by Noteholders may cause a Cash-Out Event***

If the number of outstanding Notes, following requests for early redemption or at any other time, is less than or equal to 5,000,000, then the Issuer may declare a Cash-Out Event and the Notes may be redeemed prior to maturity at the election of the Issuer. In such circumstances Noteholders will receive an amount per Note equal to the Redemption Amount on the date fixed for redemption and it is therefore possible that the amount paid in such circumstances will be less than the Face Value.

***Noteholders may be exposed to interest rate risk***

Noteholders may have exposure to interest rate risk. To the extent that prevailing interest rates change, it could negatively affect the value of the Notes.

***Notes are unsecured obligations - no shareholder or equivalent rights***

The Notes represent general contractual obligations of the Issuer. The Notes will not be secured by any property of the Issuer and with the exception of certain obligations given priority by applicable law, will rank equally with all other unsecured and unsubordinated obligations of the Issuer. The Issuer is not required to purchase any of the components of the Index and consequently the assets comprising the components of the Index may not actually be held by the Issuer. Noteholders will not have voting rights nor rights to receive dividends or other distributions nor any other rights in the components of the Index, and will not be entitled to receive physical delivery of any of the components of the Index at any time.

### ***Limited Information***

No representation or warranty, whether implied or otherwise, is given by the Issuer as to the future performance of the Notes.

The Issuer is not a source of advice or credit analysis with respect to the Index or the assets notionally comprised in the Index.

The Issuer is not a source of advice, information or credit analysis with respect to the Fund, the Shares or the underlying assets of the Fund.

In particular this Prospectus does not constitute investment advice. The Issuer does not assume any obligation to or relationship of agency or trust with any purchaser or prospective purchaser of the Notes.

### ***Hedging Component Risk***

The value of the Hedging Component may be influenced by several factors beyond the Issuer's control, including: (i) the level the S&P 500 Index, (ii) geopolitical conditions and economic, financial and political, regulatory or judicial events that affect stock markets generally and which may affect the market price of the S&P 500 Index and (iii) the amount and frequency of dividends declared in respect of the corporates comprising the S&P 500 Index from time to time. The value of the Hedging Component may fall as well as rise and there is no direct correlation between the value of the Hedging Component and the value of the Equity Component.

### ***S&P Disclaimer***

"Standard and Poor's®", "S&P®" , "S&P 500®" "Standard and Poor's 500" and "500" are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by ABN AMRO Bank N.V. (the "Licensee"). The Notes are not sponsored, endorsed, sold or promoted by Standard & Poor's and Standard & Poor's makes no representation regarding the advisability of investing in the Notes.

The Notes are not sponsored, endorsed, sold or promoted by Standard & Poor's, a division of McGraw-Hill, Inc. ("S&P"). S&P makes no representation or warranty, express or implied, to the owners of the Notes or any members of the public regarding the advisability of investing in securities generally or in the Notes particularly or the ability of the S&P Index to track general stock market performance. S&P's only relationship to ABN AMRO Bank N.V. is the licensing of certain trademarks and trade names of S&P and of the S&P Index which is determined, composed and calculated by S&P without regard to ABN AMRO Bank N.V. or the products. S&P have no obligation to take the needs of ABN AMRO Bank N.V. or the owners of the product(s) into consideration in determining, composing or calculating the S&P Index. S&P is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the Notes to be issued or in the determination or calculation of

the equation by which the Notes are to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the Notes.

S&P DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE S&P INDEX OR ANY DATA INCLUDED THEREIN AND S&P SHALL HAVE NO LIABILITY FOR ERRORS, OMISSIONS OR INTERRUPTIONS THEREIN. S&P MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE RESULTS TO BE OBTAINED BY LICENSEE, OWNERS OF THE PRODUCTS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P INDEX OR ANY DATA INCLUDED THEREIN. S&P MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE S&P INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL S&P HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

## **Part B - Risk factors relating to the Investment Manager and the Fund**

### **General**

The performance of the Notes is dependent upon the performance of the Index. The Equity Component of the Index comprises a notional investment in Fund Shares (subject to Condition 6 (*Substitution Event*)). The performance of the Fund Shares is dependant on a number of factors, including the Investment Manager's and each Manager's skills in making appropriate investments. The Fund Shares may underperform the stock or fixed income market and investors in the Fund Shares risk losing their entire capital. In addition, the Fund may fail to meet its investment objectives. No assurance can be given with respect to the performance of any Manager, the Investment Manager or the Fund and neither the Issuer, any Manager nor the Investment Manager shall have any liability to Noteholders in the event that the Fund Shares and, consequently, the Equity Component and the Index perform poorly. An investment in the Fund would involve a high degree of risk and be subject to a number of risk factors inherent in the investment strategies that will be or are being deployed by the underlying investment managers.

### **Investors should carefully consider the investment objectives of the Fund**

Investors should carefully consider the investment objectives of the Fund as set out in the section entitled "*Further Information about the Fund and Summary of the Investment Strategy of the Fund*". There can be no guarantee that the Fund or the Investment Manager will realise the investment objectives.

### **The Fund has a limited operating history**

The Fund has a limited operating history. Consequently, there are limited means to evaluate the past performance of the Fund Shares. Any past performance of the Fund and the Fund Shares is no guarantee of future results. No assurance can be given with respect to the performance of the Fund Shares or the Index and no assurance can be given as to whether, or to what extent, the Final Redemption Amount will exceed the Minimum Redemption Amount.

### **Fund may use leverage and/or other investment techniques**

In order to implement the investment objective, the Fund and the Managers may use leverage. While leverage may present an opportunity for increased net income it has a number of associated risks. In

particular, leveraging resulting from borrowing will magnify declines as well as increases. The cumulative effect of the use of leverage in a market that moves adversely to a leveraged investment could result in a substantial loss, which would be greater than if leverage were not used.

In addition, the Managers may employ such investment techniques as trading options on futures contracts, physical commodities and securities and selling securities short, which involve a number of risks.

**Material factors for assessing the market risks associated with the Fund**

Please note that the return of the Notes is **NOT** calculated by reference to the value of the Fund Shares, but is calculated by reference to the Index Value only which is itself determined by reference to the value of each Index Component. However investors in the Notes should be aware of the risks associated with the Fund and the price fluctuations in the Fund Shares as these may affect the Index Value.

## **Part C - Conflicts of interest**

### **Conflicts of interest with respect to the Notes**

ABN AMRO Bank N.V. as the Issuer, Calculation Agent, Paying Agents and Listing Agent is acting in more than one capacity with respect to the Notes and in its role as Calculation Agent could make determinations that influence the amount that Noteholders receive in respect of the Notes upon the Maturity Date of the Notes, as well as any adjustments to the Index made to reflect certain events. In doing so it is not necessarily obliged to act in the interests of Noteholders.

Potential conflicts of interest may exist between the interests of ABN AMRO Group and the Noteholders with respect to the Notes and with respect to the other businesses of ABN AMRO Group. ABN AMRO Group or its respective affiliates may enter into other business dealings from which they may derive revenues and profits in addition to the fees described herein, and none of those parties has any duty to account to the Noteholders for such other revenues and profits. In addition, ABN AMRO Group or its respective affiliates may invest, for their own accounts (whether for hedging purposes or otherwise) or for the accounts of their affiliates or clients, in Shares or in debt instruments issued by ABN AMRO Group economically equivalent to the Eligible Collateral (or in proxies therefor or components thereof) and in making such investments, neither ABN AMRO Group nor any such affiliate has any duty to do so in a way that is favourable to the Noteholders. At any time, ABN AMRO Group may sell or buy Shares or debt instruments issued by ABN AMRO Group economically equivalent to the Eligible Collateral (or proxies therefore or components thereof) for its own account, or account of its affiliates or clients, and at the same time notionally take the opposite position with respect to such assets for the Index. All of such market activities may, but are not intended to, affect the prices of the components of the Index and, possibly, the payments that Noteholders will receive on the Maturity Date or any day on which they sell their Notes. ABN AMRO Group may also introduce products that compete with the Notes in the marketplace (which may or may not be listed to or track any of the components of the Index or components thereof), and the related market activity with respect to such products could adversely affect the value of the Notes.

While the Calculation Agent currently employs the methodology described in the Conditions to make determinations in relation to the Index, no assurance can be given that no market, regulatory, juridical, or fiscal circumstances will not arise that would, in the view of the Calculation Agent, necessitate a modification or change of such methodology. The Calculation Agent will use reasonable efforts to ensure that any such modification or change will result in a treatment that is consistent with the methodology described in the Conditions.

### **Conflicts of interest with respect to the Fund**

ABN AMRO Group or any of its affiliates may presently or from time to time engage in business with the Investment Manager or any other company involved in or connected with the Fund, including making loans to, making equity investments in or providing advisory services to, including mergers and acquisitions advisory services, such entities. In particular, as at the date of this Prospectus, ABN AMRO Asset Management Limited is the Investment Manager. In conducting such activities, ABN AMRO Group and its affiliates may earn fees or commissions and have no duty to act in the interests of Noteholders.

The Investment Manager, the Issuer, the Calculation Agent, the Paying Agents and the Listing Agent are all affiliated companies in the ABN AMRO Group and certain conflicts of interest in connection with the Investment Manager may arise due to such affiliation as well as the other activities in which

the Investment Manager and its affiliates engage. In conducting such other activities, the Investment Manager and its affiliates will have no obligation to act in the interests of the Fund.

There may be potential conflicts of interest between the activities of the Investment Manager and the activities of others using the same investment manager. In order to deal with these conflicts of interest, investment opportunities will be allocated by the Investment Manager in a non-discretionary manner designed to treat each client equally and fairly, but the Investment Manager cannot guarantee equality between all clients.

The Investment Manager or its affiliates may invest in the same investments as the Fund or may take the same, different or opposite positions to that of the Fund (as principal or agent) in respect of any instrument or any market.

The Investment Manager may engage for its own account, or for the account of others, in other business ventures of any nature, and the Fund will not be entitled to any interest therein.

The Investment Manager currently advises and intends to advise additional investment companies and customer accounts in the future. Trading orders for accounts similar to those of the Fund may occur contemporaneously.



## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (a) the Articles of Association (*statuten*) of the Issuer; and
- (b) the Issuer's Registration Document (together with the documents incorporated by reference therein),

save that any statement contained in any document deemed to be incorporated in, and to form part of this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any subsequent document (including this Prospectus) differs from such earlier statement in a manner which modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

**The Issuer will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated herein by reference. Written or oral requests for such documents should be directed to the Issuer at its registered office set out at the end of this Prospectus.**

## DEFINITIONS

Defined terms used in this Prospectus shall have the meaning given to them in the section headed "*Conditions of the Notes*" and as follows hereafter:

<b>AA-</b>	This is a Standard & Poor's rating indicating that the obligor's capacity to meet the financial commitment on the obligation is very strong. The "-" indicates the relative standing within the major ratings category.
<b>Aa3</b>	This is a Moody's rating. Banks rated Aa for deposits offer excellent credit quality, but are rated lower than Aaa banks because their susceptibility to long-term risks appears somewhat greater. The margins of protection may not be as great as with Aaa-rated banks, or fluctuations of protective elements may be of greater amplitude. The modifier 3 indicates that the bank is in the lower end of its letter-rating category.
<b>ABN AMRO Group</b>	The group consisting of Holding and its subsidiaries (including the Issuer).
<b>AFM</b>	The Netherlands Authority for the Financial Markets ( <i>Stichting Autoriteit Financiële Markten</i> ).
<b>Listing Agent</b>	ABN AMRO Bank N.V.
<b>Registration Document</b>	The Issuer's registration document dated 27 June 2008 prepared in accordance with Article 5(3) of the Prospectus Directive
<b>Prospectus Directive</b>	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading.

