

The Securities have at the date of this Prospectus been approved for issue by the AFM but have not been submitted for approval for listing on any exchange.

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## PROSPECTUS

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

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### PROSPECTUS RELATING TO

### **EUR 75,000,000 100% CAPITAL PROTECTED INDEX NOTES**

### **“PAN-EUROPEAN PROPERTY NOTES IV 2007-2014”**

### **ISSUE PRICE: 100%**

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This Prospectus is for the confidential use of only those persons to whom it has been transmitted in connection with this invitation and is not to be reproduced for any other purpose or distributed to, or used by, any other person. By accepting delivery of this Prospectus each prospective investor agrees to treat the contents hereof as confidential. 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 principal risk factors that could affect Holders is contained in the section headed "Risk Factors Relating to the Securities" but this Prospectus does not describe all of the risks of an Investment in the Securities.

Prospective purchasers of the EUR 75,000,000 100% Capital Protected Index Notes “Pan-European Property Notes IV 2007-2014” (the “Securities”) should ensure that they understand fully the nature of the Securities and the extent of their exposure to the risks associated with the Securities. The market price and / or value of the Securities may be volatile and holders of the Securities may not receive any return on the value of their investment. Prospective purchasers need to consider the suitability of an investment in the Securities in light of their own financial, fiscal, regulatory and other circumstances. Please refer, in particular, to the section “Risk Factors” in this Prospectus for a more complete explanation of the risks associated with an investment in the Securities.

This document constitutes a Prospectus for the purposes of Article 5.3 of Directive 2003/71/EC (the “**Prospectus Directive**”).

ABN AMRO Bank N.V., acting through its London Branch, (the “**Issuer**”) accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this document 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.

This Prospectus is to be read in conjunction with all documents that are deemed to be incorporated therein by reference and shall be read and construed on the basis that such documents are incorporated in and form part of the Prospectus.

Application will be made to Euronext Amsterdam N.V. (“**Euronext Amsterdam**”) for the Securities to be admitted to trading and listed on Eurolist by Euronext Amsterdam. References in this Prospectus to the Securities being “**listed**” (and all related references) shall mean that application will be made for the Securities to be admitted to trading on Euronext Amsterdam. Euronext Amsterdam is a regulated market for the purposes of Directive 93/22/EC (the “**Investment Services Directive**”). At the time of issue of this Prospectus the Securities have not been admitted for listing on any exchange.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Securities. Neither the delivery of this document nor any information provided in the course of a transaction in the Securities shall, in any circumstances, be construed as a recommendation by the Issuer to enter into any transaction with respect to the Securities. Each prospective investor contemplating a purchase of the Securities should make its own independent investigation of the risks associated with a transaction involving the Securities.

An investment in the Securities 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 delivery of this document does not at any time imply that there has been no change in the affairs of the Issuer since the date of this Prospectus. The Issuer does not intend to provide any post-issuance information.

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 Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

The Issuer does not represent that this document may be lawfully distributed, or that Securities 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 Securities or distribution of this document in any jurisdiction where action for that purpose is required, save in the Netherlands where this Prospectus has been approved by the competent local authority in accordance with the Prospectus Directive. No action has been taken by the Issuer which would permit the public offering of the Securities or distribution of the Prospectus in any jurisdiction where action for that purpose is required, save in the Netherlands where this Prospectus will be notified to the competent local authority in accordance with the Prospectus Directive. The Securities 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 other than the Netherlands, and the Securities may only be sold to persons who are Dutch residents for tax purposes and the Issuer has represented that all offers and sales by them will be made on the same terms. For a description of certain restrictions on offers, sales and deliveries of Securities and the distribution of this document and other offering material relating to the Securities please refer to “**Selling Restrictions**” in this Prospectus.

All references to “**EUR**” in this Prospectus refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

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

**ISIN: NL0000169043**

The date of this Prospectus is 8 January 2007

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## SUMMARY

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*This summary must be read as an introduction to this Prospectus and any decision to invest in the Securities should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. No civil liability attaches to the Issuer in respect of this Summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in a Member State of the European Economic Area (an “EEA State”), the plaintiff may, under the national legislation of the EEA 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 elsewhere in this Prospectus shall have the same meanings in this summary.

**Issuer:**

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

The Issuer is a subsidiary of ABN AMRO Holding N.V. (“**Holding**”). The ABN AMRO group (“**ABN AMRO**”), which consists of Holding and its subsidiaries, is a prominent international banking group offering a wide range of banking products and financial services on a global basis through a network of 4,500 offices and branches in more than 53 countries and territories and. As at 30 September 2006, had 110,000 full time staff. ABN AMRO is one of the largest banking groups in the world, with total consolidated assets of €99 billion at 30 September 2006. ABN AMRO is the largest banking group in The Netherlands and has a substantial presence in Brazil and the Midwestern United States. It is one of the largest foreign banking groups in the United States, based on total assets held as of 31 December 2005. Holding is listed on Euronext Amsterdam and the New York Stock Exchange.

For further information on the Issuer and Holding please refer to the Registration Document and [www.abnamro.com](http://www.abnamro.com).

ABN AMRO implements its strategy through a number of global (Strategic) Business Units, each of which is responsible for managing a distinct client or product segment. Its client-focused (Strategic) Business Units are: Customer & Commercial Clients, Wholesale Clients, Private Clients, Asset Management and Transaction Banking Group. In addition, it has the following internal Business Units: Group Shared Services and Group Functions. Its (Strategic) Business Units are present in all countries and territories in which ABN AMRO operates, with the largest presence in its home markets.

**Risk Factors:**

There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Securities, including the fact that the Issuer's results can be adversely affected by (i) general economic conditions and other business 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 risks, see "Risk Factors" in the Registration Document. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Securities, see "Risk Factors" in this Prospectus.

**Principal Agent, Index Agent and Calculation Agent:**

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

**Listing and Admission to Trading:**

Application will be made to Euronext Amsterdam for the Securities to be admitted to trading and to be listed on Eurolist by Euronext Amsterdam.

**Description of the Securities:**

The Securities are capital protected index notes. The Conditions applicable to the Securities are contained in the General Conditions and the Product Conditions set out in

this Prospectus.

**Index Notes:**

The Securities represent a notional (not actual) investment in the Index, as defined below. The Index comprises a Performance Component, a Capital Protection Component and Leverage Component. The Securities offer a minimum redemption of 100% of the Nominal Amount at maturity plus the potential for an additional return determined by the performance of the Index. The principal is not at risk if the Securities are held to maturity, subject to Issuer credit risk. Please see the Index Description below.

**Underlying:**

The Dynamic Capital Protected Index (the “**Underlying**” or the “**Index**”) described in “Description of the Index”. The rules relating to the Underlying are set out in Annex 1 to the Product Conditions.

**Issue Size:**

EUR 75,000,000.

**Subscription Period:**

15 January 2007 to 9 February 2007

**“As, If and When” Trading:**

12, 13 and 14 February 2007

**Issue Date:**

15 February 2007

**Issue Price:**

100% of the Nominal Amount.

**Maturity:**

17 February 2014

**Cash Amount:**

The Cash Amount payable at redemption on the Maturity Date will be the greater of the Final Index Level and 100% of the Nominal Amount of the Securities. On the Issue Date the Index Level is EUR 980.

**Interest:**

The Holder of a Security is entitled to receive a Coupon Amount on each Coupon Payment Date to the extent that such amount is payable in accordance with the index rules described in Annex 1 to the Product Conditions. The Coupon Amount is not guaranteed and may be zero.

**General Conditions**

Set out below is a summary of certain significant provisions of the General Conditions applicable to the Securities.

*Status of the Securities:*

The Securities constitute unsecured and unsubordinated obligations of the Issuer and rank pari passu among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

*Early Termination:*

The Issuer may terminate any Securities if it shall have determined in its absolute discretion that for reasons beyond its control its performance thereunder shall have become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable law. In such circumstances the Issuer will, to the extent permitted by law, pay to each Holder in respect of each Security held by such Holder an amount calculated by it as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any related hedging arrangements.

*Hedging Disruption:*

If a Hedging Disruption Event (as defined in General Condition 5) occurs, the Issuer will at its discretion (i) terminate the Securities and pay to each Holder in respect of each Security held by such Holder an amount calculated by it as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any related hedging arrangements or (ii) make a good faith adjustment to the relevant reference asset as described in General Condition 5(c) or (iii) make any other adjustment to the Conditions as it considers appropriate in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.

*Substitution:*

The Issuer may at any time, without the consent of the Holders substitute for itself as principal obligor under the Securities any company, being any subsidiary or affiliate of the Issuer, subject to certain conditions including the obligations of the substitute issuer under the Securities being guaranteed by Holding (unless Holding is the Substitute).



<i>Taxation:</i>	The Holder (and not the Issuer) shall be liable for and/or pay any tax, duty or charge in connection with, the ownership of and/or any transfer, payment or delivery in respect of the Securities held by such Holder. The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable to any Holder such amount as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment.
<b>Product Conditions:</b>	Set out below is a summary of certain significant provisions of the Product Conditions applicable to the Securities.
<i>Form of Securities:</i>	The Securities will be issued in global form.
<i>Settlement of Securities:</i>	The Securities will be cash settled.
<i>Market Disruption Events:</i>	If a Market Disruption Event occurs Holders of the Securities may experience a delay in settlement and the cash price paid on settlement may be adversely affected. Market Disruption Events are defined in Product Condition 4.
<i>Governing Law:</i>	English law.
<b>ISIN:</b>	NL0000169043
<b>Common Code:</b>	28107366
<b>Fonds Code:</b>	16904

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## RISK FACTORS

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*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Securities. 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 Securities issued are also described below.*

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

*Before making an investment decision with respect to any Securities, 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 Securities and consider such an investment decision in the light of the prospective investor's personal circumstances.*

*Words and expressions defined elsewhere in this Prospectus shall have the same meaning in this section.*

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

Each potential investor in the Securities should refer to the Risk Factors section of the Registration Document (as defined below) incorporated by reference in this Prospectus for a description of those factors which may affect the Issuer's ability to fulfil its obligations under the Securities.

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

#### ***The Securities are notes which entail particular risks***

The Securities are investment instruments which may or may not pay interest and which at maturity or earlier termination pay a Cash Amount which may or may not be equal to the nominal amount of the relevant Security. As such, each Security will entail particular risks. Because the interest amount

paid is dependent upon the performance of the Underlying, this may result in the Holder receiving no or only a limited return on his investment.

The price at which a Holder will be able to sell Securities prior to their redemption may be at a potentially substantial discount to the market value of the Securities at the issue date depending upon the performance of the Underlying at the time of sale.

***The Securities may not be a suitable investment for all investors***

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Prospectus;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities 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 Securities, including Securities with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Securities 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 and its ability to bear the applicable risks.

The Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio.

***The value of the Securities may fluctuate***

The value of the Securities may move up and down between their date of purchase and their exercise date. Holders of Securities (the “**Holders**”) may sustain a significant loss of their investment.

Prospective purchasers should therefore ensure that they understand fully the nature of the Securities before they invest in the Securities.

