
PROSPECTUS



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

PROSPECTUS RELATING TO
**EUR 80,000,000 OPEN-ENDED 3 TIMES LEVERAGED CERTIFICATE
LINKED TO THE RISINGSTAR II LEVERAGE INDEX**

“RISINGSTAR II HEBEL-ZERTIFIKAT”

ISSUE PRICE PER SECURITY: EUR 100

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 80,000,000 open-ended 3 times leveraged certificates linked to the RISINGSTAR II Leverage Index “RISINGSTAR II Hebel-Zertifikat” (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, together with the Registration Document (as defined under “Document incorporated by reference” below), 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 include the Securities for trading on the free market (*Freiverkehr*) of Frankfurt Stock Exchange. 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 the free market (*Freiverkehr*) of Frankfurt Stock Exchange. 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 Germany and Luxembourg where this Prospectus will be notified to the competent local authority in accordance with the Prospectus Directive. Accordingly, 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 except under circumstances that will result in compliance with any applicable laws and regulations and the Issuer has represented that all offers and sales by them will be made on the same terms. 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.

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

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: DE000AA0H772

The date of this Prospectus is 3 July 2007

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SUMMARY

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 of 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 31 December 2006, had 105,000 full time staff. ABN AMRO is one of the largest banking groups in the world, with total consolidated assets of €87.1 billion at 31 December 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 30 June 2006. 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 (as defined under “Document

incorporated by reference" below) or www.abnamro.com.

Securities:	EUR 80,000,000 cash settled open-ended 3 times leveraged certificates linked to the RISINGSTAR II Leverage Index, "RISINGSTAR II Hebel-Zertifikat".
Description of the Securities:	The Securities are open-ended leveraged certificates. The Conditions applicable to the Securities are contained in the General Conditions and the Product Conditions set out in this Prospectus. The Securities constitute unsecured and unsubordinated obligations of the Issuer and rank <i>pari passu</i> 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.
ISIN:	DE000AA0H772
WKN:	AA0H77
Principal Agent and Calculation Agent:	ABN AMRO Bank N.V., acting through its London branch of 250 Bishopsgate, London, EC2M 4AA.
Index Adviser:	Rising Star AG will be the " Index Adviser ". The Index Adviser will be remunerated by the Issuer.
Listing and Admission to Trading:	Application will be made for the Securities to be admitted to trading on the free market (<i>Freiverkehr</i>) of Frankfurt Stock Exchange on 21 August 2007. However, application will only be made for a "Kassakurs-Listing". This means that a price will only be quoted once per day on the exchange and the quote will only be made for a limited aggregate value of Securities (not exceeding EUR 100,000 in value per trading day).
Secondary Market and Large Subscriptions and Large Redemptions after the Issue Date:	The Issuer intends to offer a daily secondary market subject to a maximum aggregate value of EUR 1 million intra-calendar month, but has no obligation whatsoever and may not do so if it deems in its own discretion this trading activity to be unsuitable on that date. Any secondary market offerings will have an indicative bid/offer spread equal to the sum of 3% and the applicable Early Redemption Fee. All bids/offers

must be sent via the investor's custodian bank or nominee by phone +44 207 678 2776 or e-mail salestrading@uk.abnamro.com, bids/offers will not be accepted by any other medium. The bid/offer spread is flexible and can be increased at the Issuer's sole and absolute discretion, based on the Issuer's interpretation of the risks involved in providing liquidity.

Large Subscription Orders:

For subscription orders of more than EUR 100,000 ("**Large Subscription Order**") and also if no secondary market is provided by the Issuer, investors may request (but the Issuer does not have any obligation to accommodate such request) a subscription of Securities at Index Level without bid/offer spread, by giving notice to the Issuer (and the Issuer confirming receipt of such notice) at least 10 Business Days in advance, or such shorter notice as the Issuer may decide in its sole and absolute discretion. The Large Subscription Order will be executed on the subscription date of the Underlying Fund immediately following the end of that notice period as defined in the offering documents of the Underlying Fund and the subscription price will be the Index Level (subject to interest) as calculated on the NAV publication date of the Underlying Fund immediately following the date the Large Subscription Order is executed. The investor will ensure payment proceeds thereof to be paid on the date reasonably requested by the Issuer on the initial date of the Large Subscription Order, usually within 1 to 2 months of the trade date (subject to interest).