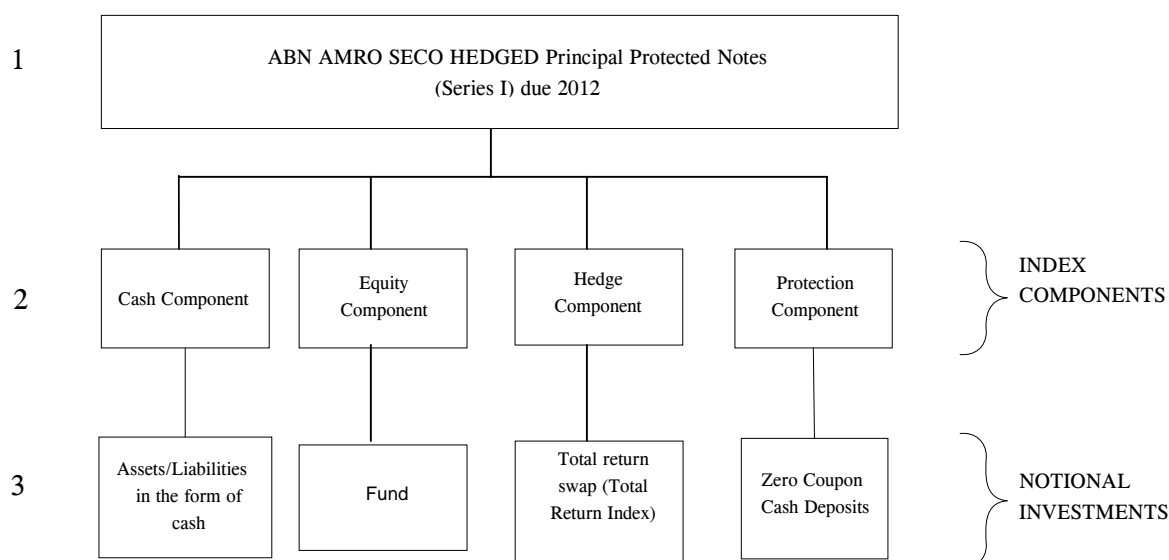
### ***IMPORTANT INFORMATION***

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Where information has been sourced from a third party, the Issuer confirms that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The only information sourced from a third party is contained in the sections entitled "*Summary of the Investment Strategy of the Fund*" which has been sourced from the Investment Manager.

The Securities outlined in this Prospectus are being offered solely to qualified investors and/or to fewer than 100 natural or legal persons per Member State, other than qualified investors, in each case in a manner which does not constitute an "offer of securities to the public" pursuant to the Directive 2003/71/EC (the "**Prospectus Directive**"). This Prospectus has, however, been approved by the AFM and application has been made for listing on Euronext Amsterdam.

References in this Prospectus to the Notes being "listed" (and all related references) shall mean that application will be made for the Notes to be admitted for trading. At the time of issue of this Prospectus, the Notes have not been admitted for listing on any exchange, although the Issuer has applied for listing on Euronext Amsterdam ("**Euronext**"). Euronext is a regulated market for the purposes of Directive 93/22/EC.

## **EXPLANATION OF THE VALUE OF THE NOTES**



The price of the Notes is directly related to the value of the Index, which is comprised of the Cash Component, the Equity Component, the Hedge Component and the Protection Component. If on any Calculation Date a Rebalancing Event occurs, the proportion of the Index allocated to each Index Component, firstly by increasing or decreasing the size of the Equity Component and thereafter determining the consequential adjustments to be made to the Protection Component, the Cash Component and the Hedge Component, in each case as determined by the Calculation Agent in accordance with the Conditions. Therefore, as the value of the Fund Shares fluctuates, the values of the Index Components will fluctuate affecting the price of the Notes. Please see the explanation below and the sections "*Essential Characteristics of the Notes*" and "*Terms and Conditions of the Notes*" for more details.

### **INDEX COMPONENTS**

#### **1. *Cash Component***

The Cash Component represents the Index's notional cash balances per Note.

#### **2. *Equity Component***

The Equity Component represents the Index's notional exposure per Note to the performance of the Fund and it comprises a notional investment in the Fund Shares.

#### **3. *Hedge Component***

The Hedge Component represents the Index's notional exposure per Note to a notional total return swap executed having regard to market liquidity (including over a prolonged period if necessary) pursuant to which on a monthly basis (i) interest payments, which are calculated at a rate equal to USD 1-month LIBOR minus 0.50% per annum with respect to such swap notional as determined by the Calculation Agent in its sole and absolute discretion, are credited to the Index and (ii) payments that are linked to the increase of the Total Return Index are debited from the Index via the Other Cash Component Adjustment (as defined in Condition 22 (*Definitions*) of the Conditions) and payments that are linked to the decrease of the Total Return Index are credited to the Index via the Other Cash Component Adjustment.

The Total Return Index is a notional index, the level of which on any day shall be determined by the Calculation Agent in its sole and absolute discretion (to be exercised in good faith in a commercially reasonable manner) based on the level for the S&P500 Index as published on Bloomberg page 'SPX Index' on such day together with dividend adjustments as determined by the Calculation Agent from the relevant S&P 500 futures contracts.

4. *Protection Component*

The Protection Component represents the Index's notional exposure per Note to Eligible Collateral held with ABN AMRO Bank N.V., denominated in USD. Each such deposit matures with a value of USD 1.00 on the Maturity Date of the Notes and is not interest bearing.

**REBALANCING OF THE INDEX COMPONENTS**

1. *Rebalancing following a Rebalancing Event*

If, on any Calculation Date after the Issue Date, a Rebalancing Event occurs, the Calculation Agent will initiate a rebalancing of the Index by adjusting the proportion of the Index allocated to each index component, starting with the Equity Component. For information as to the procedure and the relevant methodology applicable on a rebalancing of the Index, please see Condition 6 (*Rebalancing*) and Condition 7 (*Rebalancing Methodology*) of the Conditions.

2. *Rebalancing following a Cash-Out Event*

If, at any time, a Cash-Out Event is deemed to have occurred, the Calculation Agent shall reduce the Equity Component and the Hedge Component to zero (in each case in a manner that reflects a notional sale of the Fund Shares comprising the Equity Component as at the date on which the Cash-Out Event is deemed to have occurred and a corresponding reduction in the Hedge Component) as soon as reasonably practicable after the occurrence of such Cash-Out Event. Thereafter the Calculation Agent shall use the notional proceeds of the liquidation of the Equity Component to increase the Protection Component and the notional termination cost or notional proceeds (as applicable) of the Hedge Component to increase or decrease (as applicable) the Protection Component. The Index will thereafter be allocated solely to the Cash Component and the Protection Component and accordingly, from that time, the Notes will no longer provide Noteholders with exposure to the performance of the Fund.

## **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

The Notes are initially in the form of the Temporary Global Note, which was deposited on or around the Issue Date with the Common Depository. Interests in the Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note following the expiration of 40 days after the later of the commencement of the offering and the Issue Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused.

While the Notes are represented by the Temporary Global Note and/or Permanent Global Note, the Notes may be bought or sold through Euroclear or Clearstream by a Direct Participant in Euroclear or Clearstream in accordance with the terms and conditions of the relevant Clearing System without the need to transfer the Temporary and/or Permanent Global Note to another Noteholder.

Upon the issuance of the Temporary Global Note and/or Permanent Global Note, appropriate book entries will be made by Euroclear and Clearstream. In accordance with instructions received from their participants, Euroclear and Clearstream will credit to the accounts of such participants the respective principal amount of the beneficial interest represented by the Temporary Global Note and/or Permanent Global Note which has been allocated to them. Ownership of beneficial interests in the Temporary Global Note and/or Permanent Global Note will be limited to participants in Euroclear and Clearstream and will be shown on, and the transfer of that ownership will be effected only through, records maintained by Euroclear and Clearstream. Settlement will follow the settlement procedures applicable to conventional Eurobonds.

For as long as any Notes are represented by a Global Note held by the Common Depository, payments of principal and any other amounts on a Global Note will be made through Euroclear and/or Clearstream (as the case may be) against presentation or surrender (as the case may be) of the relevant Global Note and, in the case of a Temporary Global Note, certification as to non-U.S. beneficial ownership. The bearer of the relevant Global Note, being the Common Depository, shall be treated by the Issuer and any Paying Agent as the sole holder of the relevant Notes represented by such Global Note with respect to the payment of principal and any other amounts payable in respect of the Notes.

Securities clearance accounts and cash accounts with both Euroclear and Clearstream are subject to the terms and conditions governing their use, the related operating procedures of each Clearing System and applicable law. All securities in Euroclear and Clearstream are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

The Permanent Global Note will become exchangeable in whole, but not in part, for Definitive Notes in the denomination of USD 1.00 at the request of the bearer of the Permanent Global Note (acting on the instructions of a Noteholder in the case of (i) below, or on the instructions of the Issuer in the case of (ii) below) against presentation and surrender of the Permanent Global Note to the Fiscal Agent if an Exchange Event occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated in an aggregate principal amount equal to the principal amount of the Permanent Global Note outstanding at such time to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Fiscal Agent within 30 days of the occurrence of the relevant Exchange Event.

If:

- (i) Definitive Notes have not been delivered by 17:00 hours (London time) on the forty-fifth day after the bearer has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (ii) the Permanent Global Note (or any part of it) has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 17:00 hours (London time) on such forty-fifth day (in the case of (a) above) or at 17:00 hours (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Instrument). Under the Instrument, persons shown in the records of Euroclear and/or Clearstream, as being entitled to an interest in the Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions of the Notes ("Conditions") and will be incorporated by reference into each global note representing the Notes in bearer form and Notes in definitive form (if any) issued in exchange for the global note(s) representing Notes in bearer form. Italicised text do not constitute part of the Conditions.*

The USD30,000,000 ABN AMRO SECO HEDGED Principal Protected Notes (Series 1) due 2012 (ISIN: XS0328770952) (the "**Notes**", which expression includes any further notes issued pursuant to Condition 18 (*Further Issues*) and forming a single series therewith) of ABN AMRO Bank N.V., acting through its London Branch (the "**Issuer**") are the subject of a fiscal agency agreement dated on or about the Issue Date (as amended or supplemented from time to time, the "**Paying Agency Agreement**") and made between the Issuer, ABN AMRO Bank N.V. as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the Paying Agent named therein (together with the Fiscal Agent, the "**Agents**" and each, an "**Agent**", which expression includes, as appropriate, any successor or additional Agent appointed from time to time in connection with the Notes). Certain provisions of these Conditions are summaries of the Paying Agency Agreement and subject to its detailed provisions. The holders of the Notes (the "**Noteholders**") are bound by, and are deemed to have notice of, all the provisions of the Paying Agency Agreement applicable to them. Copies of the Paying Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices.

Unless otherwise defined elsewhere in these Conditions, defined terms used in these Conditions shall be construed in accordance with Condition 22 (*Definitions*).

### 1. **FORM, DENOMINATION, TITLE AND INTEREST**

- 1.1 The Notes are in bearer form in the denomination of USD 1.00.
- 1.2 Title to the Notes will pass by delivery in accordance with the Securities Giro Transfer Act (*Wet Giraal Effectenverkeer*) (as amended).
- 1.3 The holder of any Note shall (except as otherwise ordered by a court of competent jurisdiction or as required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder.
- 1.4 The Notes will bear no interest.

### 2. **STATUS**

The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

### 3. **REDEMPTION AND PURCHASE**

#### 3.1 **Final Redemption**

The Issuer shall redeem all Notes not previously redeemed or purchased and cancelled, on the Maturity Date and shall pay to the relevant Noteholders an amount in respect of each such Note

equal to the Final Redemption Amount, such payment to be made on the Redemption Amount Payment Date, subject as provided in Condition 9 (*Payments*).

### 3.2 Redemption at the option of the Issuer

3.2.1 The Notes may be redeemed at the option of the Issuer in whole or in part, at any time, on an Issuer Redemption Date by giving not less than ten Business Days' notice to the Noteholders (which notice shall be irrevocable) if in the opinion of the Issuer:

- (a) *Tax Reasons*: the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) or as a result of any change in, or amendment to, the laws or regulations of any jurisdiction 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 (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date;
- (b) *Illegality*: it becomes unlawful in any applicable jurisdiction for the Issuer to perform any of its obligations in respect of the Notes;
- (c) *Non-Qualified Person*: Notes are held directly or beneficially by a Non-Qualified Person; or
- (d) *Clean-Up Call*: the aggregate Face Value of outstanding Notes is less than or equal to USD 5,000,000.