Several factors, many of which are beyond the Issuer's control, will influence the value of the Securities at any time, including the following:

- (a) *Valuation of the Underlying.* The market price of the Securities at any time is expected to be affected primarily by changes in the level of the Underlying. It is impossible to predict how the level of the Underlying will vary over time. Factors which may have an affect on the value of the Underlying include the rate of return of the Underlying and the financial position and prospects of the issuers of shares comprised in the Underlying. In addition, the level of the Underlying may depend on a number of interrelated factors, including economic, financial and political events and their effect on the capital markets generally and relevant stock exchanges. Potential investors should also note that whilst the market value of the Securities is linked to the Underlying and will be influenced (positively or negatively) by it, any change may not be comparable and may be disproportionate. It is possible that while the Underlying is increasing in value, the value of the Securities may fall. Further, where no market value is available for an Underlying, the Calculation Agent may determine its value to be zero notwithstanding the fact that there may be no Market Disruption Event and/or no Potential Adjustment Events which apply.
- (b) *Interest Rates.* Investments in the Securities may involve interest rate risk with respect to the currency of denomination of the Underlying and/or the Securities. A variety of factors influence interest rates such as macro economic, governmental, speculative and market sentiment factors. Such fluctuations may have an impact on the value of the Securities at any time prior to valuation of the Underlying relating to the Securities.
- (c) *Volatility.* The term "volatility" refers to the actual and anticipated frequency and magnitude of changes of the market price with respect to an Underlying. Volatility is affected by a number of factors such as macro economic factors, speculative trading and supply and demand in the options, futures and other derivatives markets. Volatility of the Underlying will move up and down over time (sometimes more sharply than others).
- (d) *Exchange Rates.* Even where payments in respect of the Securities are not expressly linked to a rate or rates of exchange between currencies, the value of the Securities could, in certain circumstances, be affected by such factors as fluctuations in the rates of exchange between any currency in which any payment in respect of the Securities is to be made and any currency in which the Underlying is traded, appreciation or depreciation of any such currencies and any existing or future governmental or other restrictions on the exchangeability of such currencies. There can be no assurance that rates of exchange between any relevant

currencies which are current rates at the date of issue of the Securities will be representative of the relevant rates of exchange used in computing the value of the Securities at any time thereafter.

- (e) *Disruption.* If so indicated in the Conditions, the Calculation Agent may determine that a Market Disruption Event has occurred or exists at a relevant time. Any such determination may affect the value of the Securities and/or may delay settlement in respect of the Securities.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

- (f) *Creditworthiness.* Any person who purchases the Securities is relying upon the creditworthiness of the Issuer and of Holding (pursuant to its declaration under Article 2:403 of the Netherlands Civil Code) and has no rights against any other person. The Securities constitute general, unsecured, contractual obligations of the Issuer and of no other person. The Securities rank pari passu among themselves. If either the Issuer or Holding becomes unable for any reason to fulfil its obligations then the Holder may suffer a total loss of principal.

***There may not be a secondary market in the Securities***

Potential investors should be willing to hold the Securities through their life. The nature and extent of any secondary market in the Securities cannot be predicted. As a consequence any person intending to hold the Securities should consider liquidity in the Securities as a risk. If the Securities are listed or quoted on an exchange or quotation system this does not imply greater or lesser liquidity than if equivalent Securities were not so listed or quoted. However, if Securities are not listed or quoted there may be a lack of transparency with regard to pricing information. Liquidity may also be affected by legal restrictions on offers for sale in certain jurisdictions. The Issuer may affect the liquidity of the Securities by purchasing and holding the Securities for its own account during trading in the secondary market. Any such Securities may be resold at any time into the market.

***Purchasing the Securities as a hedge may not be effective***

Any person intending to use the Securities as a hedge instrument should recognise the correlation risk. The Securities may not be a perfect hedge to an Underlying or portfolio of which the Underlying forms a part. In addition, it may not be possible to liquidate the Securities at a level which directly reflects the price of the Underlying or portfolio of which the Underlying forms a part.

***Actions taken by the Issuer may affect the value of the Securities***

The Issuer and/or any of its affiliates may carry out activities that minimise its and/or their risks related to the Securities, including effecting transactions for their own account or for the account of their customers and hold long or short positions in the Underlying whether for risk reduction purposes

or otherwise. In addition, in connection with the offering of any Securities, the Issuer and/or any of its affiliates may enter into one or more hedging transactions with respect to the Underlying. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and/or any of its affiliates, the Issuer and/or any of its affiliates may enter into transactions in the Underlying which may affect the market price, liquidity or value of the Underlying and/or the Securities and which could be deemed to be adverse to the interests of the Holders. The Issuer and/or its affiliates are likely to modify their hedging positions throughout the life of the Securities whether by effecting transactions in the Underlying or in derivatives linked to the Underlying. Further, it is possible that the advisory services which the Issuer and/or its affiliates provide in the ordinary course of its/their business could lead to an adverse impact on the value of the Underlying.

***Holders have no ownership of the Underlying***

The Securities constitute a notional investment in the Underlying. This means that the Securities convey no ownership of the Underlying. The Issuer may choose not to hold the Underlying or any derivatives contracts linked to the Underlying. There is no restriction through the issue of the Securities on the ability of the Issuer and/or its affiliates to sell, pledge or otherwise convey all right, title and interest in any Underlying or any derivatives contracts linked to the Underlying. Holders will not have voting rights nor any other rights in the Underlying, and will not be entitled to receive physical delivery of any of the Underlying at any time.

***Actions taken by the Calculation Agent and the Index Agent may affect the Underlying***

Each of the Calculation Agent and the Index Agent is the agent of the Issuer and not the agent of the Holders or any of them. The Issuer may itself act as the Calculation Agent and/or the Index Agent. The Calculation Agent will make such adjustments as it considers appropriate as a consequence of certain corporate actions affecting the Underlying. In making these adjustments the Calculation Agent is entitled to exercise substantial discretion and may be subject to conflicts of interest in exercising this discretion. The Calculation Agent is not required to make adjustments with respect to each and every corporate action. In addition, the Final Index Level, will be based in part on decisions of the Index Agent. These decisions and their timing may affect the performance of the Index as a whole. No penalties exist if parties fail to make decisions which would most enhance the performance of the Index.

***No operating history of the Index***

The Index is a recently created proprietary index of the Issuer and has very limited operating history. Therefore, there is only a very limited past performance history of the Index. The past performance of the underlying shares which comprise the Performance Component cannot be relied upon as an

indicator of the future performance of the Index. No assurance can be given with respect to the performance of the Index.

### ***Fees and Costs***

Certain fees are notionally paid from the Index and equivalent amounts paid to a number of parties who are retained by the Issuer, in each case for performance of certain duties with regard to the Index. Such fees are deducted from the Index. Fees have the effect of reducing the value of the Index.

### ***Taxes may be payable by investors***

Potential purchasers and sellers of the Securities should be aware that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Securities are transferred. Holders are subject to the provisions of General Condition 8 and payment and/or delivery of any amount due in respect of the Securities will be conditional upon the payment of any Expenses as provided in the Product Conditions. During the subscription period the Issuer will not charge any costs.

Potential purchasers who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, potential purchasers should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

### ***The Securities may be terminated prior to their stated date***

If the Issuer determines that the performance of its obligations under the Securities has become illegal or impractical in whole or in part for any reason or the Issuer determines that it is no longer legal or practical for it to maintain its hedging arrangement with respect to the Securities, the Issuer may at its discretion and without obligation terminate the Securities early. If the Issuer terminates the Securities early, the Issuer will, if and to the extent permitted by applicable law, pay the holder of each such Security an amount determined by the Calculation Agent to be its fair market value less the cost to the Issuer of unwinding any underlying related hedging arrangements notwithstanding the illegality or impracticality.

### ***Risks associated with Securities held in global form***

The Securities will initially be held by or on behalf of the clearing systems specified in the Product Conditions (the “**relevant clearing systems**”) in the form of a global Security which will be exchangeable for definitive Securities only in the event of the closure of all relevant clearing systems. For as long as any Securities are represented by a global Security held on behalf of one or more relevant clearing systems, payments of principal, interest (if any) and any other amounts on a global Security will be made through the relevant clearing systems against presentation or surrender (as the case may be) of the relevant global Security and, in the case of a temporary global Security,

certification as to non-U.S. beneficial ownership. The bearer of the relevant global Security shall be treated by the Issuer and any Paying Agent as the sole holder of the relevant Securities represented by such global Security with respect to the payment of principal, interest (if any) and any other amounts payable in respect of the Securities or any securities deliverable in respect of the Securities.

Securities which are represented by a global Security will be transferable only in accordance with the rules and procedures for the time being of the relevant clearing systems.

***Risk associated with nominee arrangements***

Where a nominee service provider (i.e. a bank or other institution through which the Holder holds its Securities) is used by an investor to hold Securities or such investor holds interests in any Security through accounts with a relevant clearing system, such investor will receive payments in respect of principal, interest, (if any) or any other amounts due, or securities deliverable, 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 or securities attributable to the relevant Securities 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.

In addition, such a Holder will only be able to sell any Securities held by it prior to their stated maturity date with the assistance of the relevant nominee service provider.

None of the Issuer or any Paying Agent 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 service provided by any relevant nominee service provider or clearing system.

***There may be a 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 Securities. Holders may, however, take any suit, action or proceedings arising out of or in connection with the Securities 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 Securities.



***Credit ratings may not reflect all risks***

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

***The return on an investment in Securities will be affected by charges incurred by investors***

An investor's total return on an investment in the Securities will be affected by the level of fees charged by the 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 the Securities, custody services and on payments of interest, principal and other amounts or delivery of securities. Potential investors are therefore advised to investigate the basis on which any such fees will be charged on the Securities.

***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 potential investor should consult its legal advisers to determine whether and to what extent (i) the Securities are legal investments for it, (ii) the Securities can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Securities under any applicable risk-based capital or similar rules.

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**DOCUMENT INCORPORATED BY REFERENCE**

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The Issuer's registration document dated 30 June 2006 and two Supplements thereto dated 8 August 2006 and 1 November 2006 (jointly the "**Registration Document**") prepared in accordance with Article 5(3) of the Prospectus Directive were published prior to the date of this Prospectus, have been approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) in its capacity as competent authority under the Financial Supervision Act (*Wet op het financieel toezicht*) (the "**Competent Authority**") and shall be incorporated in, and form part of, this Prospectus.

Copies of the Registration Document can be obtained from the registered office of the Issuer at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands and on [www.abnamro.com](http://www.abnamro.com).

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## DESCRIPTION OF THE SECURITIES AND THE INDEX

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*The following summary answers some questions that you might have regarding the securities, in general terms only. It does not contain all the information which may be important to you. You should read the General Conditions and Product Conditions and the summary together with the more detailed information contained in the remainder of the Prospectus. You should carefully consider, amongst other things, the risks set out in “Risk Factors relating to the Securities” above. In addition, we urge you to consult with your investment, legal, accounting, tax and other advisors with respect to any investment in the Securities. The information contained in this section is subject in its entirety to the General Conditions and the Product Conditions.*

### ***What are the Securities?***

The Securities are issued by ABN AMRO Bank N.V., acting through its London branch. A Security entitles the Holder to receive the Cash Amount. The extent to which, if any, the Cash Amount will exceed 100% of the Nominal Amount is determined by reference to the Index Value as at the Maturity Date and in particular the performance of the Performance Component.