Large Redemption Orders:

For redemption orders of more than EUR 100,000 on any particular Trading Day ("**Large Redemption Order**") and also if no secondary market is provided by the Issuer (unless this is because an Underlying Fund Event has occurred), investors can request a redemption of their investment at the Index Level without a bid/offer spread but still subject to the

Early Redemption Fee. Large Redemption Orders can be made by giving notice to the Issuer (and the Issuer confirming receipt of such notice) at least 5 Business Days plus 50 calendar days prior to the requested redemption date, or such shorter notice as the Issuer may decide in its sole and absolute discretion. Large Redemption Orders will be executed on the redemption date of the Underlying Fund (as of the Issue Date such redemption date is the last Business Day of each calendar quarter) immediately following the end of the notice period as defined in the offering documents of the Underlying Fund and the redemption price will be the Index Level less the Early Redemption Fee as calculated on the NAV publication date of the Underlying Fund immediately following the date the Large Redemption Order is executed. The proceeds of a Large Redemption Order will be paid within 5 Business Days of the Underlying Fund's payment dates (subject to the Issuer actually receiving payment on such date).

Early Redemption Fee:	2.00% of the Index Level for redemptions occurring between the Issue Date and the first anniversary of the Issue Date; 1.00% of the Index Level for redemptions occurring after the first anniversary of the Issue Date but before the second anniversary of the Issue Date. There are no Early Redemption Fees thereafter.
Issue Size:	EUR 80,000,000
Subscription Period:	6 July 2007 – 17 August 2007 12 am (GMT) (subject to earlier closing or extension by the Issuer at its sole and absolute discretion)
Minimum Issue Amount:	150,000 Securities. The Issuer reserves the right to cancel this issuance should the number of Securities sold on the Issue Date be less than the Minimum Issue Amount.
Issue Date:	21 August 2007
Nominal Amount:	EUR 100 per Security

Issue Price per Security:	EUR 100
Issuer Call:	The Issuer is entitled to redeem the Securities, in whole but not in part, on any Issuer Call Date, by giving Holders at least four months notice of its intention to terminate the Securities.
Issuer Call Date:	21 August in each year (commencing 21 August 2012), as specified in the notice delivered by the Issuer in accordance with Product Condition 9.1, or if any such day is not a Business Day, the immediately following Business Day.
Cash Amount:	An amount in the Settlement Currency determined by the Calculation Agent equal to the Final Index Level multiplied by the Entitlement minus Expenses. On the Issue Date the Index Level will be EUR 97.50 per Security.
Entitlement:	1 Security controls 1 Index unit.
Valuation Date:	The last Business Day immediately preceding the Issuer Call Date, subject to adjustment in accordance with Product Condition 5;
Valuation Time:	The time with reference to which the Calculation Agent calculates the daily Index Level or such other time as the Issuer may determine in its sole and absolute discretion and notify to Holders in accordance with General Condition 4.
Settlement Date:	The fifth Business Day following the Issuer Call Date.
Settlement:	Cash
Settlement Currency:	Euro ("EUR")
Interest:	The Securities bear no interest and no payment shall be made on account thereof.
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 (as defined below). 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.

Index Securities:

The Securities are linked to the performance of an index that tracks the performance of a notional 300% investment (200% leverage) in the Underlying Fund. Although targeted at 300% of the Index Level, the exposure may vary from time to time between the Re-Balancing Dates. On each Re-Balancing Date, the Leverage Component of the Index will be adjusted so as to achieve an overall notional exposure of 300% of the Index Level to the Underlying Fund. The rules relating to the Index are set out in the Product Conditions.