3.2.2 An Issuer Redemption Date shall be deemed to be the Terminal Allocation Date for the purposes of Condition 8 (*Terminal Allocation*).

3.2.3 Following the designation of an Issuer Redemption Date, the Issuer shall redeem the Notes on the Issuer Redemption Date and shall pay to the relevant Noteholders an amount in respect of each such Note equal to the Redemption Amount, such payment to be made on the Redemption Amount Payment Date, subject as provided in Condition 9 (*Payments*).

### 3.3 Redemption at the option of Noteholders

3.3.1 The Issuer shall, at the option of any Noteholder, redeem some or all of the Notes held by such Noteholder on a Noteholder Redemption Date, provided that:

- (a) the Paying Agent must have received a Noteholder Redemption Notice from the relevant Noteholder by 09:00 hours London time, not less than 40 calendar days prior to the relevant Noteholder Redemption Date (unless the Issuer, in its sole and absolute discretion, waives such notice period);
- (b) the minimum number of Notes in respect of which any Noteholder Redemption Notice has been submitted by any Noteholder is in aggregate equal to or greater than 1,000,000 Notes and thereafter in increments of 1,000,000 Notes;
- (c) a Noteholder may not redeem part only of its holding of Notes if, as a result of such redemption, such Noteholder would hold less than the Minimum Holding;



- (d) the Issuer shall be permitted to delay the execution of any Noteholder Redemption Notice on any given Noteholder Redemption Date where the execution of such Noteholder Redemption Notice on that Noteholder Redemption Date would result in the Issuer breaching any internal limits regarding, without limitation, exposure to a particular fund or any other relevant limit as may be set from time to time;
- (e) the administrator of the Fund does not fail to calculate and publish the net asset value per Fund Share on any Calculation Date;
- (f) the Calculation Agent reasonably considers that the net asset value of the Fund Shares reflects the net asset value of the Fund Shares as they would have been determined by independent auditors acceptable to the Calculation Agent using recognised accounting standards, and, if not, the Calculation Agent is able to establish a value for the net asset value of those Fund Shares;
- (g) no Potential Fund Event has occurred and is continuing;
- (h) no circumstances exist as a result of which a notional disposal by the Issuer of any of its notional investments attributable to the Index would not be practical;
- (i) no circumstances exist as a result of which the proceeds of any notional realisation of the Fund Shares cannot be notionally transmitted to or from the accounts of the Fund; and
- (j) normal market conditions exist from the date of the relevant Noteholder Redemption Notice until such Noteholder Redemption Date (as determined by the Calculation Agent in its sole and absolute discretion).

3.3.2 In the event that the Paying Agent has received a Noteholder Redemption Notice in respect of an aggregate amount of less than 1,000,000 Notes, such Noteholder Redemption Notice will lapse (and the Paying Agent will notify the relevant Noteholder). Any such Noteholder will be required to re-submit a further Noteholder Redemption Notice if it still wishes to redeem any Notes.

3.3.3 A Noteholder Redemption Date shall be deemed to be the Terminal Allocation Date in respect of the relevant Notes for the purposes of Condition 8 (*Terminal Allocation*).

3.3.4 Following the designation of a Noteholder Redemption Date, the Issuer shall redeem the relevant Notes on such Noteholder Redemption Date and shall pay to the relevant Noteholder(s) an amount in respect of each such Note equal to the Redemption Amount, such payment to be made on the relevant Redemption Amount Payment Date, subject as provided in Condition 9 (*Payments*).

### 3.4 **Purchase**

The Issuer may at any time purchase Notes in the open market or otherwise and at any price and such Notes may be held, resold or, at the option of the Issuer, surrendered to the Paying Agent for cancellation.

### 3.5 **Unsold Notes**

Any Notes issued but not settled by the last Business Day in December 2007 (and therefore held by the Issuer) may (at the sole discretion of the Issuer) be redeemed and cancelled.

### 3.6 **Cancellation**

All Notes redeemed pursuant to Condition 3.1 (*Final Redemption*), Condition 3.2 (*Redemption at the option of the Issuer*) or Condition 3.3 (*Redemption at the option of Noteholders*) or Condition 3.5 (*Unsold Notes*) shall be cancelled and may not be reissued or resold. All Notes purchased by the Issuer pursuant to Condition 3.4 (*Purchase*) may (at the sole discretion of the Issuer) be held, surrendered for cancellation or resold, and Notes so resold shall for all purposes be deemed to form part of the original series of Notes. Rights under the Notes will continue to accrue for the benefit of the then Noteholder until they are cancelled.

### 3.7 **No other redemption**

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 3.1 (*Final Redemption*) to 3.3 (*Redemption at the option of Noteholders*) or Condition 3.5 (*Unsold Notes*).

## 4. **SUSPENSION EVENTS**

4.1 Notwithstanding any other provision of these Conditions, if the Calculation Agent determines that a Suspension Event has occurred and is continuing on the Terminal Allocation Date or any day as of which the Index Value, the Final Redemption Amount or a Redemption Amount would otherwise be calculated (each of such dates a "**Valuation Date**"), the Issuer may (but is not obliged to):

4.1.1 postpone the occurrence of such Valuation Date until as soon as practicable following the end of such Suspension Event and suspend payment of, as the case may be, the Final Redemption Amount or the Redemption Amount; and/or

4.1.2 make its own determination of the Index Value for the relevant Valuation Date and use such Index Value for the purposes of any calculation made or to be made in respect of the Notes on such Valuation Date.

4.2 Any such Suspension Event shall continue until the Calculation Agent has determined in its absolute discretion that the event(s) that triggered such Suspension Event have been resolved to the Calculation Agent's satisfaction.

4.3 For the avoidance of doubt, whilst any Suspension Event is ongoing, the Calculation Agent may continue with any allocation adjustments which the Calculation Agent, in its sole and absolute discretion, deems necessary.

4.4 In the event that a Suspension Event has occurred and is continuing on the Terminal Allocation Date, the Maturity Date may be postponed by up to 12 months at the discretion of the Issuer.

## 5. THE INDEX

### 5.1 Index Value

- 5.1.1 The Index Value shall be determined by the Calculation Agent on each Calculation Date (or on such other day(s) as may be determined by the Calculation Agent in its sole and absolute discretion).
- 5.1.2 In these Conditions, a reference to "**(t)**" is a reference to the position as of a Calculation Date(t) i.e. the formula above refers to the Index Value and the value of each of the Index Components on such Calculation Date (such Calculation Date is hereinafter referred to as "**CD(t)**").
- 5.1.3 A reference to "**(t-1)**" relates to a Calculation Date which is the Calculation Date immediately preceding CD(t) (such Calculation Date preceding immediately CD(t) shall be hereinafter referred to as "**CD(t-1)**") and references to a value at (t-1) is a reference to the Index Value and/or the value of each of the components, in each case, on CD(t-1).
- 5.1.4 If CD(t) is the very first Calculation Date occurring after the Issue Date, then in such case a reference to a value at (t-1) is a reference to the Index Value and/or to the value of its components, in each case, on the Issue Date.

### 5.2 Initial Allocation

- 5.2.1 The initial allocation to each of the Index Components will be determined on or about the Initial Investment Date (or as soon as reasonably practicable thereafter) in accordance with the Index rules as set out and described more fully in Conditions 5 (*The Index*) to 7 (*Rebalancing Methodology*) by the Calculation Agent acting in good faith.
- 5.2.2 The initial allocation to the Equity Component is expected to be 85%, which will be confirmed shortly after the Issue Date. As a result of such initial allocation, the Rebalancing Factor may exceed the Multiplier at inception, although it will not exceed the product of the Multiplier and 1.2.
- 5.2.3 The Index Value on the Initial Investment Date will be USD 1.00.

### 5.3 Substitution Event

On the occurrence of a Substitution Event in respect of the Fund, the Calculation Agent shall:

- 5.3.1 pending substitution of the Fund with another applicable fund, notionally unwind the allocation to the Fund and deposit the proceeds of such notional liquidation to the Cash Component;
- 5.3.2 notionally substitute the Fund with another applicable fund or funds with a similar risk profile as determined by the Calculation Agent *provided that* in the event no appropriate alternative fund is available within a time period deemed reasonable by the Calculation Agent in its sole and absolute discretion, then (I) such occurrence may constitute a Fund Event as determined by the Calculation Agent in its sole and absolute discretion and acting in good faith, or (II) pending substitution of the Fund with another applicable fund, the Calculation Agent may notionally liquidate the

allocation to the Fund and instead deposit an amount equal to the proceeds of such notional liquidation to the Protection Component; and

- 5.3.3 make appropriate adjustments to the calculation methodology of the Index and the Multiplier as the Calculation Agent in its sole and absolute discretion considers suitable.

## 6. REBALANCING

- 6.1 If, on any Calculation Date after the Issue Date, a Rebalancing Event occurs, the Calculation Agent will initiate a rebalancing of the Index by adjusting the Equity Component.

- 6.2 The Calculation Agent will calculate the adjustment to the Number of Fund Shares associated with the Equity Component required such that the new Value of Equity Component  $EC(t)$  on such Calculation Date will be set to or as close as possible to the lesser of:

- (a)  $M * EG(t)$ ;
- (b)  $I(t) * \text{Central Leverage Limit}$ ; and
- (c)  $(I(t) - PC(t)) - (0.9 * \text{Absolute Leverage Limit})$ ,

where:

$M =$  Multiplier;

$EG(t) =$  Equity Gap on such Calculation Date;

$I(t) =$  Index Value on such Calculation Date; and

$PC(t) =$  Value of Protection Component on such Calculation Date;

- 6.3 As the net asset value of the Fund Shares remains uncertain at the time of placing a purchase or redemption order, the Calculation Agent will have to rely on estimated prices based on closing prices on the prior day to determine the appropriate allocation. Consequently, there may be occasions where the Notes temporarily hold an allocation differing from that expected. Due to such timing considerations, process requirements and other matters that would, in the opinion of the Calculation Agent, be relevant in relation to the implementation of asset allocation models, the Calculation Agent may need to make appropriate adjustments as it considers necessary, always acting in good faith. For the avoidance of doubt, the Calculation Agent will have the right to place purchase or redemption orders for the Fund Shares, or to trade currencies, at any time or frequency as necessary in order to manage the risk of the Notes. In a crisis, the Calculation Agent has the right to temporarily trade credit instruments, swaps, exchange-traded futures within the Equity Component, in place of the Fund Shares, to benefit from their liquidity and execution frequency where frequent rebalancing proves necessary.
- 6.4 If, at any time, a Cash-Out Event is deemed to have occurred, the Calculation Agent shall reduce the Equity Component and the Hedge Component to zero as soon as reasonably practicable after the occurrence of such Cash-Out Event and thereafter shall use the notional proceeds of the liquidation of the Equity Component to increase the Protection Component and the notional termination cost of the Hedge Component to increase or decrease (as applicable) the Protection Component. The Index will thereafter be allocated solely to the Cash Component and the Protection Component. The provisions contained in Conditions 5 (*The Index*) to 7

(*Rebalancing Methodology*) relating to the rebalancing of the Index shall cease to have effect following the occurrence of a Cash-Out Event.

- 6.5 Any adjustment to the allocation among the Index Components to be made pursuant to this Condition 6 (*Rebalancing*) shall be determined by the Calculation Agent by reference to the index rebalancing methodology set out in Condition 7 (*Rebalancing Methodology*) below or such other methodology as the Calculation Agent may determine if market, regulatory, juridical or fiscal circumstances arise that, in the view of the Calculation Agent, necessitate a modification or change of such methodology. The Calculation Agent will use reasonable efforts to ensure that any such modifications or changes will result in a treatment that is consistent with the methodology described in Condition 7 (*Rebalancing Methodology*) below.