### ***Who is ABN AMRO Bank N.V and what is its role***

ABN AMRO Bank N.V., acting through its London Branch, is the Issuer of the Securities. ABN AMRO Bank N.V. is a global banking group based in the Netherlands. For detailed information on the Issuer please see the Registration Document. Its long-term senior debt rating is, as at the date hereof, Aa3 (Moody's Investor Services) and AA- (S&P).

ABN AMRO Bank N.V. is also the Calculation Agent and Paying Agents for the Securities. As Calculation Agent and Paying Agents for the Securities, ABN AMRO Bank N.V. monitors the risk, applies the rebalancing methodology in accordance with the Conditions and is responsible for all calculations, determinations and payments under the Securities. ABN AMRO Bank N.V. is also the Listing Agent in relation to listing the Securities on Eurolist.

On the Maturity Date, the Issuer will redeem your Securities by paying to you an amount equal to the Cash Amount.

As the Securities have a minimum payout of the Cash Amount on the Maturity Date, the Issuer is also the entity which protects the payment on the Maturity Date of no less than that Cash Amount.

### ***Where does my money go?***

The money is paid to the Issuer and used by the Issuer for its general corporate purposes. The issue price per Security is EUR 1,000.

The Securities entitle the Holder to receive the Cash Amount from the Issuer on the Maturity Date.

### ***How does the Index link to the Securities?***

The Securities represent a notional investment in the Index. The Index comprises a Performance Component, a Capital Protection Component and Leverage Component as summarised below. The Securities offer a minimum redemption of 100% of the Nominal Amount at maturity plus the potential for an additional return determined by the performance of the Index. The principal is not at risk if the Securities are held to maturity, subject to Issuer credit risk.

### ***What is the Index?***

The calculation of the Index commences on the Index Start Date, and finishes on the first Trading Day of the Valuation Period. The objective of the Index is to deliver capital growth over this period. The Index is comprised of three components which are:

- **The Performance Component:** the price (including associated transaction costs) of a notional investment of units of an equally weighted basket of shares, initially comprised of the following:

<b>Underlying Share</b>	<b>Bloomberg Code</b>
Kaufman & Broad SA	KOFP FP Equity
Fabege	FABG SS Equity
British Land Co Plc	BLND LN Equity
Corio N.V.	CORA NA Equity
Prologis	PEPR NA Equity
GAGFAH SA	GFJ GR Equity
Globe Trade Centre SA	GTC PW Equity
Hammerson plc.	HMSO LN Equity
Immofinanz Immobilien Anlagen	IIA AV Equity
Ivg Immobilien AG	IVG GR Equity
Land Securities Group Plc	LAND LN Equity
Nexity	NXI FP Equity
Liberty International Plc	LII LN Equity
Meinl European Land Ltd	MEL AV Equity
Orco Property Group	ORC FP Equity
Pirelli & C Real Estate SpA	PRS IM Equity
Rodamco Europe N.V.	RCEA NA Equity
Unibail	UL FP Equity
Vastned Retail N.V.	VASTN NA Equity
Beni Stabili Spa	BNS IM Equity
Icade	ICA FP Equity

(together referred to as the “**Underlying Basket**” and each an “**Underlying Share**”);

- **The Capital Protection Component:** the price of a notional investment in units (including fractions of units) of financial securities constituting a primary payment obligation of the Issuer equivalent to EUR 1,000 on the Scheduled Maturity Date; its price is determined by reference to the appropriate Euro Reference Rate as determined by the Index Agent;
- **The Leverage Component:** A negative cash balance representing a notional borrowing facility in EUR provided by ABN AMRO Bank N.V., which allows the Calculation Agent to increase the exposure to the Index.

The sum of the Performance Component and Capital Protection Component less the Leverage Component and less any notional fees, represents the Index Level per Security.

The initial Index Level is EUR 980 as of the Issue Date. An up-front fee of 200 basis points (1 basis point is 0.01 per cent.) of the Nominal Amount will be retained by the Issuer (and may be used inter alia to remunerate distributors).

***How does the Performance Component work?***

The Performance Component is comprised of units of the Underlying Basket. The Index Agent will determine the price of an investment unit of the Performance Component based on the Notional Transaction Price (as defined in Annex 1) of each Underlying Share (and converted into EUR if necessary at the prevailing rate of exchange). Investment units in the Performance Component shall be acquired such that from the Issue Date to the Index Start Date, in financial terms, the notional investment in the Performance Component is within an acceptable range (in the determination of the Calculation Agent) of the Target Performance Component Value.

***How does the Capital Protection Component work?***

The Capital Protection Component represents notional investments in units of a financial security constituting a primary payment obligation of the Issuer equivalent to EUR 1,000 on the Scheduled Maturity Date. It is used to mitigate the risk of the Final Index Level being less than the Protected Amount. Any amount of the Index which is not notionally invested in the Performance Component and Leverage Component at any time will be notionally invested in the Capital Protection Component.

***What is leverage?***

Leverage is a mechanism which allows for greater exposure to the market than the value of the investment. In relation to the Index this is achieved by the Leverage Component which is a theoretical cash loan from the Issuer. Through the Leverage Component exposure to the Performance Component may be increased to a maximum of 150% of the Index Level. The cost of funds charged in the Leverage Component will be calculated using the Leverage Component Funding Rate over-

night EURIBOR plus 50 basis points (and capitalised by increasing the number of units of the Leverage Component).

***What is the Leverage Ratio and how does it work?***

Without leverage, less might be allocated to the Performance Component. In principle, the Performance Component should never be greater than 150% of the Index Level. There is a Leverage Limit of 50% of the Index Level and a Leverage Tolerance Limit of 55%. This means that ABN AMRO, as Calculation Agent, shall re-balance if the Leverage Ratio is equal to or greater than 55% of the Index Level. After such re-balancing, the Leverage Ratio should not exceed 50% of the Index Level. The Leverage Ratio is calculated on each Trading Day.

***How is the Protected Amount determined?***

The Protected Amount is 100% of the Nominal Amount (at maturity).

***What is the allocation between the Performance Component, Capital Protection Component and Leverage Component in the Index?***

Allocation between the Index Components is dynamic. The initial notional investment in the Performance Component, Capital Protection Component and Leverage Component is fixed by reference to the Target Performance Component Value. The expected initial allocation on the Index Start Date in the Performance Component will be 100%, 0% in the Capital Protection Component and 0% in the Leverage Component. The allocation to the Performance Component on the Index Start Date will be such that the Re-balancing Factor is within a range of 3.5 to 5.0. Thereafter, the allocations may change over time by reference to the Target Performance Component Value. The Calculation Agent will determine the values to be allocated/re-allocated in each of the Index Components in accordance with the formulas set out in the Index Rules.

It is intended that the initial Index Level will be EUR 980 as of the Issue Date.

***How often will re-balancing be done?***

Generally speaking and subject to the exception below, re-balancings will occur as follows:

- (a) as of any Trading Day, if the Re-balancing Factor exceeds the Multiplier by at least 0.75, or the Multiplier exceeds the Re-balancing Factor by at least 0.75, there will be a Re-Balancing Event. Upon the occurrence of a Re-balancing Event, the Calculation Agent will calculate the number of investment units of the Performance Component that are required to be notionally purchased or sold so that the Performance Component after the re-balancing is as close as possible to the Target Performance Component Value, subject to the Leverage Limit; or
- (b) as of any Trading Day, if the value of the Leverage Component exceeds the Leverage Tolerance Limit the Index Agent shall, as soon as possible, re-balance the Index Components so that after

effecting such re-balancing, (i) the Performance Component is (as close as possible) equal to the Target Performance Component Value; and (ii) the value of the Leverage Component is (as close as possible) equal to or less than the Leverage Limit but in no event greater than the Leverage Limit.

Any proceeds required to notionally increase the Performance Component that cannot be financed using the full proceeds of the Capital Protection Component must be financed using the Leverage Component. Any proceeds notionally realized by sales of the Performance Component shall be first used to pay back any outstanding borrowings under the Leverage Component and, once the leverage component is reduced to zero, to increase the Capital Protection Component.

The Target Performance Component Value is the greater of:

- (i) Multiplier x  $[IL_{(t)} - BF_{(t)}]$ , where “ $IL_{(t)}$ ” is the Index Level on Trading Day “t” as of the Valuation Time and “ $BF_{(t)}$ ” is the value of the Bond Floor on Trading Day “t” as of the Valuation Time; and
- (ii) the Minimum Performance Component Value.

If on any given Trading Day, the immediately preceding re-balancing of the Index has resulted in the applicable Target Performance Component Value being the Minimum Performance Component Value, then the re-balancing rules stated above shall apply provided that where the Re-balancing Factor either (i) exceeds the Multiplier by at least 0.75, or (ii) is negative; then the Index Agent shall not be required to re-balance the Index Components. This exception to the normal re-balancing rules shall only apply until such time as the Re-Balancing Factor falls to between 0 and 3.5, in which case the normal re-balancing rules shall re-apply.

A variety of factors (including, without limitation, a change in the value of the Performance Component, the Bond Floor and deductions from the Index with respect to Notional Fees) could cause a Re-Balancing Event. In the event that a Re-balancing Event occurs, the Index will be re-balanced such that the Re-balancing Factor is as close as possible to the Multiplier.

There are many factors, which may cause the allocation to change, including changes in the price of investment units of the Performance Component and changes in the price of investment units of the Capital Protection Component. Broadly speaking, when the price of investment units of the Performance Component is increasing, the allocation to the Performance Component (and Leverage Component, if any) is likely to increase. Conversely, when the price of investment units of the Performance Component is decreasing, the allocation to the Performance Component (and Leverage Component, if any) is likely to reduce.

***What is the Minimum Performance Component Value?***

The Minimum Performance Component Value is equal to 20% of the Index Level on any given Trading Day. The Index Agent shall re-balance the Index Components such that the Performance Component will be (as close as possible) equal to or greater than the Minimum Performance Component Value, therefore investors are (in most cases) assured of at least a 20% exposure to the Underlying Basket. However, investors should note that there may be circumstances where the Performance Component is less than the Minimum Performance Component value, in particular where the exception to the normal re-balancing rules applies (see paragraph entitled ***How often will re-balancing be done?***).

***What is the Bond Floor Value?***

On any day the Bond Floor Value equals the present value of a repayment on the Maturity Date of an amount equal to any unaccrued Trailer Fee plus 100% of the Nominal Amount and, determined by the Index Agent using the appropriate Euro Reference Rates adjusted by the relevant spread of minus 10 basis points;

***Will I receive income?***

Yes. The Securities are coupon-bearing and entitle the investor to receive a semi-annual variable Coupon Amount.

***How is the Variable Coupon calculated?***

In respect of the number of units in the Performance Component, which can vary due to Re-Balancing Events, Holders are entitled to a variable Coupon Amount, equal to a proportionate share (determined by the number of Securities held) of the notional dividends that would have been received on the Shares in the Underlying Basket (net of withholding taxes), during a Coupon Calculation Period, and is paid semi-annually on a Coupon Payment Date (15 February and 15 August each year). Investors should note that extra-ordinary dividends do not form part of the variable Coupon Amount, but shall, instead, be re-invested in the Underlying Basket.