Underlying Fund:

The Rising Star Diversified II Fund of Hedge Funds (information on the Underlying Fund and its performance can be obtained on www.harcourt.ch);

Performance Component:

The Performance Component represents the Index’s exposure per Security to the performance of the Underlying Fund and comprises a notional investment in shares in the Underlying Fund (“Shares”).

Leverage Component:

The Leverage Component represents the notional amount of loan and funding costs of providing an allocation to the Performance Component which is, as close as possible, equal to 300% of the Index Level. The cost of funds charged in the Leverage Component will be calculated using 1 month EURIBOR plus the Leverage Spread. The cost of funds in respect of the Leverage Component will be deducted from the Index Level by increasing the Leverage Component on a daily basis.

FX Component:

The FX Component represents the Index’s exposure per Security to notional long EUR / short USD currency positions, with a maximum tenor of 3 months. It is intended that the currency positions will hedge the USD currency risk

of the EUR-denominated Index's investments into the USD-denominated Underlying Fund's shares, so that the notional amount of the short USD currency position in the Index is equal, or close to, the portion of the net asset value of the Index unit which is invested into this USD-denominated asset.

Agio Fee: Distributors or financial planners may charge an Agio fee of up to 3% of the Issue Price, IN ADDITION TO THE ISSUE PRICE. If payable, this Agio fee will be payable directly by investors to their distributor and is not payable to the Issuer.

Issuance Fee: An Issuance Fee of 250 basis points of the Nominal Amount shall be retained by the Issuer out of the issue proceeds; on the Issue Date, consequently EUR 97.50 per Security shall be invested in the Index.

Index Fee: $43^{1/3}$ basis points (1 basis point is 0.01 per cent.) per annum of the Performance Component, calculated on an Act/360 basis, and the fee accrual is deducted on a daily basis from the value of the Leverage Component.

Facilitation Fee: $23^{1/3}$ basis points per annum of the Performance Component, calculated on an Act/360 basis, and the fee accrual is deducted on a daily basis from the value of the Leverage Component.

Other Fees: Certain other fees costs and expenses in respect of the notional investment in the Underlying Fund will be deducted from the Index Level.

In particular, the Investment Adviser receives the following fees which will be deducted from the NAV of the Underlying Fund:

- (a) a management fee of 1.5% per annum; and
- (b) an incentive fee of 10% of the increase in the NAV of the portfolio of investments held by the Underlying Fund as at the final valuation date of the relevant quarter when compared with the NAV as at the final valuation date of the last quarter, payable quarterly but accruing monthly, as

specified in more detail in the information memorandum relating to the Underlying Fund.

For further information on these please refer to Rising STAR AG, Seestrasse 46, 8598 Bottighofen, Switzerland or www.risingstar.ch.

Fees will also be charged by each hedge fund comprised in the portfolio of the Underlying Fund and the amount of such fees or any rebate received therefrom will not be disclosed by the Investment Adviser.

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).

Taxation:

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.

Product Conditions:

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

Form of Securities:

The Securities will be issued in global bearer form.

Settlement of Securities:

The Securities will be cash settled.

Market Disruption Events:

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 5.

Potential Adjustment Events:

If a Potential Adjustment Event occurs, the Calculation Agent may adjust one or more of the Conditions, including postponing the Final Index Level or the exclusion or replacement of any of the components of the Index. Potential Adjustment Events are defined in Product Condition 5.

Underlying Fund Adjustment

If an Underlying Fund Adjustment Event occurs, the Calculation Agent may, but is not required to, adjust one or

Events: more of the Conditions to account for the Underlying Fund Adjustment Event, substitute the Underlying Fund or cancel the Securities. Underlying Fund Adjustment Events are defined in Product Condition 5.

Merger, Nationalisation or Insolvency Events: If a Merger, Nationalisation or Insolvency Event occurs, the Calculation Agent may adjust one or more of the Conditions, or cancel the Securities. Merger, Nationalisation or Insolvency Events are defined in Product Condition 5.