## **7. REBALANCING METHODOLOGY**

- 7.1 Once the new allocation to the Equity Component for a given Calculation Date has been calculated, the Calculation Agent will determine the new allocations to the Protection Component and the Cash Component based on the following criteria:

- 7.1.1 all allocation adjustments shall be effected as soon as practicable;
- 7.1.2 the Value of Cash Component shall not at any time fall below the Absolute Leverage Limit and any calculation of the new allocation to the Equity Component in accordance with Condition 6 (*Rebalancing*) above shall be adjusted to ensure that this criteria is met;
- 7.1.3 the new allocation to the Protection Component (expressed as a percentage of the Index Value) shall be Max [0%, 100% less the allocation to the Equity Component];
- 7.1.4 the new allocation to the Cash Component shall be determined such that the Index Value on the given Calculation Date remains unchanged as a result of any other allocation adjustments, other than as a result of any transaction costs.

- 7.2 If any information required by the Calculation Agent in order for it to effect a rebalancing of the Index is not made available to the Calculation Agent in sufficient time for the Calculation Agent to effect a rebalancing of the Index in good time, the Calculation Agent shall be entitled to make its own determination of such information for the purposes of these Conditions.

- 7.3 On each Calculation Date, the Hedge Component shall be adjusted by the Calculation Agent in its sole and absolute discretion such that the Beta correlation of the Equity Component to the performance of the Total Return Index is expected to be zero. To determine the Beta correlation, the Calculation Agent shall consider the twelve most recent monthly fund returns and the corresponding Total Return Index monthly returns and calculate the average return for each data sample. With respect to the fund data sample, the Calculation Agent shall determine each monthly return minus the corresponding average for the relevant sample as series Y. With respect to the Total Return Index data sample, the Calculation Agent shall determine each monthly return minus the corresponding average for the relevant sample as series X. Beta is determined as the greater of a) zero and b) the sum of each element within series X multiplied by the corresponding element within series Y, divided by the sum of the squares of each element within series X. The Calculation Agent shall then adjust the Hedge Component on the relevant Calculation Date, such that the Hedge Component has economic exposure equal to minus the product of the Value of the Equity Component as at such Calculation Date and the Beta. The Calculation Agent may amend its methodology of determining the Hedge Component

in its sole and absolute discretion. This may include adjustments, without limitation, to the sample size for the data window, or if the underlying funds within the Kenmar Fund change significantly then it may be appropriate to make adjustments to the historic fund returns.

## **8. TERMINAL ALLOCATION**

On the Terminal Allocation Date, the Equity Component and the Protection Component shall be notionally redeemed and the Number of Fund Shares associated with the Equity Component shall be set to zero. Upon receipt of the necessary information, the Calculation Agent will calculate the redemption value of the notional investment in the Fund Shares represented by the Equity Component, the notional investment in the Protection Component and the notional termination cost of the Hedge Component, each as at the Terminal Allocation Date and the Cash Component shall be increased by such value of each of the Equity Component and the Protection Component and increased or decreased (as decreased) by the notional termination cost of the Hedge Component, provided that any such allocation shall be subject to or in accordance with Conditions 6.3, 6.4 and 6.5 with respect to the period from (and including) the Terminal Allocation Date to (and excluding) the Maturity Date.

## **9. PAYMENTS**

### **9.1 Principal**

Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of the Notes at the Specified Office of any Agent outside the United States by transfer to a USD account (or other account to which USD may be credited or transferred) maintained by the payee or as otherwise agreed between the Issuer and the Noteholder.

### **9.2 Payments subject to fiscal laws**

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

### **9.3 Payments on Business Days**

If the due date for payment of any amount in respect of any Note is not a Business Day in the place of presentation, the Noteholder shall not be entitled to payment in such place of the amount due until the following Business Day in such place and shall not be entitled to any further payment in respect of any such delay.

### **9.4 Partial payments**

If a Paying Agent makes a partial payment in respect of any Note presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

## **10. DEDUCTION OF PROTECTION PREMIUM**

The Protection Premium will be notionally deducted from the Index on a daily basis from the Cash Component. If a Cash-Out Event occurs, the Protection Premium will be reduced to 0.35% per annum from (and including) the date on which the Cash-Out Event has occurred.

11. **TAXATION**

All payments in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatsoever nature unless such withholding or deduction is required by law. In that event, the Issuer shall account to the relevant authorities for the amount to be withheld or deducted and shall make such payment in respect of the Notes after such withholding or deduction has been made. The Issuer shall not be obliged to make any additional payments to Noteholders in respect of any such withholding or deduction.

12. **ISSUER EVENTS OF DEFAULT**

If at any time an Issuer Event of Default occurs and is continuing, any Note may, by written notice addressed by the relevant Noteholder to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable without further action or formality as if a redemption of Notes as set out in Condition 3.3 (*Redemption at the option of Noteholders*) had occurred as of the date of such Issuer Event of Default.

13. **PRESCRIPTION**

Claims for any payments under the Notes shall become void unless the relevant Notes are presented for payment within ten years of the date on which payment first became due (or would have if the Notes were presented).

14. **REPLACEMENT OF NOTES**

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent having its Specified Office in The Netherlands, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

15. **AGENTS**

15.1 In acting under the Paying Agency Agreement and in connection with the Notes, the Fiscal Agent and the Paying Agent act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

15.2 The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or the Paying Agent and to appoint a successor fiscal agent and additional or successor paying agents; *provided, however, that* the Issuer shall at all times maintain:

15.2.1 a fiscal agent;

15.2.2 a paying agent in The Netherlands; and

15.2.3 to the extent not provided for by the foregoing provisions of this Condition, a paying agent in an EU Member State that will not be required to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive 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 comply with, such Directive.

- 15.3 Notice of any change in the Fiscal Agent or the Paying Agent or in their Specified Offices shall promptly be given to the Noteholders.
- 15.4 In making any determinations in respect of the Notes, the Calculation Agent will employ the methodology described in Condition 7 (*Rebalancing Methodology*). Any determination by the Calculation Agent in relation to the application of any described methodology will be in its sole and absolute discretion and will be conclusive and binding on all parties, except in the case of manifest error.
- 15.5 While the Calculation Agent currently employs the methodology described in Condition 7 (*Rebalancing Methodology*) to make determinations in relation to the Index, no assurance can be given that market, Force Majeure, regulatory, juridical, fiscal, or operational circumstances will not arise that would, in the view of the Calculation Agent, necessitate a modification or change of such methodology. The Calculation Agent will use reasonable efforts to ensure that such modifications or changes will result in a treatment that is consistent with the methodology as set out in Condition 7 (*Rebalancing Methodology*).

16. **AMENDMENT OF CONDITIONS**

16.1 **Amendment of Conditions at the discretion of the Issuer**

The Issuer may decide, in its sole discretion and without the consent of the Noteholders, to modify any of these Conditions either:

- 16.1.1 for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest error or any other defective provision contained herein or therein;
- 16.1.2 for the purpose of giving effect to any notional substitution(s) made by the Calculation Agent pursuant to Condition 5.3 (*Substitution Event*);
- 16.1.3 for the purposes obtaining a listing of the Notes on a stock exchange provided that the Issuer may not:
- (i) change any date fixed for a payment in respect of the Notes, including the Maturity Date, or alter the method of calculating the amount of any payment in respect of Notes on redemption prior to the Maturity Date or on the Maturity Date;
  - (ii) change the currency in which amounts due in respect of the Notes are payable; or
  - (iii) effect the exchange or substitution of the Notes for, or the conversion of the Notes into, shares, notes or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed; or
- 16.1.4 in any other manner which is not materially prejudicial to the interests of the Noteholders.



## 16.2 Notice of modification

Any modification effected pursuant to this Condition 16 (*Amendment of Conditions*) shall be binding on the Noteholders and, unless the Issuer decides otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 19 (*Notices*).

## 17. MEETINGS OF NOTEHOLDERS; MODIFICATION

17.1 The Paying Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions (other than those amendments which may be effected pursuant to Condition 16 (*Amendment of Conditions*)). Any such modification may be made if sanctioned by an extraordinary resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate Face Value of the outstanding Notes. The quorum at any meeting convened to vote on an extraordinary resolution will be two or more persons holding or representing one more than half of the aggregate Face Value of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the Face Value of the Notes held or represented; *provided, however, that* certain proposals (including any proposal to change any date fixed for payment of principal in respect of the Notes, to reduce the amount of principal payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes, to modify the provisions of the Instrument or to change the quorum requirements relating to meetings or the majority required to pass an extraordinary resolution (each, a "**Reserved Matter**")) may only be sanctioned by an extraordinary resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate Face Value of the outstanding Notes form a quorum. Any extraordinary resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

17.2 A resolution in writing signed by or on behalf of Noteholders representing not less than three-quarters of the aggregate Face Value of the outstanding Notes will take effect as if it were an extraordinary resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

## 18. FURTHER ISSUES

The Issuer may not from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects so as to form a single series with the Notes.

## 19. NOTICES

All notices to the Noteholders will be delivered to Euroclear, Clearstream and/or any other relevant clearing system. Any such notice delivered to Euroclear or Clearstream shall be deemed to be effective on the day following its delivery to the clearing agent (and, if delivered to more than one clearing agent, on the date first delivered to a clearing agent).

20. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

21. **GOVERNING LAW AND JURISDICTION**

21.1 **Governing law**

The Notes and all matters arising from or connected with the Notes are governed by, and shall be construed in accordance with, English law.

21.2 **English courts**

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or connected with the Notes.

21.3 **Appropriate forum**

The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

21.4 **Service of process**

The Issuer agrees that the documents which start proceedings relating to a Dispute ("**Proceedings**") and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to ABN AMRO Bank N.V., acting through its London Branch at 250 Bishopsgate, London EC2M 4AA or at any address of the ABN AMRO Bank N.V. in Great Britain at which service of process may be served on it in accordance with Part XXIII of the Companies Act 1985. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.

22. **DEFINITIONS**

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

"**Absolute Leverage Limit**" means minus USD 2.00 (- 2.00) per Note;

"**Amount of Eligible Collateral associated with the Protection Component**" or "**NP(t)**" means the amount of Eligible Collateral notionally allocated per Note to the Protection Component on CD(t), being NP(t-1), (calculated by the Calculation Agent in its sole and absolute discretion and acting in good faith using a USD mid-market swaps curve minus 10 basis points (0.10%)) plus or minus any adjustment to the amount of Eligible Collateral notionally allocated per Note to the Protection Component on CD(t) as a result of a Rebalancing Event or a Cash-Out Event;

"**Bond Floor Margin Value**" or "**BFM(t)**" means, in respect of any Calculation Date and each Note, the present value of a set of cash flows equivalent to the present value of 0.35% per annum of the Face Value of such Note, accruing daily on an actual/360 basis, from (and including) the relevant Calculation Date and assuming such amount shall be payable on a quarterly basis on the last Business Day of March, June, September and December of each year with the first of such payments due in December 2007 and the last payment assumed to be due on the Maturity Date;

**"Bond Floor Value"** or **"BF(t)"** means, in respect of any Calculation Date, an amount in USD per Note determined by the Calculation Agent on such Calculation Date (calculated by the Calculation Agent in its sole and absolute discretion and acting in good faith using a USD mid-market swaps curve minus 10 basis points (0.10%)) of the present value of the repayment on the Maturity Date of the Minimum Redemption Amount;

**"Business Day"** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, New York, Georgetown, Cayman Islands and a day on which each of Euroclear and Clearstream and such further or alternative clearing agent(s) or clearing system(s) as may be approved by the Issuer from time to time is open for business;

**"Calculation Agent"** means ABN AMRO Bank N.V., acting through its London Branch;

**"Calculation Date"** means each day that is the last Business Day of each month, and such other days as may be selected by the Calculation Agent in its sole and absolute discretion, in the period from and including the Initial Investment Date up to and including the Final Calculation Date;