***Is there a limit on how much I can earn over the life of the Securities?***

There is no cap on the potential investment return. Prospective investors should, however, recognise that due to the dynamic allocation process, significantly less than 100% of the Index may be notionally allocated to the Performance Component. This could have an impact on the rate of return.

***How can I track the Index?***

ABN AMRO will publish a chart of the historic value of the Index Level on Internet page [www.abnamromarkets.nl](http://www.abnamromarkets.nl).



***Does protection of the Nominal Amount dilute the potential returns?***

Potentially yes. The allocation of the Index to the Performance Component, Capital Protection Component and Leverage Component is dynamic. Allocations to the Capital Protection Component dilute Index gains when the Performance Component is rising strongly. However, the Leverage Component provides the investor with an enhanced exposure to the Index as a whole.

***Can I redeem early?***

There is no provision in the Securities for a Holder's early redemption. However, ABN AMRO Bank N.V., London branch will, on a best efforts basis, repurchase and re-offer the Securities prior to the Maturity Date at a value to be determined by ABN AMRO.

***What happens on the Maturity Date?***

The Securities will be redeemed on the Maturity Date at the greater of:

1. 100% of the Nominal Amount; and
2. the Final Index Level.

***What fees are there?***

The Issuer charges the following fees:

- (a) an Up-Front Fee of 200 basis points of the Nominal Amount shall be retained by the Issuer out of the Issue Price, consequently EUR 980 per Security shall be invested in the Index.
- (b) a Protection Fee of 175 basis points of the Index Level per annum. The Protection Fee will accrue on a daily basis and will be calculated by the Index Agent on the basis of the relevant Index Level.
- (c) A Trailer Fee of 50 basis points of the Nominal Amount per annum in each of years 1 (one) and 2 (two). The Trailer Fee will accrue on a daily basis and will be calculated by the Index Agent on the basis of the relevant Index Level.

***How will the fees impact my investment?***

The Protection Fee is charged to the Index by deduction from the Index Level. Therefore it will impact the return on your investment at maturity if the Final Index Level is above the Nominal Amount.

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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This Prospectus may contain forward-looking statements. Forward-looking statements are statements that are not historical facts, including statements about the Issuer's beliefs and expectations. Any statement in this Prospectus that expresses or implies the Issuer's intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. These statements are based on plans, estimates and projections, as they are currently available to the management of the Issuer. Forward-looking statements therefore speak only as of the date they are made, and the Issuer takes no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. A number of important factors could therefore cause actual future results to differ materially from those expressed or implied in any forward-looking statement. Such factors include, without limitation, the conditions of the financial markets in Europe, the United States, Brazil and elsewhere from which the Issuer derives a substantial portion of its trading revenues; potential defaults of borrowers or trading counterparties; the reliability of the Issuer's risk management policies, procedures and methods; and other risks referenced in the Issuer's filings with the U.S. Securities and Exchange Commission and/or with the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the "**AFM**"). For more information on these and other factors, please refer to the Issuer's Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission and/or the Issuer's Registration Document filed with the AFM and to any subsequent reports furnished or filed by the Issuer with the U.S. Securities and Exchange Commission and/or the AFM.

The forward-looking statements contained in this Prospectus are made as of the date hereof, and the Issuer assumes no obligation to update any of the forward-looking statements contained in this announcement.

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### **USE OF ISSUE PROCEEDS**

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

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### **US PERSONS**

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

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## **EU SAVINGS DIRECTIVE**

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Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July 2005, 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.

Also with effect from 1 July 2005, 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.

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## TAXATION

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*Potential purchasers who are in any doubt about their tax position on purchase, ownership, transfer, exercise or non-exercise of any Security should consult their professional tax advisers.*

1. GENERAL

Purchasers of the Securities may be required to pay stamp taxes and other charges in accordance with the laws of practices of the country of purchase in addition to the issue or purchase price of each Security.

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty or other payment which may arise as a result of the ownership, transfer or exercise of any Securities.

2. THE NETHERLANDS

The following paragraph, which is intended as a general guide only, is based on current law and practice in The Netherlands. It summarises certain aspects of taxation in The Netherlands only which may be applicable to the Securities but do not purport to be a comprehensive description of all tax considerations which may be of relevance.

All payments by the Issuer in respect of the Securities will 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, unless such withholding is, in the future, required by law.

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## SELLING RESTRICTIONS

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*The statements which follow are of a general nature. Potential purchasers in each jurisdiction must ensure that they are able validly to take delivery of the Securities and any assets into which they may convert or be settled. Additional certifications may be required by the Issuer and/or any clearance system at the time of exercise and/or settlement.*

1. GENERAL

No action has been or will be taken by the Issuer that would permit a public offering of the Securities or possession or distribution of any offering material in relation to the Securities in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Securities, or distribution of any offering material relating to the Securities, 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.

2. 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**”), the Issuer represents and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Securities to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Securities to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Securities 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 and ending on the date which is 12 months after the date of such publication;
- (b) at any time 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;
- (c) at any time 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

- (d) at any time 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 Securities to the public**” in relation to any Securities 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 Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, 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.

### 3. THE NETHERLANDS

Securities which qualify as savings certificates as defined in the Savings Certificates Act (*Wet inzake spaarbewijzen*) may only be transferred or accepted through the mediation of either the Issuer or an admitted institution of Euronext Amsterdam N.V. with due observance of the Savings Certificates Act and its implementing regulations (including registration requirements), provided that no mediation is required in respect of:

- (a) the initial issue of those Securities to the first holders thereof;
- (b) any transfer and delivery by individuals who do not act in the conduct of a profession or trade; and
- (c) the issue and trading of those Securities, if they are physically issued outside The Netherlands and are not distributed in The Netherlands in the course of primary trading or immediately thereafter.

### 4. UNITED STATES OF AMERICA

The Securities have not been and will not be registered under the Securities Act of 1933 (as amended) (the “**Securities Act**”) and trading in the Securities has not been and will not be approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act of 1922. The Securities may not at any time be offered, sold, delivered, traded or exercised, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. person and a U.S. person may not, at any time, directly or indirectly, maintain a position in the Securities. Offers, sales, trading or deliveries of the Securities in the United States or to, or for the account or benefit of, U.S. persons may constitute a violation of the United States law governing commodities trading. Exercise of the Securities will be conditional upon certification as to non-U.S. beneficial ownership. Terms

used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Issuer will not offer, sell or deliver the Securities at any time within the United States or to, or for the account or benefit of, any U.S. person, and it will require all those dealers participating in the distribution of the Securities not to offer, sell, deliver or trade, at any time, directly or indirectly, any Securities in the United States or to, for the account or benefit of, any U.S. person. In addition, the Issuer will send to each dealer to which it sells Securities at any time a confirmation or other notice setting forth the restrictions on offers, sales and deliveries of the Securities in the United States or to, or for the account or benefit of, U.S. persons. As used in this and the above paragraph “**United States**” means the United States of America, its territories or possessions, any state of the United States, the District of Columbia or any other enclave of the United States government, its agencies or instrumentalities, and “**U.S. person**” means:

- (a) any person who is a U.S. person as defined in Regulation S under the Securities Act;
- (b) any person or entity other than one of the following:
  - (1) a natural person who is not a resident of the United States;
  - (2) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;
  - (3) an estate or trust, the income of which is not subject to United States income tax regardless of source;
  - (4) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10 per cent. of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or
  - (5) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States.

## 5. UNITED KINGDOM

The Issuer represents, warrants and agrees that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or



inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer and it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

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## GENERAL INFORMATION

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### **Authorisation**

The issue of Securities has been duly authorised by a resolution of the Group Asset and Liability Committee pursuant to a resolution of the Supervising Board of ABN AMRO Bank NV dated 10 January 2006. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of The Netherlands have been given for the issue of the Securities.

### **Listing**

Application will be made to Euronext Amsterdam for the Securities to be admitted to trading and to be listed on Euronext Amsterdam. For so long as the Securities are listed on Euronext Amsterdam there will be a paying agent in The Netherlands. ABN AMRO Bank N.V. will be appointed as the initial paying agent in The Netherlands.

### **Documents available**

For so long as the Securities remain outstanding, copies of the following documents will, when published, be available, free of charge, from the registered office of the Issuer and from the specified office of the Paying Agent:

- (a) an English translation of the Certificate of Incorporation and the most recent Articles of Association of the Issuer;
- (b) the audited financial statements of Holding for the financial years ended 2004 and 2005 and the most recently available published interim financial statements (quarterly figures) of Holding (in English), in each case together with any audit reports prepared in connection therewith;
- (c) a copy of the Registration Document; and
- (d) a copy of this Prospectus.

### **Notices**

All notices to the Holders will be delivered to Euroclear and Clearstream. Any such announcement issued to either Euroclear and 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). Notices with regard to the Securities will, so long as the Securities are listed on Euronext Amsterdam and Euronext Amsterdam so requires, be published in the Euronext

Amsterdam Daily Official List (*Officiële Prijscourant*) and in one daily newspaper of wide circulation in The Netherlands (which is expected to be *Het Financieele Dagblad* or *De Telegraaf*).

### **Clearing and settlement systems**

The Securities have been accepted for clearance through Euroclear Netherlands (its address being Damrak 70, 1012 LM Amsterdam, The Netherlands), Euroclear (its address being 1 Boulevard du Roi Albert II, B-1210 Brussels) and Clearstream, Luxembourg (its address being 42 Avenue JF Kennedy, L-1855 Luxembourg). The Fondscode allocated by Euroclear Netherlands is 16904, International Securities Identification Number is NL0000169043 and the common code is 28107366. Transactions will normally be effected for settlement not earlier than three days after the date of the transaction.

### **Material change**

Save as disclosed in this Prospectus or any document incorporated by reference in it, there has been no material adverse change in the prospects of Holding (taken as a whole) or the Issuer since 31 January 2006. There has been no significant change in the financial or trading position of Holding (taken as a whole) or the Issuer since 31 January 2006.

### **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 2005. On the basis of information presently available, neither the Issuer nor Holding is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Holding are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or Holding.

### **Auditors**

The auditors of Holding are Ernst & Young Accountants, registered accountants, of Drentestraat 20, 1083 HK Amsterdam, The Netherlands, who have audited Holding's accounts, without qualification, in accordance with generally accepted auditing standards in The Netherlands for each of the three financial years ended 31 December 2005. The auditors of Holding have no material interest in Holding.

The reports of the auditors of Holding are incorporated in the form and context in which they are incorporated, with the consent of the auditors who have authorised the contents of that part of this Prospectus.

### **Information on the Offering of the Securities**

The subscription period in relation to the offer of the Securities shall commence on 15 January 2007 and end on 9 February 2007. The Securities shall be sold by the Issuer in the secondary market. The Issuer, pursuant to its agreement with Euronext Amsterdam, will offer to buy or sell the Securities (including the original securities). The Issuer expects that the Securities will be admitted to trading on Euronext Amsterdam with effect from the Issue Date. As the Securities are being issued in global form, all trades will be settled in the applicable clearing systems on their usual basis for secondary market transactions. Other than the issue price of the Securities, each prospective investor shall not be required to pay any expenses to the Issuer in order to purchase the Securities.