Early Termination: The Issuer is entitled but not obliged to terminate all outstanding Securities by giving at least one calendar month notice against payment of the Early Termination Amount if an Early Termination Event occurs at any time during the lifetime of the Securities. “**Early Termination Amount**” is an amount determined in good faith by the Calculation Agent as being the fair market value of the Securities on the effective date of an Early Termination less the cost to the Issuer of unwinding any related hedging arrangements.

Governing Law: English law.

RISK FACTORS

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.

Part A – General Risk Factors

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 certificates which entail particular risks

The Securities are investment instruments which do not pay interest and which at maturity or earlier termination or redemption 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.

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 Fund 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 redemption date. Holders of Securities (the “**Holders**”) may sustain a significant or total 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 Fund.* The market price of the Securities at any time is expected to be affected primarily by changes in the level of the Underlying Fund. For the risks related to the Underlying Fund, please see Part B below. It is impossible to predict how the level of the Underlying Fund will vary over time. Factors which may have an affect on the value of the Underlying Fund include the rate of return of the Underlying Fund and the financial position and prospects of the issuers of those securities which comprise the Underlying Fund. In addition, the level of the Underlying Fund 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 Fund 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 Fund is increasing in value, the value of the Securities may fall. Further, where no market value is available for the Underlying Fund, the Calculation Agent may determine its value to be zero notwithstanding the fact that there may be no Market Disruption Event and/or Underlying Fund Adjustment Event and/or Merger, Nationalisation or Insolvency 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 Fund 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 Fund 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 the Underlying Fund. 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 Fund 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 Fund 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.

Leverage Risk

Through the Leverage Component, the exposure to the Performance Component may be increased to 300% of the Index Level. Leverage will increase the gains in case of a positive performance of the Underlying Fund. However, it works in both directions and also means that a relatively small movement in an unfavourable direction in the value of the Underlying Fund could result in immediate and substantial losses for the Holders of the Securities. Leverage greatly increases the risk of a total loss of investment. In the event that the Index Level on any Trading Day is equal to or lower than the Stop Loss Level, the Issuer may terminate early all of the outstanding Securities and Holders will receive only the residual value of their Securities.

Investors also have to bear the notional amount of loan and funding costs for the Leverage Component. To the extent the performance of the Underlying Fund does not exceed those costs, Holders will sustain losses on their investment.

Investors should take into account that leverage will not only be used to increase the exposure of the Index to the Performance Component but may also be used by the Underlying Fund as well as by the hedge funds comprised in the portfolio of the Underlying Fund (please see “*Part B – Risk Factors Relating to the Underlying Fund – Risk of Leverage / High Leverage*” below). This can lead to a high degree of leverage in the investment structure and will further aggravate the risks described above. Potential investors should therefore be aware that an investment in the Securities is highly speculative.

Rebalancing Risk

The re-balancing between the Performance Component, the Leverage Component and the FX Component is affected primarily by two factors:

1. the performance of the Underlying Fund; and
2. the Target Performance Ratio.

The Target Performance Ratio is determined by the Calculation Agent on each Re-balancing Date and reflects the diversification and liquidity of the assets acquired by the Underlying Fund. If the assets acquired by the Underlying Fund breach, amongst other things, certain liquidity, concentration or redemption limits, the Target Performance Ratio will decrease.

A Holder's return will be governed by both of these factors, as these affect the Index's exposure to the Underlying Fund. The Calculation Agent will have a significant influence on the determination of the Target Performance Ratio.

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 as well as by the limited liquidity of the Underlying Fund. 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 the Underlying Fund or portfolio of which the Underlying Fund 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 Fund.

Holdings have no ownership of the Underlying Fund

The Securities constitute a notional investment in the Underlying Fund. This means that the Securities convey no ownership of the Underlying Fund. The Issuer may choose not to hold the Underlying Fund or any derivatives contracts linked to the Underlying Fund. 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 Fund or any derivatives contracts linked to the Underlying Fund. Holders will not have voting rights or any other rights in the Performance Component and will not be able to influence the investment decisions of the Underlying Fund or to remove its directors, even if the investment strategies employed by the Underlying Fund adversely affect its performance and thus the performance of the Securities. The Securities will be redeemed at the Cash Amount and Holders should be aware that they will not be entitled to receive physical delivery of the Underlying Fund or any of the other Index Components at any time.