**"Cash Component"** means the component of the Index (expressed as a percentage) representing notional cash balances per Note. Such a notional cash balance may be positive or negative and represents any assets and/or liabilities in the form of cash (other than the Equity Component, the Protection Component and the Hedge Component) attributable to the Index (including without limitation, transaction costs, fees and expenses), as determined by the Calculation Agent in its sole and absolute discretion and acting in good faith. Such a notional cash balance shall represent a notional deposit if such notional balance is zero or positive or a notional loan if such notional balance is negative;

**"Cash-Out Event"** means the occurrence, in respect of any other Calculation Date CD(t), of any of the following (unless waived by the Issuer in its sole and absolute discretion whereby such waiver shall not constitute a precedent):

- (a) the Value of Equity Component would, as a result of any proposed rebalancing, be less than USD 0.03;
- (b) the Equity Gap is less than or equal to USD 0.02 as at CD(t); or
- (c) a Fund Event has occurred on or before CD(t);

**"Central Leverage Limit"** means 140%;

**"Clearing System"** means either or both of Clearstream or Euroclear;

**"Clearstream"** means Clearstream Banking, société anonyme;

**"Current Spread"** means 0.75% provided that if, in respect of any Calculation Date, the Value of Cash Component is zero or has a positive value, the Current Spread for such Calculation Date shall be - 0.10% (minus 0.10%);

**"Days in Issue"** means the number of calendar days elapsed since the Initial Investment Date (which number shall exclude the Initial Investment Date but include the Calculation Date on which such number is calculated);

**"Early Redemption Adjustment"** means the penalty fee payable in respect of a redemption of Notes prior to the Maturity Date and being equal to a percentage of the Face Value for each Note being redeemed, with such percentage being determined as follows:

<i>Early Redemption Date after</i>	<i>Early Redemption Date on or prior to</i>	<i>Redemption Penalty (as a percentage of the Face Value)</i>
Issue Date	31 October 2008	1.00%
31 October 2008	Maturity Date	Zero

**"Eligible Collateral"** means one or more notional cash deposits with the Calculation Agent, denominated in USD, each deposit maturing with a value of USD 1.00 on the Maturity Date and not interest-bearing;

**"Equity Component"** means the Index's USD denominated notional exposure per Note (expressed as a percentage) to the performance of the Fund Shares as allocated, such allocation being determined in accordance with Conditions 5 (*The Index*) to 7 (*Rebalancing Methodology*);

**"Equity Gap"** or **"EG(t)"** means, in respect of any Calculation Date, an amount in USD determined by the Calculation Agent equal to:

$$EG(t) = I(t) - (BF(t) + BFM(t))$$

where:

$I(t)$  = Index Value on such Calculation Date;

$BF(t)$  = Bond Floor Value on such Calculation Date; and

$BFM(t)$  = Bond Floor Margin Value on such Calculation Date;

**"Euroclear"** means Euroclear Bank S.A./N.V. as operator of the Euroclear System;

**"Extraordinary Resolution"** has the meaning given in the Paying Agency Agreement;

**"Face Value"** means USD1.00 per Note;

**"Final Calculation Date"** means the date falling five Business Days before the Maturity Date or, if such date is not a Business Day, the following Business Day;

**"Final Redemption Amount"** means an amount equal to the higher of:

- (a) the Maturity Index Value, adjusted to reflect the notional redemption proceeds which would be received by a holder of Fund Shares in respect of a redemption of Fund Shares in respect of the Terminal Allocation Date, less:
  - (i) any reasonable expenses and costs to the Issuer of notionally unwinding any underlying and/or related hedging and funding arrangements; and
  - (ii) any further additional discounts resulting from any redemption charges or penalties being enforced by the Funds,
- (b) the Minimum Redemption Amount as at the Maturity Date,

as determined by the Calculation Agent in its sole and absolute discretion;

**"Force Majeure"** means any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would, in the sole and absolute discretion of the Calculation Agent, be likely to prejudice materially the operation of the Notes;

**"Fund"** means the Kenmar Fund or such other fund(s) as may comprise the Equity Component for the time being;

**"Fund Event"** means a Potential Fund Event relating to the Fund which the Calculation Agent determines, in its sole and absolute discretion and acting in good faith, to be sufficiently material as to require reducing the Equity Component to zero;

**"Fund NAV"** means, with respect to the Fund, the net asset value of such Fund as at any Business Day, as published by such Fund, unless otherwise determined by the Calculation Agent, in its sole and absolute discretion and acting in good faith,;

**"Fund Shares"** means the Class A Shares in the Kenmar Fund or such other share classes/funds that may become available from time to time that at the discretion of the Calculation Agent offer equivalent or enhanced liquidity or other advantages or such other shares, provided however that in the event of any notional substitution(s) made by the Calculation Agent pursuant to Condition 5.3 (*Substitution Event*), **"Fund Shares"** shall mean such other share classes in Fund(s) other than the Kenmar Fund as determined by the Calculation Agent;

**"Haircut Ratio"** or **"HR"** means, in respect of a Calculation Date (CD(t)), the percentage determined by the Calculation Agent in its sole and absolute discretion by applying the methodology set out in Annex 1 (*Haircut Ratio*) and being a percentage equal to 100% less the Total Haircut Penalty (as defined in Annex 1 (*Haircut Ratio*)) as at CD(t), subject to a minimum of zero;

**"Hedge Component"** means the Index's notional exposure per Note to a notional total return swap executed having regard to market liquidity (including over a prolonged period if necessary) pursuant to which on a monthly basis (i) interest payments, which are calculated at a rate equal to USD 1-month LIBOR minus 0.50% per annum with respect to such swap notional as determined by the Calculation Agent in its sole and absolute discretion, are credited to the Index and (ii) payments that are linked to the increase of the Total Return Index are debited from the Index via the Other Cash Component Adjustment and payments that are linked to the decrease of the Total Return Index are credited to the Index via the Other Cash Component Adjustment.

**"Index"** means the notional index to which the performance of the Notes is linked, being comprised of the Index Components (subject to Condition 6.4);

**"Index Component"** means each of the following:

- (a) the Equity Component;
- (b) the Protection Component;
- (c) the Cash Component; and
- (d) the Hedge Component;

**"Index Value"** means, in respect of any Calculation Date CD(t), an amount per Note in USD determined by the Calculation Agent and calculated according to the following formula:

$$I(t) = EC(t) + PC(t) + CC(t) + HC(t)$$

where:

EC(t) = Value of Equity Component on Calculation Date CD(t);

PC(t) = Value of Protection Component on Calculation Date CD(t);

CC(t) = Value of Cash Component on Calculation Date CD(t); and

HC(t) = Value of Hedge Component on Calculation Date CD(t);

**"Initial Investment Date"** means the Business Day following the Issue Date, unless the Issuer otherwise determines in its sole and absolute discretion;

**"Investment Manager"** means Kenmar Global Investment Management LLC, a limited liability company organised and existing under the laws of the State of Delaware, in its capacity as investment manager to the fund or the respective investment manager of such other fund as may comprise the Equity Component for the time being;

**"Issue Date"** means 30 October 2007, unless extended by the Issuer in its sole and absolute discretion;

**"Issuer Event of Default"** means any of the following events:

- (a) default is made for more than 30 days in the payment of any amounts due in respect of the Notes in an amount exceeding USD 100,000;
- (b) the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for the period of 60 days next following the service on the Issuer of notice requiring the same to be remedied;
- (c) the Issuer is declared bankrupt, or a declaration in respect of the Issuer is made under Paragraph 3.5.5 of the Dutch Financial Markets Supervision Act; or
- (d) an order is made or an effective resolution is passed for the winding-up or liquidation of the Issuer unless this is done in connection with a merger, consolidation or other form of combination with another company and such company assumes all obligations contracted by the Issuer in connection with the Notes;

**"Issuer Redemption Date"** means such date as the Issuer shall in its sole and absolute discretion designate, upon giving not less than ten Business Days' notice to the applicable Noteholders;

**"Kenmar Fund"** means the Kenmar Global Eco Fund I SPC Limited (USD);

**"Leverage Ratio"** means, in respect of any Calculation Date, the ratio of the Value of Equity Component over the Index Value expressed as a percentage;

**"Lower Leverage Limit"** means 130%;

**"Maturity Date"** means the fifth anniversary of the Issue Date or, where such day is not a Business Day, the immediately following Business Day except, in the event that a Suspension Event has occurred and is continuing on the Terminal Allocation Date, such later date as may be set in accordance with Condition 4 (*Suspension Events*);

**"Maturity Index Value"** means the Index Value on the Final Calculation Date;

**"Minimum Holding"** means 1,000,000 Notes;

**"Minimum Redemption Amount"** means USD 1.00 per Note;

**"Multiplier M(t)"** means an amount determined by the Calculation Agent on each Calculation Date (CD(t)) (or on such other day(s) as may be determined by the Calculation Agent) in its sole and absolute discretion and calculated according to the following formula:

where  $HR(t) = 0$ ,  $M(t) = 4.5$ ; and

where  $HR(t) > 0$ ,  $M(t) = 4.5 * HR(t)$ ,

where:

$HR(t)$  = Haircut Ratio on CD(t);

**"Non-Qualified Person"** means:

- (a) any person who by acquiring and/or holding Notes would be in breach of the law or requirements of any country or governmental authority;
- (b) any person or persons in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Issuer to be relevant) which, in the opinion of the Issuer, might result in the Issuer incurring any liability to taxation, suffering any other pecuniary or commercial disadvantage that the Issuer might not otherwise have incurred or suffered, or being in violation of any applicable laws, statutes, regulations or requirements;
- (c) any person under 21 years of age; or
- (d) any US Persons;

**"Note Fees"** means the Protection Premium only;

**"Noteholder Redemption Date"** means the last Business Day of each month commencing December 2007 up to and including the last Business Day of the month prior to the Final Calculation Date;

**"Noteholder Redemption Notice"** means the form of notice appearing at Annex 2 (*Noteholder Redemption Notice*) to these Conditions;

**"Number of Fund Shares associated with the Equity Component"** or **"NA(t)"** means, in respect of any Calculation Date, the number of Fund Shares allocated per Note to the Equity Component on CD(t), being the Number of Fund Shares associated with the Equity Component on Calculation Date CD(t-1), plus or minus any adjustment to the number of Fund Shares

allocated per Note to the Equity Component on CD(t) as a result of a Rebalancing Event or a Cash-Out Event;

**"Other Cash Component Adjustment"** or **"NRCC(t)"** means, in respect of any Calculation Date, other notional adjustments to the Cash Component on such Calculation Date including, but not limited to:

- (a) the notional costs and/or proceeds of any adjustment to the Equity Component, Protection Component, Cash Component or Hedge Component associated with a rebalancing of the Index on such Calculation Date in accordance with the provisions of Condition 6 (*Rebalancing*), or as a result of a Cash-Out Event, or resulting from the determination of a new Beta as per section 7.3 or as a result of payments to or from the Hedge Component to the Index;
- (b) any distributions received or expected, particularly dividend payments received in respect of Fund Shares, net of the statutory withholding tax and all costs; and
- (c) any funding costs incurred by the Issuer in respect of the initial investment in, or rebalancings of, the Index, or redemptions of Notes;

**"Paying Agent"** means ABN AMRO Bank N.V., London Branch;

**"Potential Fund Event"** means each of the following with respect to any Fund:

- (a) **Cessation:** the Investment Manager and/or the Fund ceases to exist or trade or a petition is made for the winding up, dissolution, or liquidation of the Fund;
- (b) **Investment Manager:** The Investment Manager is no longer the investment manager with respect to the Fund or, in the sole and absolute discretion of the Calculation Agent, fails the ongoing due diligence conducted by the Calculation Agent;
- (c) **Due Diligence:** The Issuer forms the view (in its sole and absolute discretion and acting in good faith) that following a review of the performance and status of the Fund or the Investment Manager or any third party service provider to the Fund, that such Fund or Investment Manager or such third party service provider is no longer acceptable to it;
- (d) **Changes:** There is a change in the identity of, or in the ownership of the Investment Manager, the administrator, the custodian, or the directors of the Fund that the Issuer has not pre-approved in writing, or if any such party gives notice to or intends to terminate its appointment, or is bankrupt, insolvent, wound up, liquidated, dissolved, ceases to exist, or otherwise ceases to perform its duties in connection with the Fund for which it was appointed;
- (e) **Breach:** There is determined by the Calculation Agent in its sole and absolute discretion to be a material breach or material deviation from the documentation of the Fund;
- (f) **Investment non-compliance:** The Fund makes any investment outside of its documented risk guidelines unless previously agreed with the Calculation Agent;
- (g) **Amendment:** There is any amendment to the documentation of the Fund that could be detrimental to an investor in such Fund;