### **Interest material to the offer**

So far as the Issuer is aware, no person (other than the Issuer in its separate capacities as Issuer, Calculation Agent and Index Agent, see “*Risk Factors – Actions taken by the Calculation Agent and the Index Agent may affect the Underlying*” in the Prospectus) involved in the issue of the Securities has an interest material to the offer.

### **Information on the Underlying**

Information about the past and future performance of the Underlying and its volatility can be obtained from Internet page [www.abnamromarkets.nl](http://www.abnamromarkets.nl).

### **Calculation Agent**

The Calculation Agent is ABN AMRO Bank N.V., acting through its London Branch at 250 Bishopsgate, London, EC2M 4AA.

### **Conditions of the Securities**

The terms and conditions applicable to the Securities are the General Conditions and the Product Conditions set out below. These conditions together constitute the Conditions of the Series of the Securities described herein and will be attached to the Global Certificate representing such Series.

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## GENERAL CONDITIONS

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*The General Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the Product Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on the Definitive Securities or attached to the Global Security representing the Securities.*

### 1. DEFINITIONS

Terms in capitals which are not defined in these General Conditions shall have the meanings ascribed to them in the Product Conditions.

### 2. STATUS

The Securities constitute unsecured and unsubordinated obligations of the Issuer and rank pari passu among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

### 3. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it shall have determined in its absolute discretion that for reasons beyond its control its performance thereunder shall have become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (“**Applicable Law**”). In such circumstances the Issuer will, however, if and to the extent permitted by the Applicable Law, pay to each Holder in respect of each Security held by such Holder an amount calculated by it as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any related hedging arrangements. Payment will be made to the Holder in such manner as shall be notified to the Holder in accordance with General Condition 4.

### 4. NOTICES

- (a) **Validity.** Unless otherwise specified, announcements to Holders will be valid if delivered to the Clearing Agent(s).
- (b) **Delivery.** Any such announcement issued pursuant to General Condition 4(a) 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) or, if published as specified in the relevant Offering Supplement on the date of such publication (and if published in more than one country then on the date first published).

5. HEDGING DISRUPTION

- (a) Notification. The Issuer shall as soon as reasonably practicable give instructions to the Calculation Agent to notify the Holders in accordance with General Condition 4(a): (i) if it determines that a Hedging Disruption Event has occurred; and (ii) of the consequence of such Hedging Disruption Event as determined by the Issuer pursuant to General Condition 5(c).
- (b) Hedging Disruption Event. A “**Hedging Disruption Event**” shall occur if the Issuer determines that it is or has become not reasonably practicable or it has otherwise become undesirable, for any reason, for the Issuer wholly or partially to establish, re-establish, substitute or maintain a relevant hedging transaction (a “**Relevant Hedging Transaction**”) it deems necessary or desirable to hedge the Issuer's obligations in respect of the Securities. The reasons for such determination by the Issuer may include, but are not limited to, the following:
  - (i) any material illiquidity in the market for the relevant instruments (the “**Disrupted Instrument**”) which from time to time are included in the reference asset to which the Securities relate; or
  - (ii) a change in any applicable law (including, without limitation, any tax law) or the promulgation of, or change in, the interpretation of any court, tribunal or regulatory authority with competent jurisdiction of any applicable law (including any action taken by a taxing authority); or
  - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any such Relevant Hedging Transaction; or
  - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (c) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
  - (i) terminate the Securities. In such circumstances the Issuer will, however, if and to the extent permitted by the Applicable Law, pay to each Holder in respect of each Security held by such Holder an amount calculated by it as the fair market value of the Security immediately prior to such termination

less the cost to the Issuer of unwinding any related hedging arrangements. Where the Securities contain provisions which provide a minimum assured return of principal, howsoever expressed, on the Settlement Date or Maturity Date as applicable, or a minimum assured return of interest or coupons, howsoever expressed, on a relevant Interest Payment Date, any such amount to be paid under this General Condition shall not be less than the present value of such minimum assured return of principal and/or interest or coupons, such present value being determined by the Calculation Agent. Payment will be made to the Holder in such manner as shall be notified to the Holder in accordance with General Condition 4;

- (ii) make an adjustment in good faith to the relevant reference asset by removing the Disrupted Instrument at its fair market value (which may be zero). Upon any such removal the Issuer may: (A) hold any notional proceeds (if any) arising as a consequence thereof and adjust the terms of payment and/or delivery in respect of the Securities; or (B) notionally reinvest such proceeds in other reference asset(s) if so permitted under the Conditions (including the reference asset(s) to which the Securities relate);
- (iii) make any other adjustment to the Conditions as it considers appropriate in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event. Where the Securities contain provisions which provide a minimum assured return of principal, howsoever expressed, on the Settlement Date or Maturity Date as applicable, or a minimum assured return of interest or coupons, howsoever expressed, on a relevant Interest Payment Date, any such adjustment will in no way affect the Issuer's obligations to make payment to the Holders not less than the minimum assured return of principal and/or interest or coupons on the relevant Settlement Date or Maturity Date, or Interest Payment Date, as applicable.

6. PURCHASES, FURTHER ISSUES BY THE ISSUER AND PRESCRIPTION

- (a) Purchases. The Issuer or any Affiliate may, except under certain circumstances, purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held, surrendered for cancellation or reissued or resold, and Securities so reissued or resold shall for all purposes be deemed to form part of the original series of Securities.

- (b) In this General Condition 6(a) “**Affiliate**” means any entity controlled directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein “**control**” means the ownership of a majority of the voting power of the entity and “**controlled by**” and “controls” shall be construed accordingly.
- (c) Further Issues. The Issuer shall be at liberty from time to time without the consent of the Holders or any of them to create and issue further securities so as to be consolidated with and form a single series with the Securities.
- (d) Prescription. Any Security or Coupon which is capable of presentation and is not so presented by its due date for presentation shall be void, and its value reduced to zero, if not so presented within five years of such due date. For the avoidance of doubt, any Securities which are subject to provisions relating to their exercise shall be void, and their value shall be zero, if not exercised in accordance with their provisions.

## 7. DETERMINATIONS AND MODIFICATIONS

- (a) Determinations. Any determination made by the Issuer shall (save in the case of manifest error) be final, conclusive and binding on the Holders.
- (b) Modifications. The Issuer may without the consent of the Holders or any of them, modify any provision of the Conditions which is: (i) of a formal, minor or technical nature; (ii) made to correct a manifest error; or (iii) in its absolute discretion, not materially prejudicial to the interests of the Holders. Notice of any such modification will be given to the Holders in accordance with General Condition 4 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

## 8. SUBSTITUTION

- (a) Substitution of Issuer. The Issuer may at any time, without the consent of the Holders substitute for itself as principal obligor under the Securities any company (the “**Substitute**”), being any subsidiary or affiliate of the Issuer, subject to: (i) the obligation of the Substitute under the Securities being guaranteed by ABN AMRO Holding N.V. (“**Holding**”) (unless Holding is the Substitute); (ii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Securities represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and being in full force and effect; and (iii) the Issuer having given at least 30 days’ prior notice of the date of such substitution to the Holders in accordance with General Condition



4. In the event of any substitution of the Issuer, any reference in the Conditions to the Issuer shall from such time be construed as a reference to the Substitute.

- (b) Substitution of Office. The Issuer shall have the right upon notice to the Holders in accordance with General Condition 4 to change the office through which it is acting and shall specify the date of such change in such notice.

#### 9. TAXATION

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other similar payment which may arise as a result of the ownership, transfer or exercise of any Securities. In relation to each Security the relevant Holder shall pay all Expenses as provided in the Product Conditions. All payments or, as the case may be, deliveries in respect of the Securities will be subject in all cases to all applicable fiscal and other laws and regulations (including, where applicable, laws requiring the deduction or withholding for, or on account of, any tax duty or other charge whatsoever). The Holder shall be liable for and/or pay, any tax, duty or charge in connection with, the ownership of and/or any transfer, payment or delivery in respect of the Securities held by such Holder. The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable such amount, as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment. Each Holder shall indemnify the Issuer against any loss, cost or other liability whatsoever sustained or incurred by the Issuer in respect of any such tax, duty, charge, withholding or other payment as referred to above in respect of the Securities of such Holder.

#### 10. REPLACEMENT OF SECURITIES AND COUPONS

If any Security or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Agent (or such other place of which notice shall have be given to Holders in accordance with General Condition 4) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Securities and Coupons must be surrendered before replacements will be issued.

#### 11. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Holder, on giving notice to the Holders in accordance with General Condition 4 elect that, with effect from the Adjustment Date specified in such notice, certain terms of the Securities shall be redenominated in euro. The election will have effect as follows:

- (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, whether as from 1999 or after such date, such Settlement

Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments in respect of the Securities will be made solely in euro as though references in the Securities to the Settlement Currency were to euro;

(ii) where the Conditions contain a rate of exchange or any of the Conditions are expressed in a currency (the “**Original Currency**”) of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, whether as from 1999 or after such date, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted for or, as the case may be into, euro at the Established Rate; and

(iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in euro.

(b) **Adjustment to Conditions.** The Issuer may, without the consent of the Holders, on giving notice to the Holders in accordance with General Condition 4 make such adjustments to the Conditions as the Issuer may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.

(c) **Euro Conversion Costs.** Notwithstanding General Condition 11(a) and/or General Condition 11(b), none of the Issuer, the Calculation Agent nor any Agent shall be liable to any Holder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith.

(d) **Definitions Relating to European Economic and Monetary Union.** In this General Condition, the following expressions have the meanings set out below.

“**Adjustment Date**” means a date specified by the Issuer in the notice given to the Holders pursuant to this Condition which falls, if the currency is that of a country not initially participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, on or after such later date as such country does so participate;

“**Established Rate**” means the rate for the conversion of the Original Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into euro established by the Council of the

European Union pursuant to the first sentence of Article 123(4), formerly 109 L (4) of the Treaty;

“**National Currency Unit**” means the unit of the currency of a country as those units are defined on the day before the start of the third stage of European Economic and Monetary Union pursuant to the Treaty or, in connection with the expansion of such third stage, to any country which has not initially participated in such third stage; and

“**Treaty**” means the treaty establishing the European Community.

## 12. AGENTS

- (a) **Principal Agent and Agents.** The Issuer reserves the right at any time to vary or terminate the appointment of any agent (the “**Agent**”) and to appoint further or additional Agents, provided that no termination of appointment of the principal agent (the “**Principal Agent**”) shall become effective until a replacement Principal Agent shall have been appointed and provided that, if and to the extent that any of the Securities are listed on any stock exchange or publicly offered in any jurisdiction, there shall be an Agent having a specified office in each country required by the rules and regulation of each such stock exchange and each such jurisdiction and provided further that, if and to the extent that any of the Securities are in registered form, there shall be a Registrar and a Transfer Agent (which may be the Registrar), if so specified in the relevant Product Conditions. Notice of any appointment, or termination of appointment, or any change in the specified office, of any Agent will be given to Holders in accordance with General Condition 4. Each Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders or any of them. Any calculations or determinations in respect of the Securities made by an Agent shall (save in the case of manifest error) be final, conclusive and binding on the Holders.
- (b) **Calculation Agent.** The Issuer shall undertake the duties of calculation agent (the “**Calculation Agent**” which expression shall include any successor Calculation Agent) in respect of the Securities unless the Issuer decides to appoint a successor Calculation Agent in accordance with the provisions below.