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. Please also refer to “*Description of the Securities and the Index*” on page 35 of this Prospectus.

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.

No tax gross-up

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

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.

The Issuer is entitled but not obliged to terminate all outstanding Securities by giving at least one calendar month notice against payment of the Early Termination Amount if an Early Termination Event occurs at any time during the lifetime of the Securities. “**Early Termination Amount**” is an amount determined in good faith by the Calculation Agent as being the fair market value of the Securities on the effective date of an Early Termination less the cost to the Issuer of unwinding any related hedging arrangements.

Prospective investors should be aware that in the event of an early termination, the amount received by the Holders may be less than the Nominal Amount.

Risks associated with Securities held in global form

The Securities (other than equity certificates) will initially be held by or on behalf of one or more clearing systems specified in the Product Conditions (each a “**Relevant Clearing System**”), either 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 or in dematerialised form depending on the rules of the Relevant Clearing System. For as long as any Securities are held by or on behalf of a Relevant Clearing System, payments of principal, interest (if any) and any other amounts will be made through the Relevant Clearing System, where required, against presentation or surrender (as the case may be) of any relevant global Security and, in the case of a temporary global Security in bearer form, certification as to non-U.S. beneficial ownership. The risk is that the bearer or the registered holder, as the case may be, of the relevant global Security, typically a depositary or a nominee for a depositary for the Relevant Clearing System, or, in the case of Securities in dematerialised form, the Relevant Clearing System and not the Holder itself, shall be treated by the Issuer and any paying agent as the sole holder of the relevant Securities 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 held by or on behalf of a Relevant Clearing System will be transferable only in accordance with the rules and procedures for the time being of the Relevant Clearing System.

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 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.

Part B – Risk Factors Relating to the Underlying Fund

Risk of Short Operating History

As at the date of this Prospectus, the Underlying Fund has only a short operating history and the strategies that will be applied by the Underlying Fund may not have previously been used, such strategies may deliver disappointing results over the longer term. The past performance of the Underlying Fund is no guarantee of future results.

Liquidity Risk

When there is no willing buyer and investments cannot be readily sold at the desired time or price, the Underlying Fund may have to accept a lower price or may not be able to sell the hedge funds comprising the Underlying Fund's portfolio at all which can also adversely affect the liquidity of the Securities. An inability to sell hedge funds can adversely affect the Underlying Fund's value or prevent the Underlying Fund from being able to take advantage of other investment opportunities.

Limited Information

No representation or warranty, whether implied or otherwise, is given by the Issuer as to the future performance of the shares in the Underlying Fund (the “**Shares**”).

The Issuer is not a source of advice, information or credit analysis with respect to the Index, the Underlying Fund, the assets notionally comprised in the Index or the underlying assets of the Underlying Fund. In particular, this Prospectus does not constitute investment advice. The Issuer does not assume any obligation to or relationship of agency or trust with any Holder or prospective investor in the Securities.

The Issuer does not have the ability to control or predict the actions of any of the principals of the Underlying Fund or the Investment Adviser. No such principal is involved in the offer of the

Securities in any way and none has any obligation to consider the interest of Holders in taking any corporate action or investment decision that might adversely affect the value of the Underlying Fund and thus the value of the Securities.

Emerging Markets

Certain of the investment vehicles in which the Underlying Fund is invested may invest in shares, debt securities, foreign exchange and other instruments of emerging markets. Such securities and instruments might be exposed to special risks and considerations not typically associated with investing in domestic companies. The securities issued by companies in emerging markets may be less liquid and may fluctuate more widely than those traded in domestic markets. Companies and markets in emerging markets may also have less governmental supervision. There may be difficulty in enforcing contractual obligations and little public information about the companies. Trades may take more time to settle and clear and the cost of buying and selling securities in emerging markets countries may be higher than similar costs associated with domestically traded securities.