- (h) **Regulatory:** The activities of the Fund or the Investment Manager are the subject of a formal investigation by any regulatory body to whose rules they are subject for reasons of alleged wrongdoing or breach of regulation, or the Fund or Investment Manager has any relevant licence withdrawn or has any regulatory approval or registration revoked or removed for whatever reason;
- (i) **Reporting 1:** The Calculation Agent has not received from the Investment Manager any reports, including but not limited to, risk reporting, financial reporting or audit reporting, required by it within any agreed time scale or has received, in the opinion of the Calculation Agent, erroneous reporting, unless cured within such period as may be agreed from time to time between the Calculation Agent and the Investment Manager;
- (j) **Reporting 2:** Any Investment Manager, administrator, custodian, or the directors of the Fund fail to provide the Calculation Agent with adequate information as may be required by the Calculation Agent to determine the occurrence of a Potential Fund Event;
- (k) **Net Asset Value:** The Calculation Agent considers (in its sole and absolute discretion and acting in good faith) that the net asset value of the Fund or of any sub-fund held by the Fund, in respect of any Business Day, as provided by that Fund's administrator, does not reflect the net asset value of such Fund or sub-fund (as the case may be) as would have been determined by the independent auditors of that Fund or sub-fund (as the case may be) using generally accepted accounting standards in the appropriate jurisdiction, unless the Calculation Agent, after providing notice to that Fund's administrator, receives revised net asset value information in a form satisfactory to it within ten Business Days of the date it was originally due;
- (l) **Fraud:** Any Investment Manager and/or any of their affiliates and/or any of their senior employees is investigated by any law enforcement authority in any jurisdiction for any alleged engagement (including any accessory role) in fraudulent activities;
- (m) **Register Fraud:** There is a reduction in the number of the Fund Shares, or there is a reduction in the number of those Fund Shares held for the account of any investor in the Fund for reasons beyond the control of that investor;
- (n) **Illiquidity:** The non-execution or partial execution by the Fund for any reason (other than the agreed liquidity limits) of a subscription or redemption order given by any investor in that Fund (including failure to pay redemption proceeds in full on the due date);
- (o) **Hedging:** Any circumstances affecting the availability to any actual holder of shares of any Fund as a result of which the Calculation Agent determines (in its sole and absolute discretion and acting in good faith) that if the Issuer were such holder, it would be unable to hedge its position with respect to the Notes on terms comparable to those applicable on the Issue Date;
- (p) **Tax Change:** Any change in taxation which would adversely affect any payment by the Fund to the Issuer, if the Issuer were an investor in that Fund; and
- (q) **Non-compliance:** Any event occurs which causes or will, with the passage of time, cause the failure of the Investment Manager and/or the Fund to meet or maintain any

material obligation or undertaking under the Fund's statutory and operating documents; or

- (r) **Increased risk:** The Calculation Agent considers (in its sole and absolute discretion and acting in good faith) that there is a material change in the underlying nature, strategy or risk of the Fund's portfolio, over and above that expected by the Calculation Agent with respect to the trading strategies employed;
- (s) **Investment terms:** Any significant change to the terms of the investment in the Fund that has not been previously agreed with the Calculation Agent;
- (t) **Redemptions:** It is not possible to effect redemptions in sub-funds held by the Fund for more than 5% of the Equity Component;
- (u) **Compulsory redemptions:** The Fund gives notice to the actual holders of Fund Shares of its intention to redeem compulsorily all of the Fund Shares then outstanding; or
- (v) **Exposure of Fund:** The exposure of the Fund to a fund of funds is over 10%;

**"Protection Component"** means the component of the Index (expressed as a percentage) to which a certain amount of Eligible Collateral is allocated per Note, such allocation being determined in accordance with Conditions 5 (*The Index*) to 7 (*Rebalancing Methodology*);

**"Protection Premium"** means a per Note amount of 1.00% per annum of the higher of the Face Value and the Index Value, calculated on every Calculation Date from, but excluding, the Issue Date to (and including) the Maturity Date, expressed in USD, and accrued daily on an actual/360 basis; provided, however, that if a Cash-Out Event occurs, the Protection Premium will be reduced to 0.35% per annum from (and including) the date on which the relevant Cash-Out Event has occurred;

**"Rebalancing Event"** means the occurrence on any Calculation Date of any of the following events:

- (a) the Rebalancing Factor is greater than or equal to (Multiplier \* 1.2);
- (b) the Rebalancing Factor is less than or equal to (Multiplier \* 0.8) and:
  - (i) the Leverage Ratio is less than the Lower Leverage Limit; and
  - (ii) the Value of Cash Component minus (0.9 \* Absolute Leverage Limit) is greater than 0 (zero);
- (c) the Leverage Ratio exceeds the Upper Leverage Limit; or
- (d) the Value of Cash Component is less than the Absolute Leverage Limit;

**"Rebalancing Factor"** means:

- (a) in respect of any Calculation Date on which the Equity Gap is greater than zero, the Value of Equity Component divided by the Equity Gap; and
- (b) in respect of any Calculation Date on which the Equity Gap is less than or equal to zero, zero;

**"Redemption Amount"** means an amount in USD per Note equal to the Index Value as of the relevant Issuer Redemption Date or Noteholder Redemption Date, as applicable, adjusted to reflect the notional redemption proceeds which would be received by a holder of Fund Shares in respect of a redemption of Fund Shares in respect of such date, less:

- (a) any applicable Early Redemption Adjustment;
- (b) any reasonable expenses and costs to the Issuer of notionally unwinding any underlying and/or related hedging and funding arrangements; and
- (c) any further additional discounts resulting from any redemption charges or penalties being enforced by the Fund or the underlying fund managers within the Fund,

as determined by the Calculation Agent in its sole and absolute discretion;

**"Redemption Amount Payment Date"** means as soon as reasonably practicable following the relevant Issuer Redemption Date, Noteholder Redemption Date or the Maturity Date (as applicable) and, in any event, no later than five Business Days after the necessary funds would notionally have been received from the Investment Manager following a notional redemption of the Index Components corresponding to the Notes being redeemed;

**"Specified Office"** means:

- (a) for the Fiscal Agent, ABN AMRO Bank N.A., Kemelstede 2, 4817 ST Breda, The Netherlands; and
- (b) for the initial Paying Agent, ABN AMRO Bank N.A., Kemelstede 2, 4817 ST Breda, The Netherlands;

**"Substitution Event"** means any Potential Fund Event which the Calculation Agent, in its sole and absolute discretion, determines sufficiently material to be a Substitution Event;

**"Suspension Event"** means, in the determination of the Calculation Agent (I) any event which would render unable an investor in the Notes to acquire, establish, substitute, maintain, unwind or dispose of any hedging transaction(s) in connection with the Notes or (II) with respect to any Fund:

- (a) the failure by the Investment Manager of the Fund (or any party acting on behalf of that Fund) to calculate and publish, on or before the relevant date, the Fund NAV;
- (b) any suspension or limitation in respect of the calculation and/or publication of the Index Value;
- (c) any other event which would render unable an investor in the Fund to redeem any Fund Shares at their net asset value or subscribe for Fund Shares at their net asset value at the specific redemption and subscription times of the Fund;
- (d) any material trading limitation or suspension in respect of any Fund Shares for any reason, including but without limitation any postponement of part or all of the redemption orders received by the Investment Manager in relation to a given dealing date;
- (e) any suspension or limitation on the trading of the relevant currency in which any Fund Shares are denominated; or

- (f) a Potential Fund Event that the Calculation Agent determines to be sufficiently material;

**"Terminal Allocation Date"** means the earlier of:

- (a) the 45<sup>th</sup> day prior to the Maturity Date; and
- (b) the latest date on which a holder of Fund Shares could place redemption order(s) in respect of Fund Shares such that the redemption proceeds would be expected to have been received prior to the 5<sup>th</sup> Business Day before the Maturity Date;

**"Total Return Index"** means a notional index, the level of which on any day shall be determined by the Calculation Agent in its sole and absolute discretion (to be exercised in good faith in a commercially reasonable manner) based on the level for the S&P500 Index as published on Bloomberg page 'SPX Index' on such day together with dividend adjustments as determined by the Calculation Agent from the relevant S&P 500 futures contracts.

**"United States"** or **"US"** means the United States of America and its territories and possessions including any state thereof and the District of Columbia;

**"Upper Leverage Limit"** means 150%;

**"US Person"** has the meaning given to that term in Regulation S under the U.S. Securities Act of 1933, as amended;

**"USD"** means the lawful currency of the United States of America;

**"USD LIBOR"** means, in respect of any Calculation Date, the one-month rate for deposits in USD as calculated by the British Bankers Association and appearing at 1100 (London time) on such date on Bloomberg page US0001M Index in respect of such date;

**"Value of Cash Component"** or **"CC(t)"** means, in respect of any Calculation Date, an amount in USD per Note calculated according to the following formula:

$$CC(t) = CC(t-1) + NCC(t)$$

where:

$$CC(t-1) = \text{Value of Cash Component on the preceding Calculation Date;}$$

and

$$NCC(t) = \text{Value of Cash Component Adjustment on such Calculation Date;}$$

**"Value of Cash Component Adjustment"** or **"NCC(t)"** means, in respect of any Calculation Date, an amount per Note in USD determined by the Calculation Agent for such Calculation Date in accordance with the following formula:

$$NCC = CC(t-1) * (USD LIBOR(t-1) + \text{Current Spread}) * (\text{the number of calendar days from the immediately preceding Calculation Date to such Calculation Date})/360 + NRCC(t) - FA(t)$$

where:

$$CC(t-1) = \text{Value of Cash Component on the preceding Calculation Date;}$$

NRCC(t) = Other Cash Component Adjustment on such Calculation Date; and

FA(t) = Value of Note Fees Accrual on such Calculation Date;

**"Value of Eligible Collateral" or "B(t)"** is, in respect of any Calculation Date, the value of Eligible Collateral, determined by reference to the time left to the Maturity Date and a discount rate calculated by reference to the mid-market USD interest rate swap curve, adjusted by -10 bps (minus 10 bps), as determined by the Calculation Agent;

**"Value of Equity Component" or "EC(t)"** means, in respect of any Calculation Date, an amount per Note in USD determined by the Calculation Agent for such Calculation Date in accordance with the following formula:

$$EC(t) = A(t) * NA(t)$$

where:

A(t) = the net asset value per Fund Share on the Calculation Date, as determined by the Calculation Agent at its sole discretion; and

NA(t) = the number of Fund Shares notionally allocated per Note to the Equity Component on CD(t), being the NA(t-1), plus or minus any adjustment to the number of Fund Shares notionally allocated per Note to the Equity Component on CD(t) as a result of a Rebalancing Event or a Cash-Out Event;

**"Value of Hedge Component" or "HC(t)"** means, in respect of any Calculation Date, an amount per Note in USD corresponding to the mark-to-market value of the notional total return swap represented by the Hedge Component, as determined by the Calculation Agent in its sole and absolute discretion for such Calculation Date;

**"Value of Note Fees Accrual" or "FA(t)"** means, in respect of any Calculation Date, the accrued amount of the Note Fees from the immediately preceding Calculation Date to such Calculation Date; and

**"Value of Protection Component" or "PC(t)"** means, in respect of any Calculation Date, an amount per Note in USD determined by the Calculation Agent for such Calculation Date in accordance with the following formula:

$$PC(t) = B(t) * NP(t)$$

where:

B(t) = Value of Eligible Collateral on such Calculation Date; and

NP(t) = Amount of Eligible Collateral associated with the Protection Component on such Calculation Date.