The Issuer reserves the right at any time to appoint another institution as the Calculation Agent provided that no termination of appointment of the existing Calculation Agent shall become effective until a replacement Calculation Agent shall have been appointed. Notice of any termination or appointment will be given to the Holders in accordance with General Condition 4.

The Calculation Agent (except where it is the Issuer) acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders. Where the Issuer acts in the capacity of the Calculation Agent it does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders. In any event, any calculations or determinations in respect of the Securities made by the Calculation Agent (whether or not the Issuer) shall (save in the case of manifest error) be final, conclusive and binding on the Holders.

The Calculation Agent (except where it is the Issuer) may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate. Where the Calculation Agent is the Issuer it may delegate any of its obligations and functions to a third party as it deems appropriate.

#### 13. SURRENDER OF UNMATURED COUPONS

Each Security should be presented for redemption, where applicable, together with all unmatured Coupons relating to it. Upon the due date for redemption of any Security, where applicable, all unmatured Coupons relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

#### 14. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any Condition. The preceding sentence shall not affect any right or remedy of any person which exists or is available apart from that Act.

#### 15. AMENDMENT OF CONDITIONS FOR THE PURPOSES OF LISTING THE SECURITIES

These conditions may be amended at the discretion of the issuer and without the consent of the Holders for the purposes of obtaining a listing of the Securities on a stock exchange provided that the issuer may not:

- (a) change any date fixed for a payment in respect of the Securities, including the maturity date, or alter the method of calculating the amount of any payment in respect of Securities on redemption prior to the maturity date or on the maturity date;
- (b) change the currency in which amounts due in respect of the Securities are payable; or
- (c) effect the exchange or substitution of the Securities for, or the conversion of the Securities into, shares, Securities or other obligations or securities of the issuer or any other person or body corporate formed or to be formed.

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## CONDITIONS: PRODUCT CONDITIONS

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*The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on the Definitive Securities or attached to the Global Security representing the Securities.*

### 1. DEFINITIONS

“**Agent**” means ABN AMRO Bank N.V. (acting through its London branch), 250 Bishopsgate, London EC2M 4AA as principal agent (the “**Principal Agent**”) which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

“**Annex 1**” means the supplement to these Product Conditions which details information on the Index. For the avoidance of doubt, the Product Conditions Annex 1 should be read in conjunction with one another;

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

The greater of:

- (i) The Final Index Level; and
- (ii) The Protected Amount.

The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if so specified. The aggregate Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means Euroclear Bank S.A. and/or Clearstream Banking S.A. and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a “Clearing Agent” and together the “**Clearing Agents**”);

“**Coupon Amount**” shall have the same meaning as in the Index Rules;

“**Coupon Ex-Date**” means the Business Day following a Coupon Observation Date;

**“Coupon Observation Date”** shall have the same meaning as in Annex 1;

**“Coupon Payment Date”** means 15 February and 15 August each calendar year from (and including) 15 August 2007 to (and including) the beginning of the Valuation Period, if any such date is not a Payment Day, the next following Payment Day thereafter;

**“Exchange”** means each exchange or quotation system on which each of the Underlyings are listed or any successor to such exchange or quotation system;

**“Exchange Rate”** means the rate of exchange between the relevant currency and the Settlement Currency (expressed as a number of units of the Settlement Currency for which such relevant currency can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

**“Expenses”** means all taxes, duties and/or expenses, including all applicable depository, transaction or exercise charges, stamp duties, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with (i) the exercise of a relevant Security and/or (ii) any payment or delivery due following exercise or otherwise in respect of a relevant Security;

**“Fair Market Value”** means an amount calculated and determined in good faith by the Calculation Agent as being the fair market value of one Security less the cost to the Issuer of unwinding any related hedging arrangements;

**“Final Index Level”** means the level of the Index determined by the Calculation Agent on the Valuation Day (expressed in the relevant currency) at the Valuation Time by reference to the weighted average Notional Transaction Price (for the notional disposal of investments in the Index) during the Valuation Period;

**“Form”** means Global;

**“Index”** means the dynamic index subject to Product Condition 4, and as described in Annex 1;

**“Index Agent”** means ABN AMRO Bank N.V., (acting through its London branch) and references to Index Agent shall include any successor index agent pursuant to Product Condition 4;

**“Index Components”** shall have the same meaning as in Annex 1;

**“Index Start Date”** means the fifth Trading Day following the Issue Date;

**“Initial Index Level”** means as of the Issue Date, EUR 980, subject to adjustment in accordance with Product Condition 4;

**“Issue Date”** means 15 February 2007;

**“Market Disruption Event”** means each event specified as such in Product Condition 4;

**“Maturity Date”** means the Scheduled Maturity Date, subject to adjustment as provided for in the definition of Valuation Date;

**“Nominal Amount”** means EUR 1,000;

**“Payment Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange currency deposits) in the principal financial centre for the Settlement Currency of if the Settlement Currency is euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

**“Protected Amount”** means 100% of the Nominal Amount;

**“Related Exchange”** means each options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Underlying which comprise the Performance Component are traded;

**“Scheduled Maturity Date”** means 17 February 2014;

**“Securities”** means the EUR 75,000,000 100% Capital Protected Index Notes “Pan-European Property Notes IV 2007-2014” (and each a **“Security”**). The Securities are primary payment obligations of ABN AMRO Bank N.V. The Fondscode allocated by Euroclear Netherlands is 16904, the International Securities Identification Number is NL0000169043 and the common code is 28107366;

**“Settlement Currency”** means EUR;

**“Settlement Date”** means five Business Days following the Maturity Date;

**“Shares”** shall have the same meaning as in Annex 1;

**“Trading Day”** means any day that is (or but for the occurrence of a Market Disruption Event, would have been) a trading day on each Exchange or Related Exchange other than a day on which trading on the Exchange or Related Exchange is scheduled to close prior to its regular weekday closing time;

**“Underlying”** shall have the same meaning as in Annex 1;

**“Valuation Date”** means the fifth Trading Day immediately preceding the Maturity Date, subject to adjustment in accordance with the definition of “Valuation Period”;

**“Valuation Period”** means the period from (and including) the ninth Trading Day prior to the Maturity Date to and including the Valuation Date unless, in the determination of the Calculation Agent a Market Disruption Event or Potential Adjustment Event has occurred on any Trading Day within that period, which in the determination of the Calculation Agent requires the Valuation Date to be delayed, in which case, the Valuation Period shall be extended by a number of Trading Days equal

to the number of relevant Trading Days which are affected by a Market Disruption Event or Potential Adjustment Event, unless the Calculation Agent determines that there is a Market Disruption Event or Potential Adjustment Event occurring, which requires the extension of the Valuation Date by at least eight Trading Days (from the original date which (but for the Market Disruption Event or Potential Adjustment Event) would have been a valid Trading Day for the purpose of the Valuation Period. In that case (a) the eighth Trading Day following the original Valuation Date shall be deemed to be the Valuation Date (regardless of the Market Disruption Event or Potential Adjustment Event); and (b) the Calculation Agent shall determine the Final Index Level having regard to the then prevailing market conditions, the impact of the Potential Adjustment Event or Market Disruption Event, the last reported published price of the Index and the trading price of the Underlying and such other factors as the Calculation Agent determines to be relevant; and

**“Valuation Time”** means the time with reference to which the Index Agent calculates the level of the Index or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 3.

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

## 2. FORM

The Securities will be issued in bearer form in the denomination of the Nominal Amount (if any) or in units. If the Form is expressed to be Definitive then, the Securities shall be serially numbered and produced on security printed paper in definitive form and shall be transferred by delivery only. Only the Holders) of a Security shall be recognised by the Issuer and each Agent as the person entitled in all respects thereto. If the Form is expressed to be Global, then the Securities will be represented by a global security (the “Global Security”) which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular Nominal Amount or unit quantity (as the case may be) of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the Nominal Amount or unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such Nominal Amount or unit quantity of the Securities (and the term “Holder” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.



### 3. RIGHTS AND PROCEDURES

- (a) Redemption and Cancellation. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, each Security will be redeemed by the Issuer, in respect of each Nominal Amount, at the Cash Amount, such redemption to occur on the Maturity Date.
- (b) Coupon. Unless previously redeemed or purchased and cancelled and subject as provided by the Conditions, the Holder is entitled to receive the Coupon Amount on the relevant Coupon Payment Dates, if such amount is payable pursuant to Annex 1 as a result of the calculation of the Index. The Coupon Amount is not guaranteed and may be zero. For the avoidance of doubt, Holders, shall only be entitled to the Coupon Amount, if they are recorded as Holders of the Securities (in the relevant Clearing System) prior to the Coupon Ex-Date (in respect of a relevant Coupon Calculation Period).
- (c) Method of Payment. Subject as provided below, where the Cash Amount is in a currency other than euro, payment of the Cash Amount will be made by an Agent on behalf of the Issuer in the Settlement Currency to an account (which, in the case of payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) specified by the payee with, or by a cheque in such Settlement Currency drawn on, a bank in the principal financial centre of the country of such Settlement Currency; where the Cash Amount is in euro, payment of the Cash Amount will be made by an Agent on behalf of the Issuer by credit or transfer to a euro account or any account to which euro may be credited or transferred specified by the payee or, at the option of the payee, by a euro cheque. Provided that where the Securities are expressed in Global form, payments will be made via the Clearing Agent(s) and will be made in accordance with the rules of such Clearing Agent(s). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (d) Presentation and Surrender. Payment of the Cash Amount and Coupon Amount will be made against surrender of the Security and Coupon respectively, (if Definitive) at the specified office of the Agent or Global Security (if Global) by or on behalf of the Holder at the specified office of the relevant Agent (in each case subject to any endorsement on the face of the Security or Coupon as applicable). The Issuer shall record all payments made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The bearer of a Security shall be the only person entitled to receive payments of the Cash Amount or Coupon Amount and the Issuer will be discharged by payment to, or to the order of, the

Holder in respect of the amount so paid. The bearer of a Security, or (in the case of a Global Security) each of the persons shown in the records of a Clearing Agent as the holder of a particular nominal amount of the Securities, must look solely to the relevant Agent or Clearing Agent, as the case may be, for his share of each such payment so made by the Issuer to or to the order of the bearer of the Security.

- (e) **Payment Day.** If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (f) **General.** In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent, or any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount. The purchase of Securities does not confer on any holder of such Securities any rights (whether in respect of voting, distributions or otherwise) attached to the Index Components.
- (g) **Notice.** For the purpose of Product Condition 3(d), all payments shall be subject to the delivery of a duly completed notice (a “Notice”) to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (i) specify the number of Securities being exercised;
- (ii) specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;
- (iii) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;
- (iv) specify the number of the account with the Clearing Agent to be credited with the Cash Amount for such Securities;
- (v) certify that neither the person exercising the Security nor any person on whose behalf the Security is being exercised is a U.S. person or a person within the United States. As used herein, “U.S. person” means (i) an individual who is a resident or a citizen of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its

income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission's regulations by virtue of its participants being non-U.S. persons; or (vii) any other "U.S. person" as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and

- (vi) authorise the production of such notice in any applicable administrative or legal proceedings.
- (h) Verification. In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.
- (i) Determinations. Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Any Security with respect to which the Notice has not been duly completed and delivered in the manner set out above by the Exercise Time shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be

taken by it in connection with such determination or the notification of such determination to a Holder.

- (j) **Delivery of a Notice.** Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (k) **Settlement Risk.** Settlement of the Securities is subject to all applicable laws, regulations and practices in force at the relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated as a result of any such laws, regulations or practices. Neither the Issuer nor any Agent shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

#### 4. ADJUSTMENTS

- (a) **Market Disruption.** The Calculation Agent shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

**“Market Disruption Event”** means:

- (i) the failure by the Index Agent to announce or publish the Index Level (or the information necessary for determining such price), whether or not as a result of an adjustment to the Underlying (as set out in Annex 1);
- (ii) the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on any Exchange or any Related Exchange of any suspension of or limitation imposed on trading in (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise): (A) the Shares on any Exchange or any other exchange on which the Shares are listed; or (B) any options contracts or futures contracts or other derivatives contracts relating to the Share on any Related Exchange, if, in the determination of the Calculation Agent, such suspension or limitation is material; or
- (iii) a general moratorium is declared in respect of banking activities in the country in which any Exchange or any Related Exchange is located.

For the purposes of this definition, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the Exchange or any Related Exchange, but a

limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the Exchange or any Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event

- (b) Potential Adjustment Events. Following a Potential Adjustment Event, the Calculation Agent will determine the effect of such Potential Adjustment Event and may determine the appropriate adjustment, if any, to be made to any one or more of the Conditions, including the postponement of the calculation of the Final Index Level or the exclusion or replacement of any of the components of the Index, to account for such event and determine the effective date of that adjustment.

**“Potential Adjustment Event”** means:

- (i) Disappearance of Price. The failure of trading to commence, or the permanent discontinuation of the publishing of a price of the Index; or
- (ii) Material Change in Formula. The occurrence, since the Issue Date, of a material change in the basis for (including but not limited to the quantity, quality or currency), or method of calculating the price of the Index; or
- (iii) Tax Disruption. The imposition of, change in, or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the Index (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the price of the Index on the Valuation Date and/or on each of the three Trading Days following the Valuation Date from what it would have been without that imposition, change or removal; or
- (iv) Underlying Adjustment Event. (i) Any adjustment to the Underlying, in accordance the provisions of Annex 1; (ii) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event), or, a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue; (iii) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent; (iv) an extraordinary dividend; (v) a distribution of cash

dividends on the Shares equal to or greater than 8 per cent. per annum of the then current market value of the Shares; (vi) a call by the Share Company in respect of relevant Shares that are not fully paid; (vii) a repurchase by the Share Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (viii) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

In addition:

(1) if the Index is: (A) not calculated and announced by the Index Agent but is calculated and published by a successor to the Index Agent (the “**Successor Index Agent**”) acceptable to the Calculation Agent; or (B) replaced by a successor index (the “**Successor Index**”) using in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then (in either case) the Index will be deemed to be the index so calculated and announced by such Successor Index Agent or that Successor Index, as the case may be.

(2) the Issuer reserves the right to make adjustments in connection with the Securities as it reasonably believes are appropriate in circumstances where an event or events occur which the Issuer (in its absolute discretion and notwithstanding any adjustments previously made to the Securities) believes should in the context of the issue of Securities and its obligations hereunder, give rise to such adjustment or distribution, provided that such adjustment is considered by the Calculation Agent to be appropriate generally (without considering the individual circumstances of any Holder or the tax or other consequences of such adjustment in any particular jurisdiction) or is required to take account of provisions of the laws of the relevant jurisdiction.

- (c) The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations.

## 5. GOVERNING LAW, JURISDICTION AND SERVICE OF PROCESS

### 5.1 Governing law

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

## 5.2 English courts

The courts of England have exclusive jurisdiction to settle any dispute arising from or connected with the Securities.

## 5.3 Appropriate forum

The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any dispute arising from or in connection with the Securities (a "**Dispute**") and, accordingly that it will not argue to the contrary.

## 5.4 Rights of the Holders to take proceedings outside England

Product Condition 5 (English courts) is for the benefit of the Holders only. As a result, nothing in this Product Condition 5 (Governing law and jurisdiction) prevents any Holder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Holders may take concurrent Proceedings in any number of jurisdictions.

## 5.5 Service of process

The Issuer agrees that the documents which start any 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. 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 Holder to serve process in any other manner permitted by law. This Product Condition 10.5 (Service of process) applies to Proceedings in England and to Proceedings elsewhere.

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**ANNEX 1**  
**INFORMATION RELATING TO THE INDEX**

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**1. THE INDEX**

- 1.1 The Dynamic Capital Protected Index (the “**Index**” or “**I**”) will notionally comprise of:
- (i) investment units of the Performance component (the “**Performance Component**” or “**PC**”);
  - (ii) investment units of the capital protection component (the “**Capital Protection Component**” or “**CPC**”); and
  - (iii) investment units of the leverage component (the “**Leverage Component**” or “**LC**”)
- together, the “**Index Components**” and each as described below. At any time from and including the Issue Date, the amount notionally invested in each Index Component will be determined in accordance with the Index rules (the “**Index Rules**”) below.

- 1.2 From the Issue Date to the Index Start Date (if the Index Start Date occurs after the Issue date), a notional allocation in the Performance Component shall be made and notwithstanding any other provision of the Index, the Index Level shall be notionally allocated (in the discretion of the Issuer) such that by the Index Start Date, the following approximate percentage allocations will be attributable to the various Index Components:

PC	=	100% of the initial Index (indicative);
CPC	=	0% of the initial Index (indicative); and
LC	=	0% of the initial Index.

The allocation to the Performance Component on the Index Start Date will be such that the Re-balancing Factor is within a range of 3.5 to 5.0 (for the purposed of the calculation the Re-balancing Factor is assumed to be zero if it is a negative number).

- 1.3 The Index Agent shall determine the level of the Index. The Index Level on any Trading Day is given by the following formula:

$$IL_{(t)} = PC_{(t)} + CPC_{(t)} - LC_{(t)}$$

Where:

$IL_{(t)}$  is the Index Level on any Trading Day;

$PC_{(t)}$  is the Value of the Performance Component, being based on the Value of an investment unit of the Performance Component (as determined by the Index Agent)



multiplied by the number of investment units (which may include a fraction of a unit), of the Performance Component then comprised in the Index;

$CPC_{(t)}$  is the Value of the Capital Protection Component, being based on the Value of an investment unit of the Capital Protection Component (as determined by the Index Agent) multiplied by the number of investment units, (which may include a fraction of a unit), of the Capital Protection Component then comprised in the Index; and

$LC_{(t)}$  is the Value of the Leverage Component, based on the number of units of the Leverage Component which may include a fraction of a unit) multiplied by one unit of the Index Currency

For each Trading Day, the Index Level will be calculated by the Index Agent and may include costs resulting from Re-balancing Events on either that same day or the previous day or previous Trading Day.

- 1.4 On the Issue Date the Index Level is EUR 980. The number of units of the Performance Component and of the Capital Protection Component will be reduced pro rata to account for the Notional Fees accrued since the immediately preceding Trading Day.
- 1.5 The Index Agent shall do all such things as are required to be done in order to ensure the proper maintenance and orderly management of the Index in accordance with its Index Rules. In particular, the Index Agent shall calculate the Index Level and shall effect all calculations in respect of any Re-Balancing Events.
- 1.6 The Index Agent shall make all publications as provided for in, and in accordance with, the Index.

## **2. INVESTMENT UNITS IN THE PERFORMANCE COMPONENT**

- 2.1 Each investment unit of the Performance Component (a “**Performance Component Unit**”) shall be initially comprised of a notional investment in the Underlying Basket, subject to adjustment as described in Annex 1. Further information with regard to each of the Performance Component Units on the date of this document is provided below.
- 2.2 The Value of a notional investment in a Performance Component Unit will at any time be determined by the Index Agent based on its Notional Transaction Price. Any Underlying not quoted in the Index Currency shall be converted into the Index Currency if necessary, at such time using the then prevailing Index Exchange Rate as determined by the Index Agent.

- 2.3 On the Re-composition Date the Index Agent shall adjust the weightings of the Underlying, then comprised in the Underlying Basket, such that each Underlying is equally weighted. Each such adjustment to the weightings shall be on the basis of the Price (as converted into the Index Currency at the then prevailing Index Exchange Rate, where necessary) of the relevant Underlying at the Valuation Time on the relevant Re-composition Date.
- 2.4 Notwithstanding any other provision of these Conditions, if in the sole determination of the Index Agent, an Adjustment Event has occurred, the Index Agent shall in its sole discretion, select a Substitute Underlying to replace the affected Underlying. If in the determination of the Index Agent no suitable Substitute Underlying can be found, the Index Agent shall allocate the funds arising from such Adjustment Event into a EUR cash amount (and shall be treated as an Underlying of the Underlying Basket) until such time as a suitable Substitute Underlying is found.

### **3. INVESTMENT UNITS IN THE CAPITAL PROTECTION COMPONENT**

Each investment unit of the Capital Protection Component (a “**Capital Protection Unit**”) shall be notionally comprised of an investment in a financial security constituting a primary payment obligation of the Issuer equivalent to EUR 1,000.00 on the Scheduled Maturity Date and its Value prior to the Scheduled Maturity Date is determined by reference to the Reference Rate and a relevant spread of minus 10 basis points.

### **4. INVESTMENT UNITS IN THE LEVERAGE COMPONENT**

Each investment unit of the Leverage Component (a “**Leverage Component Unit**”) shall comprise of a notional borrowing. One unit of the Leverage Component is a notional borrowing of one unit of the Index Currency. Interest which would notionally arise on the borrowing is capitalised (by increasing the number of units of the Leverage Component) at the Leverage Component Funding Rate.

### **5. THE INDEX RULES**

- 5.1 Dynamic Allocation. From the Index Start Date, the Issuer will determine the allocations between the Index Components in accordance with the Index Rules.
- 5.2 Re-Balancing Events. Subject to Clause 5.3 of Annex 1, upon the occurrence of a Re-Balancing Event the Index Agent will calculate the number of Performance Component Units that are required to be notionally purchased or sold so that the Value of the Performance

Component after the re-balancing is as close as possible to the Target Performance Component Value provided that the Leverage Ratio does not exceed the Leverage Limit.

As the price at which units of the Performance Component could be notionally purchased or sold is not known until after the re-balancing calculation has been performed, the theoretical number of units to be purchased or sold and the resulting Value of the Performance Component may differ from the Target Performance Component Value.