**ANNEX 1**  
**CALCULATION OF HAIRCUT RATIO**

**Total Haircut  
Penalty**

This is equal to the sum of the following penalties:

- (a) the sum of the Monthly Liquidity Penalty, the Quarterly Liquidity Penalty, and the Annual Liquidity Penalty;
- (b) the Number of Sub-Funds Penalty;
- (c) Investment Management Group Penalty;
- (d) the Overall Strategy Concentration Penalty;
- (e) the Part A Sub-Fund Concentration Penalty;
- (f) the Part B Sub-Fund Concentration Penalty;
- (g) the Part C Sub-Fund Concentration Penalty;
- (h) the Part D Sub-Fund Concentration Penalty;
- (i) the Borrowing Penalty; and
- (j) the Volatility Penalty.

The Calculation Agent may in its sole and absolute discretion at any time amend the terms of the Total Haircut Penalty calculations.

**Haircut Ratio  
Amendments**

Due to the delay in publishing Sub-Fund NAVs there will be a degree of uncertainty as to the exact Sub-Fund Allocation weights. Accordingly, the Calculation Agent may make appropriate assumptions, estimations and adjustments as it considers necessary.

The Calculation Agent may increase, decrease, insert new limit criteria, or otherwise amend these limits in the light of market developments and market conditions over the life of the Notes. In particular, it should be noted that additional strategies and limits are very likely to be added in the future.

Where the Investment Manager gives prior written notice of a limit breach with reasons and justification for such a limit breach, then the Calculation Agent may temporarily amend the related Penalty terms, either to increase or decrease their severity.

**Liquidity**

**Liquidity Limits**

Monthly Tenor Limit: At least 50% of the Allocation to the Sub-Funds shall have Monthly Liquidity or better; for this purpose, a Sub-Fund will be considered to have Monthly Liquidity if its redemption period plus its notice period is less than or equal to 70 days.

Quarterly Tenor Limit: At least 90% of the Allocation to the Sub-Funds shall have Quarterly Liquidity or better; for this purpose a Sub-Fund will be considered to have Quarterly Liquidity if its redemption period plus its notice

period is less than or equal to 155 days.

Annual Tenor Limit: 100% of the Allocation to the Sub-Funds shall be to Sub-Funds whose redemption period plus their notice period is less than or equal to 456 days.

**Tenor Liquidity  
Penalty**

The Monthly Liquidity Penalty associated to Sub-Funds with Monthly Liquidity is equal to 2 multiplied by the sum of each 1% excess, if any, of the Monthly Tenor Limit over the Allocation to Sub-Funds with Monthly Liquidity.

The Quarterly Liquidity Penalty associated to Sub-Funds with Quarterly Liquidity is equal to 2 multiplied by the sum of each 1% excess, if any, of the Annual Tenor Limit over the Allocation to Sub-Funds with Quarterly Liquidity.

The Annual Liquidity Penalty associated to Sub-Funds with Annual Liquidity is equal to 2 multiplied by the sum of each 1% excess, if any, of the Annual Tenor Limit over the Allocation to Sub-Funds with Annual Liquidity.

**Number of Sub-Funds**

**Minimum Number  
of Sub-Funds  
Limit**

The minimum number of Sub-Funds to which Allocations are made shall not be less than 27.

**Number of Sub-  
Funds Penalty**

4% multiplied by the excess, if any, of the Minimum Number of Sub-Funds Limit over the actual number of Sub-Funds.

**Investment Management Groups**

**Investment  
Management  
Group Limit**

The minimum number of Investment Management Groups to which Allocations are made shall not be less than 25.

**Investment  
Management  
Group Penalty**

4% multiplied by the excess, if any, of the Investment Management Group Limit over the actual number of Investment Management Groups to which Allocations are made.

**Strategy Restrictions**

**Strategy  
Concentration  
Limits**

The following strategy concentration limits shall be observed:

Strategy Classification	Maximum Allocation (%)
Long Only	30
Long/Short	30
IR Trading	20
Weather Trading	10
Energy Trading	10

	Global Macro	25
	Emerging Market	10
	Commodities	15
	FX Trading	15
<b>Overall Strategy Concentration Penalty</b>	5 multiplied by the sum of each 1% excess, if any, of any Allocation over the Strategy Concentration Limits.	

### **Sub-Funds Concentration**

<b>Part A Sub-Funds Concentration Limit</b>	The following Part A Sub-Funds Concentration Limits shall apply:	
	<p>(a) Allocations to each Sub-Fund should not exceed 7.5% of the net assets of the Fund; and</p> <p>(b) the aggregate Allocations to any number of Sub-Funds which have the same manager should not exceed 7.5% of the net assets of the Fund.</p>	
	<p>Subject to prior approval by the Calculation Agent (such approval not to be unreasonably withheld) following notice from the Investment Manager, this limit may be temporarily increased to 10% in respect of individual Sub-Funds and shall be reviewed on an ongoing basis. In deciding whether or not to give such approval, the Calculation Agent may take into account that the Investment Manager normally expects to be within the 7.5% limit but in some circumstances may seek approval to exceed it, for example: a) where a Sub-Fund is very conservative and itself very broadly diversified; or b) where a higher Allocation is made to a Sub-Fund to capture capacity that becomes immediately available; or c) where a Sub-Fund makes significantly greater gains relative to the rest of the portfolio resulting in a higher Allocation to that Sub-Fund.</p>	
<b>Part A Sub-Funds Concentration Penalty</b>	5 multiplied by the sum of each 1% excess, if any, of the Allocations to Sub-Funds over the relevant Part A Sub-Fund Concentration Limit.	
<b>Part B Sub-Funds Concentration Limit</b>	The following Part B Sub-Funds Concentration Limits shall apply:	
	<p>(a) the aggregate of the three largest Allocations to Sub-Funds should be less than 20% of the Fund's assets under management; and</p> <p>(b) the aggregate of the five largest Allocations to Sub-Funds should be less than 30% of the Fund's assets under management.</p>	
<b>Part B Sub-Funds Concentration Penalty</b>	4 multiplied by the sum of each 1% excess, if any, of the Allocations to Sub-Funds over the relevant Part B Sub-Fund Concentration Limit.	



<b>Part C Sub-Funds Concentration Limit</b>	The aggregate Allocations to any number of Sub-Funds which are Hard Lock-Up Sub-Funds shall not exceed 10% of the Fund's assets under management.
<b>Part C Sub-Funds Concentration Penalty</b>	10 multiplied by the sum of each 1% excess, if any, of the Allocations to Sub-Funds over the Part C Sub-Fund Concentration Limit.
<b>Part D Sub-Funds Concentration Limit</b>	<p>The Allocations to each Sub-Fund should not exceed 10% of such Sub-Fund's net assets at the time of such Allocation; provided, however, that the Part D Sub-Funds Concentration Limit shall not apply in any of the following circumstances, each in the determination of the Calculation Agent:</p> <ul style="list-style-type: none"> <li>(a) such Sub-Fund is a managed accounts with good liquidity;</li> <li>(b) the Fund is the sole shareholder or investor in such Sub-Fund;</li> <li>(c) the only investors other than the Fund in such Sub-Fund are investment funds managed by the Investment Manager or its affiliates;</li> <li>(d) where the Fund is very conservative and itself very broadly diversified or the Investment Manager has conducted additional due diligence to its satisfaction and confirms the same to the satisfaction of the Calculation Agent;</li> <li>(e) if the Investment Manager reasonably believes that an Allocation equal to more than 10% of such Sub-Fund's net assets is in the best interests of the Fund and the shareholders and reviews such an Allocation on a regular basis; or</li> <li>(f) where the Fund employs highly liquid strategies and does not gate redemptions.</li> </ul>
<b>Part D Sub-Funds Concentration Penalty</b>	3 multiplied by the sum of each 1% excess, if any, of the Allocations to Sub-Funds over the Part D Sub-Funds Concentration Limit.

### **Borrowing Limits**

<b>Borrowing Limit</b>	Borrowing is permitted via a liquidity facility on up to 20% of the assets under management. This should be used to facilitate short-term cash requirements for redemptions, funding new investments whilst awaiting the receipt of cash from Sub-Fund redemptions, and occasionally, to take advantage of additional offered capacity in Sub-Funds otherwise closed to new investments. Borrowing will not be used to provide leverage as part of the normal long-term running of the Fund.
------------------------	--

**Borrowing Penalty** 5 multiplied by the sum of each excess, if any, of the percentage Borrowing in use over the Borrowing Limit.

#### **Volatility Limit**

**Volatility Limit** The 6-month annualised volatility of the Fund shall not exceed 10%.

**Volatility Penalty** 15 multiplied by the excess, if any, of the 6-month annualised volatility of the Fund over the Volatility Limit.

#### **Definitions**

**Allocation** The relevant % weight allocated to a Strategy or Sub-Fund (as the context requires) by the Fund.

**Borrowing** The amount of borrowings undertaken by the Fund,

**Emerging Market** A country that is not a part of: Australia, Belgium, Canada, Denmark, France, Finland, Germany, Ireland, Italy, Japan, New Zealand, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom and the United States; provided, however, that if the Calculation Agent and the Investment Manager agree to a different definition of Emerging Markets, this new definition shall apply.

**Hard Lock-Up Sub-Fund** A Sub-Fund in which an investor may not redeem his shares or units until he has held them for a set period of time.

**Investment Management Group** A group of affiliated entities undertaking investment management activities.

**Strategy Classifications** The Calculation Agent may determine the appropriate mapping for each Sub-Fund in its sole and absolute discretion, having regard to each Sub-Fund's portfolio and area of expertise. It may well be that the Investment Manager will have a different opinion as the classification process is not clear-cut and frequently relies on subjective decisions.

No Sub-Fund may take significant exposure outside its area of expertise.

**Sub-Funds** A fund in which the assets of the Fund are invested.

**Sub-Fund NAV** In respect of a Sub-Fund, its net asset value.

**ANNEX 2**  
**NOTEHOLDER REDEMPTION NOTICE**

To: ABN AMRO Bank N.V., acting through its London Branch  
250 Bishopsgate  
London  
EC2M 4AA

Fax: +44 (0)20 7678 1051

Attention: Simon White / Joanne Miller

**ABN AMRO USD30,000,000 SECO Capital Protected Notes ISIN: XS0328770952– Noteholder Redemption Notice**

From: .....

This Noteholder Redemption Notice should be faxed to the above number, with the original following immediately by post to the above address.

We, being the Noteholder of ..... ABN AMRO USD30,000,000 SECO Capital Protected Notes ISIN: **XS0328770952** (the "Notes") hereby give notice that we require repayment and redemption of .....<sup>1</sup> such Notes in accordance with the Conditions of the Notes on the next Noteholder Redemption Date falling at least one Business Day after receipt by you of this Noteholder Redemption Notice.

Terms used in this Noteholder Redemption Notice shall have the meaning ascribed to them in the Conditions.

We request you to pay us the monies to which we become entitled pursuant to this Noteholder Redemption Notice by telegraphic transfer in USD to the credit of my designated bank account as detailed below.

Name of Bank: Euroclear /Clearstream Lux

For the credit of: .....

Account Name: .....

Account No.: .....

We specifically acknowledge that the amount we receive pursuant to this Noteholder Redemption Notice may be subject to an Early Redemption Adjustment in accordance with the Conditions of the Notes.

We specifically confirm that we will hold more than 1,000,000 Notes following this redemption OR (if redeeming less than 1,000,000 Notes) that we are redeeming our entire holding of Notes.

---

<sup>1</sup> The minimum number of Notes in respect of which any Noteholder Redemption Notice may be submitted by any Noteholder is 1,000,000 Notes and thereafter in increments of 1,000,000 Note.

We acknowledge that the payment of the monies in the manner hereby authorised shall be in full and final satisfaction of the monies to which we become entitled as aforesaid.

Signature(s) .....

Print Name .....

Position .....

Tel. ....

Email .....

Fax. ....

A corporation must sign in accordance with the terms of its condition affixing, where appropriate, its seal, but with a minimum of one director or authorised signatory signing.

Settlement of the above order is on delivery versus payment basis only with ABN AMRO Bank N.V., acting through its London Branch's ICSD account (currently Euroclear account 92496).

Date .....

Acknowledged and approved

**ABN AMRO BANK N.V., ACTING THROUGH ITS LONDON BRANCH**

By:	By:
Name:	Name:
Position:	Position:
Date:	Date:

### **USE OF PROCEEDS**

The gross proceeds of the issue of the Notes will be used by the Issuer for general corporate purposes.

## TAXATION

### THE NETHERLANDS

*The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this 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 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 the Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Save as otherwise indicated, this summary only addresses the position of investors who do not have any connection with The Netherlands other than the holding of the Notes. Investors should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of the Notes under the laws of their country of citizenship, residence, domicile or incorporation.*

#### 1. Withholding Tax

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

#### 2. Taxes on Income and Capital Gains

A holder of a Note who derives income from a Note or who realises a gain on the disposal or redemption of a Note will not be subject to Dutch taxation on such income or capital gains unless:

- (a) the holder is, or is deemed to be, resident in The Netherlands, or, where the holder is an individual, such holder has elected to be treated as a resident of The Netherlands;
- (b) such income or 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 permanent representative (*vaste vertegenwoordiger*) in The Netherlands;
- (c) the holder is not an individual and the holder has, directly or indirectly, a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest in the Issuer and such interest does not form part of the assets of an enterprise; or
- (d) the holder is an individual and the holder has, directly or indirectly, a substantial interest (*aanmerkelijk belang*) in the Issuer or such income or gain otherwise qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*).

#### 3. Gift, Estate or Inheritance Taxes

Dutch gift, estate 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, unless:

- (a) the holder is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions;
- (b) the transfer is construed as an inheritance or as a 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; or
- (c) such Note is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment or a permanent representative in The Netherlands.

#### 4. **Value Added Tax**

There is no Dutch value added tax payable by a holder of a Note in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes, or the transfer of the Notes.

#### 5. **Other Taxes and Duties**

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in The Netherlands by a holder of a Note in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgement in the courts of The Netherlands) of the Notes or the performance of the Issuer's obligations under the Notes.

#### 6. **Residence**

A holder of a Note will not be treated as resident of The Netherlands by reason only of the holding of a Note or the execution, performance, delivery and/or enforcement of the Notes.

### **UNITED KINGDOM**

#### 1. **United Kingdom Taxation**

- 1.1 The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes, including any amounts treated as interest for United Kingdom tax purposes. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general guide and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

#### 2. **UK Withholding Tax**

- 2.1 The Notes will constitute "quoted Eurobonds" if they carry a right to interest and provided they are and continue to be listed on a recognised stock exchange. On the basis of the United

Kingdom HM Revenue and Customs' ("HMRC") published interpretation of the relevant legislation, securities which are to be listed on a stock exchange in a country which is a member state of the European Union or which is part of the European Economic Area will satisfy this requirement if they are listed by a competent authority in that country and are admitted to trading on a recognised stock exchange in that country; securities which are to be listed on a stock exchange in any other country will satisfy this requirement if they are admitted to trading on a recognised stock exchange in that country. The Issuer understands that Euronext Amsterdam is a recognised stock exchange for these purposes. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

2.2 In addition to the exemption set out in 8.2 above, interest on the Notes may be paid without withholding or deduction for or on account of United Kingdom income tax so long as the Issuer is a "bank" for the purposes of section 349 of the Income and Corporation Taxes Act 1988 and so long as such payments are made by the Issuer in the ordinary course of its business. In accordance with the published practice of HMRC, such payments will be accepted as being made by the Issuer in the ordinary course of its business unless either:

- (i) the borrowing in question conforms to any of the definitions of tier 1, 2 or 3 capital adopted by the Financial Services Authority whether or not it actually counts towards tier 1, 2 or 3 capital for regulatory purposes; or
- (ii) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.

2.3 Interest on the Notes may also be paid without withholding or deduction for or on account of United Kingdom income tax if and for so long as the Issuer is authorised for the purposes of the Financial Services and Markets Act 2000 and its business consists wholly or mainly of dealing in financial instruments (as defined by section 349(5) of the Income and Corporation Taxes Act 1988) as principal if and for so long as such payments are made by the Issuer in the ordinary course of its business.

In all cases falling outside the exemptions described above, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the lower rate (currently 20%) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply.

#### ***Payments on Redemption***

2.4 Where Notes are to be, or may fall to be, redeemed at an amount greater than their issue price then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined above and reporting requirements as outlined below.

### **3. Provision of Information**

3.1 Noteholders should note that where any interest on Notes is paid to them (or to any person acting on their behalf) by the Issuer or any person in the United Kingdom acting on behalf of the Issuer (a "**paying agent**"), or is received by any person in the United Kingdom acting on behalf of the relevant Noteholder (other than solely by clearing or arranging the clearing of a cheque) (a "**collecting agent**"), then the Issuer, the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to HMRC details of the payment and



certain details relating to the Noteholder (including the Noteholder's name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Noteholder is resident in the United Kingdom for United Kingdom taxation purposes. Where the Noteholder is not so resident, the details provided to HMRC may, in certain cases, be passed by HMRC to the tax authorities of the jurisdiction in which the Noteholder is resident for taxation purposes.

- 3.2 With effect from 6 April 2007 the provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes where the amount payable on redemption is greater than the issue price of the Notes.

4. **Other Rules Relating to United Kingdom Withholding Tax**

- 4.1 Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.
- 4.2 The references to "interest" in the paragraphs above mean "interest" as understood in United Kingdom tax law. The statements in the paragraphs above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the Conditions of the Notes or any related documentation.

## **EUROPEAN UNION SAVINGS DIRECTIVE**

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 in that other Member State; however, for a transitional period, Austria, Belgium 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 agreed to adopt 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 in a Member State. In addition, the Member States have entered into reciprocal 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 in one of those territories.

## SELLING RESTRICTIONS APPLICABLE TO THE NOTES

### General

No action has been or will be taken by the Issuer that would permit a public offering of the Notes or possession or distribution of any offering material in relation to the Notes in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Notes, or distribution of any offering material relating to the Notes, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligation on the Issuer.

### United States of America

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, US persons except in certain transactions exempt from the registration requirements of the Securities Act.

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

The Issuer will not offer, sell or deliver the Notes: (a) as part of its distribution at any time; or (b) otherwise, until 40 days after the later of the commencement of the offering and the Issue Date within the United States or to, or for the account or benefit of, US persons and it will have sent 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, US persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") the Issuer has not made and will not make an offer of Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

- (c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 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 includes any relevant implementing measure in each Relevant Member State.

### **Luxembourg**

The Notes may not be offered or sold directly or indirectly within the territory of the Grand-Duchy of Luxembourg unless:

- (a) a prospectus has been duly approved by the Commission de Surveillance du Secteur Financier (the "**CSSF**") if Luxembourg is the home member state (as defined in the Law of 10 July 2005 on prospectuses for securities and implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the "**Law**")); or
- (b) if Luxembourg is not the home member state, the CSSF has been notified by the competent authority in the home member state that the prospectus has been duly approved; or
- (c) the offer benefits from an exemption to or constitutes a transaction not subject to the requirement to publish a prospectus.

### **United Kingdom**

This Prospectus may only be communicated to persons to whom a financial promotion can lawfully be made by an authorised person pursuant to the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) who are also persons falling within one of the categories set out in the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (as amended). If you are not so permitted you should return this document immediately.

Persons into whose hands this Prospectus comes are required by the Issuer to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

## **NO OWNERSHIP BY US PERSONS**

The Notes may not be legally or beneficially owned by US Persons at any time. Each holder and each beneficial owner of a Note hereby represents, as a condition to purchasing or owning the Note or any beneficial interest therein, that neither it nor any person for whose account or benefit the Notes are being purchased is located in the United States, is a US Person or was solicited to purchase the Notes while present in the United States. Each holder and each beneficial owner of a Note hereby agrees not to offer, sell or deliver any of the Notes, at any time, directly or indirectly in the U.S. or to any US Person. The term "**US Person**" will have the meaning ascribed to it in both Regulation S under the Securities Act and the Code.

## GENERAL INFORMATION

### 1. **Authorisation**

The issue of the Notes was duly authorised pursuant to a resolution of the Managing Board of the Issuer on 17 January 2007 as approved by a resolution of the Supervisory Board of the Issuer dated 17 January 2007.

### 2. **Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream. The International Securities Identification Number and the Common Code in respect of the Notes are as follows:

ISIN: XS0328770952

Common Code: 032877095

### 3. **No significant change**

There has been no significant change in the financial position of the Issuer since 31 December 2007. There has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2007 other than resulting from the acquisition of ABN AMRO Holding N.V. by the consortium and the transition of entities and businesses resulting from this. Please refer to page 6 of the Registration Document for an update on the restructuring.

### 4. **Litigation**

In several jurisdictions legal proceedings have been initiated against Holding or its group companies whose financial statements have been included in Holding's consolidated annual accounts for the financial year ended 31 December 2007. For further information, please refer to the section entitled "Legal and Regulatory Proceedings" on pages 19 and 20 of the Registration Document.

### 5. **Accounts**

The auditors of Holding who audited Holding's accounts, without qualification, in accordance with generally accepted auditing standards in The Netherlands for each of the three financial years ended on 31 December 2005, 31 December 2006 and 31 December 2007 respectively were Ernst & Young Accountants, chartered accountants ("register accountants"). In the Annual General Meeting of shareholders on 11 April 2008, ,Ernst & Young Accountants was dismissed as external auditor of the ABN AMRO Group and Deloitte Accountants B.V. was appointed as new external auditor. For further information, please refer to the section entitled "Auditors" on page 61 of the Registration Document.

### 6. **US Tax**

The Notes will contain the following legend: "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."

**7. Documents**

Copies of the following documents will be available free of charge from the registered office of the Issuer and from the Specified Office of the Fiscal Agent so long as any of the Notes remains outstanding:

- (a) the Articles of Association of the Issuer (with an English translation thereof);
- (b) the annual report of ABN AMRO Holding N.V. for the two most recent financial years and the most recently available published semi-annual interim financial statements of ABN AMRO Holding N.V. (with an English translation thereof) - the Issuer's consolidated financial statements form part of the annual report of ABN AMRO Holding N.V. and the Issuer does not publish separate accounts;
- (c) the Registration Document, as amended and supplemented from time to time;
- (d) the Transaction Documents;
- (e) the Paying Agency Agreement; and
- (f) this Prospectus.

**8. Tracking investment**

The Issuer does not intend to provide post-issuance information, however, the value of the Shares will be made available from the Administrator upon written request to the Administrator.

## **FEES, COSTS AND EXPENSES**

### **Fees, costs and expenses deducted from the Index**

The following is an extract from the Conditions, which describes the fees, costs and expenses which are deducted prior to the determination of the Index Value. This is set out here for ease of reference, and Noteholders should refer to the Conditions for complete details.

#### **Protection Premium**

A per Note amount of 1.00% per annum of the higher of the Face Value and the Index Value, calculated on every Calculation Date from, but excluding, the Issue Date to and including the Maturity Date, expressed in USD, and accrued daily on an actual/360 basis; provided, however, that if a Cash-Out Event occurs, the Protection Premium will be reduced to 0.35% per annum from and including the date on which the relevant Cash-Out Event occurred.

#### **Deduction of Protection Premium from the Index**

The Protection Premium will be notionally deducted from the Index on a daily basis by pro rata adjustment to the number of units of the Cash Component.



**ISSUER, CALCULATION AGENT, COMMON DEPOSITORY**

**ABN AMRO Bank N.V., London Branch**

250 Bishopsgate  
London  
EC2M 4AA

**FISCAL AGENT, PAYING AGENT, LISTING AGENT**

**ABN AMRO Bank N.V.**

MF 2020 Kemelstede 2  
P.O. Box 3200  
4800 DE Breda  
The Netherlands

**LEGAL ADVISER**

**Clifford Chance**

28/F Jardine House  
One Connaught Place  
Central  
Hong Kong