5.2.1 Subject to Clause 5.2.2:

- (i) If the Multiplier exceeds the Re-Balancing Factor by at least 0.75 and the Re-Balancing Factor is positive the Index Agent shall: reduce the allocation to the Capital Protection Component to the extent required and allocate the resultant proceeds to the Performance Component. However, subject to Clause 5.4 below, if there are insufficient notional funds within the Capital Protection Component to cover the full value by which the allocation to the Performance Component is to be made then the Leverage Component shall be increased as necessary in order to ensure a sufficient notional allocation of funds to the Performance Component, subject to Leverage Limit; or
- (ii) If the Re-Balancing Factor exceeds the Multiplier by at least 0.75 or the Re-Balancing Factor is negative the Index Agent shall reduce the funds allocated to the Performance Component and accordingly reduce the funds allocated to the Leverage Component and then increase the allocation to the Capital Protection Component.
- (iii) If the Leverage Ratio is greater than or equal to the Leverage Tolerance Limit of 55%, then the Index Agent shall reduce the allocation to the Performance Component and decrease the allocation to the Leverage Component to the extent that the Leverage Ratio no longer exceeds the Leverage Limit of 50%.

5.2.2 For the purpose of Clause 5.2.1 if on any Trading Day, the immediately preceding re-balancing of the Index has resulted in the applicable Target Performance Component Factor being set as the Minimum Performance Component Value, then the provisions contained in Clause 5.2.1 shall be replaced by the following provisions, until such time as the Re-Balancing Factor, (as determined by the Index Agent) falls to between 0 and 3.5, in which case, the provisions of Clause 5.2.1 shall re-apply in favour of this Clause 5.2.2:

- (i) If the Multiplier exceeds the Re-Balancing Factor by at least 0.75 and the Re-Balancing Factor remains positive, the Index Agent shall: reduce the allocation to the Capital Protection Component to the extent required and allocate the resultant proceeds to the Performance Component. However,

subject to clause 5.4 below, if there are insufficient notional funds within the Capital Protection Component to cover the full value by which the allocation to the Performance Component is to be made then the Leverage Component shall be increased as necessary in order to ensure a sufficient notional allocation of funds to the Performance Component, subject to Leverage Limit; or

- (ii) If the Re-Balancing Factor either (i) exceeds the Multiplier by 0.75 or (ii) is negative; then no re-balancing of the Index Components shall occur.
- (iii) If the Leverage Ratio is greater than or equal to the Leverage Tolerance Limit, then the Index Agent shall reduce the allocation to the Performance Component and decrease the allocation to the Leverage Component to the extent that the Leverage Ratio no longer exceeds the Leverage Limit.

5.3 Leverage Limit. The Index Agent will be required to effect a re-balancing only to the extent that such a re-balancing will not result in the Leverage Ratio being greater than or equal to the Leverage Limit (notwithstanding that the Re-Balancing Factor would consequently be greater or less than the Target Performance Component Value).

5.4 Price. Any re-balancing hereunder and re-allocations shall be made on the basis of Notional Transaction Prices.

## **6. COUPON AMOUNT**

6.1 If the Index Agent determines that a Coupon Amount is payable, then the Index Agent shall notify the Calculation Agent, for the purpose of Product Condition 3(b).

**“Coupon Amount”** means in respect of the number of units in the Performance Component, which can vary due to Re-Balancing Events, (on the date the relevant Share is deemed by the corresponding Share Company to be ex-dividend (**“Underlying Ex-Date”**)) an amount equal to a proportionate share (determined by the number of Securities held) of the sum of dividends notionally arising from the relevant Share net of applicable withholding taxes at the relevant rate adjusted by application of the UK tax treaty without reference to tax credits during a Coupon Calculation Period.

**“Coupon Calculation Period”** the initial Coupon Calculation Period shall run from (and including) the Issue Date to (but excluding) the first Coupon Observation Date. Thereafter Coupon Calculation Periods shall run from (and including) the previous Coupon Observation Date, to (but excluding) the next Coupon Observation Date.

**“Coupon Observation Date”** means the fourth Trading Day prior to a Coupon Payment Date.

- 6.2 Notwithstanding any other provision of these Conditions, Extra-ordinary dividends relating to the Underlying Basket, shall not form part of the Coupon Amount, and shall instead be re-invested in the Performance Component, more particularly re-invested in the relevant Underlying by which the extra-ordinary dividend is distributed.

## 7. **DEFINITIONS**

The following definitions shall apply to the Index and the Index Rules as appropriate:

**“Adjustment Event”** means the following:

- (i) **“De-listing”** means a Share for any reason ceases to be listed or is suspended from listing on the Exchange or any other exchanges on which the Shares are listed (and such cessation or suspension is continuing and such Share is not subsequently listed or quoted on another stock exchange or quotation system acceptable to the Issuer).
- (ii) **“Merger Event”** means any (i) reclassification or change to the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares of such Share Company; (ii) consolidation, amalgamation or merger of a Share Company with or into another entity (other than a consolidation, amalgamation or merger in which such Share Company is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares of a Share Company); or (iii) other take-over offer for the Shares of a Share Company that results in a transfer of or an irrevocable commitment to transfer the Shares of a Share Company (other than any such Shares owned or controlled by the offeror), in each case if the Merger Date is on or before the Valuation Date. **“Merger Date”** means the date upon which all holders of the Shares of a Share Company (other than, in the case of a take-over offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.
- (iii) **“Nationalisation”** means that all the Shares of a Share Company or all the assets or substantially all the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.
- (iv) **“Insolvency”** means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting a Share Company,
  - (i) all the Shares are required to be transferred to a receiver, trustee, liquidator or other

similar official or (ii) holders of the Shares of that Share Company become legally prohibited from transferring them.

**“Bond Floor”** means an amount in EUR determined by the Index Agent as being the present value of any unaccrued Trailer Fees and 100% of the Nominal Amount on the Scheduled Maturity Date, determined by the Index Agent using the Reference Rate and a relevant spread of minus 10 basis points;

**“Composition Charges”** means all customary and usual execution fees, commissions, clearing and custody charges, contract transaction costs, or other fees or expenses and any associated documentary or other taxes and any local documentary or other taxes that the Index Agent determines would have applied if there had been a sale, realisation, close-out or purchase, acquisition or entry into as applicable of an Index Component;

**“Index Currency”** means EUR;

**“Index Exchange Rate”** means the rate of exchange between the relevant currency and the Index Currency (expressed as a number of units of the Settlement Currency for which such relevant currency can be exchanged) as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

**“Leverage Component Funding Rate”** means over-night EURIBOR plus 50 basis points;

**“Leverage Limit”** means 50% of the Index Level;

**“Leverage Tolerance Limit”** means 55% of the Index Level;

**“Leverage Ratio”** means

$$\frac{LC(t)}{IL};$$

$LC(t)$  = the Leverage Component on Trading Day  $t$ ;

$IL$  = the Index Level;

**“Minimum Performance Component Value”** means  $20\% \times I(t)$ , where “ $I(t)$ ” is the Index Level on Trading Day “ $t$ ” as of the Valuation Time;

**“Multiplier”** means 4.25;

**“Notional Fees”** means the Protection Fee and the Trailer Fee;

**“Notional Transaction Price”** means the Price at which the relevant Underlying in the Performance Component may notionally be acquired or disposed of (as appropriate) at the relevant time as investment units in such asset are notionally increased or decreased in relation to the Index composition, taking into account any applicable Composition Charges;

**“Price”** means the price as determined by the Index Agent from such price sources as it shall determine, including without limitation the last reported trading price published by the relevant Exchange and any provider of the Capital Protection Component;

**“Protection Fee”** means 175 basis points per annum applied to the Index Level. The Protection Fee will accrue daily on the basis of a year comprised of 360 days and will be calculated by the Index Agent on the basis of the relevant Index Level;

**“Re-balancing Event”** means any of the events set out in 5.2 above;

**“Re-balancing Factor”** means a factor calculated as follows by the Index Agent as of the Valuation Time on each Trading Day as:

$$\frac{PC(t)}{IL(t) - BF(t)}$$

$IL(t)$  = the Index Level on Trading Day  $t$ ;

$PC(t)$  = the Value of the Performance Component on Trading Day  $t$ ; and

$BF(t)$  = the Value of the Bond Floor on Trading Day  $t$ .

**“Re-composition Date”** means 15 February each calendar year from (and including) 15 February 2008 to and including 15 February 2013. If such date is not a Business Day then the Re-composition Date shall be on the next succeeding Business Day;

**“Reference Rate”** means a zero coupon rate (which is a rate per annum) determined in good faith by the Calculation Agent and derived from (i) over-night EURIBOR (as published on the applicable Bloomberg page) for maturities not exceeding the longest maturity for which EUR LIBOR rates are available; and for all other maturities, (ii) the mid-market borrowing, swap, future rate curves (or such other rate curve) as determined by the Calculation Agent based on market availability at normal market conditions on any Trading Day plus the relevant spread;

**“Share”** means ordinary shares of the Share Companies;

**“Share Company”** shall have the same meaning as in the definition of **“Underlying Basket”**;

**“Substitute Underlying”** means Shares of a Share Company which (at the time of substitution):

- (i) provides exposure to substantially the same investment strategy as the affected Underlying; and
- (ii) provides similar liquidity terms to the affected Underlying Share.

**“Target Performance Component Value”** means the greater of:

- (iii) Multiplier x  $[IL_{(t)} - BF_{(t)}]$ , where “ $IL_{(t)}$ ” is the Index Level on Trading Day “t” as of the Valuation Time and “ $BF_{(t)}$ ” is the value of the Bond Floor on Trading Day “t” as of the Valuation Time; and
- (iv) the Minimum Performance Component Value.

**“Trailer Fee”** means 50 basis points of the Nominal Amount per annum in each of years 1 (one) and 2 (two). The Trailer Fee will accrue on a daily basis and will be calculated by the Index Agent on the basis of the relevant Index Level.

**“Underlying Basket”** means subject to adjustment in accordance with Product Condition 4 and/or the definition of Adjustment Events, an equally weighted basket, initially comprised of Shares of the following share companies:

<b>Underlying Share</b>	<b>Bloomberg Code</b>
Kaufman & Broad SA	KOF FP Equity
Fabege	FABG SS Equity
British Land Co plc.	BLND LN Equity
Corio N.V.	CORA NA Equity
Prologis	PEPR NA Equity
Gagfah S.A.	GFJ GR Equity
Globe Trade Centre SA	GTC PW Equity
Hammerson plc.	HMSO LN Equity
Immofinanz Immobilien Anlagen	IIA AV Equity
Ivg Immobilien AG	IVG GR Equity
Land Securities Group plc.	LAND LN Equity
Nexity	NXI FP Equity
Liberty International plc.	LII LN Equity
Meinl European Land Ltd.	MEL AV Equity
Orco Property Group	ORC FP Equity
Pirelli & C Real Estate SpA	PRS IM Equity
Rodamco Europe N.V.	RCEA NA Equity
Unibail	UL FP Equity
Vastned Retail N.V.	VASTN NA Equity
Beni Stabili SpA	BNS IM Equity
Icade SA	ICA FP Equity

(each referred to as a **“Share Company”** and an **“Underlying”**);



**“Value”** means a value determined by the Index Agent from such price sources as it shall determine, including without limitation the last reported trading price of the relevant Performance Component Unit as published or made available by a reputable provider of market data and shall be converted into the Index Currency if necessary, at such time using the then prevailing Index Exchange Rate as determined by the Index Agent;

Any terms not defined in this section shall have the meanings ascribed to them in the terms and conditions of the Securities.