Currency Risk

The portfolio of the Underlying Fund will include investments which are denominated in a currency other than Euro and some income will be received in a currency other than Euro. Whilst it is anticipated that the Underlying Fund will enter into a forward foreign exchange contract for currency hedging purposes, the relevant forward foreign exchange contract will not constitute a perfect hedge. Accordingly, the net asset value of the assets of in terms of the currency may be adversely affected by changes in the value of the currencies of the investments relative to the Euro. In addition, unless an investment vehicle hedges itself against fluctuations in the exchange rate between the currency denomination of the investment vehicle and the currencies in which trading is done, any potential profits could be eliminated and losses could be incurred as a result of adverse changes in the exchange rate.

It is intended that the FX Component comprised in the Index will hedge the USD currency risk of the EUR-denominated Index's investments into the USD-denominated Underlying Fund's shares, so that the notional amount of the short USD currency position in the Index is equal or close to the portion of the net asset value of the Index unit which is invested into this USD-denominated asset. However, such hedging will have the effect that investors do not participate in an appreciation of the USD against the EUR.

Regulatory Risk

In foreign countries, accounting, auditing and financial reporting standards and other regulatory practices and requirements are generally different from those required for domestic companies. The financial information available to the hedge funds comprised in the portfolio of the Underlying Fund

in regard to companies in which they might wish to invest may be limited, incomplete or incorrect. The same applies to the level of control exercised by regulatory authorities. This might lead to investment decisions which adversely affect the performance of the Underlying Fund and thus the performance of the Securities.

Performance Risk

There can be no assurance that any trading method employed by the Underlying Fund managers on behalf of the investment vehicles will produce profitable results and the past performance of these investment vehicles is not necessarily indicative of their future profitability. Profitable trading is often dependent on anticipating trends or trading patterns, or on convergence of mispriced assets. In addition, markets experiencing random price fluctuations, rather than defined trends or patterns, may generate a series of losing trades. There have been periods in the past when the markets have been subject to limited and ill-defined price movements, and such periods may recur. Any factor which may lessen major price trends (such as governmental controls affecting the markets) may reduce the prospect for future trading profitability. Any factor which would make it difficult to execute trades, such as reduced liquidity or extreme market developments resulting in prices moving the maximum amount allowed in a single day, could also be detrimental to profits or cause losses. Increases in margin levels on securities (including options) may occur in the future. Such increased margin and other potential regulatory changes may adversely impact the trading strategies. No assurance can be given that the trading techniques and strategies of the Underlying Fund managers and investment vehicles will be profitable in the future.

Risk of underperformance of Underlying Fund

The Investment Adviser is responsible for making strategic, investment and other trading decisions with respect to the management of the Underlying Fund, consistent with its “Investment Objectives” and/or “Investment Restrictions” as set out in its constitutive documents. The manner in which the Underlying Fund is managed and the timing of such decisions will have a significant impact on the performance of the Underlying Fund. Hence the price which is used to calculate the value of the Performance Component is also subject to these risks.

These risks are common to all funds and are not specific to the Underlying Fund. These risks include:

- the risk that the price of one or more of the assets in the Underlying Fund’s portfolio will fall, or will fail to rise. Many factors can adversely affect an asset’s performance, including both general financial market conditions and factors related to a specific asset or asset class;
- general macro-economic or asset class specific factors, including interest rates, rates of inflation, financial instability, lack of timely or reliable financial information or unfavourable political or legal developments;

- asset allocation policies of the Investment Adviser;
- credit quality and the risk of default of the asset or of assets generally in that class of assets;
- the risk that the Underlying Fund’s “Investment Objectives” and/or “Investment Restrictions” as set out in its constitutive documents are materially changed, not complied with or the method of calculating the value of the Underlying Fund Shares is materially changed;
- the risk that the Underlying Fund is liquidated, dissolved or otherwise ceases to exist or it or the Investment Adviser and/or the Issuer is subject to a proceeding under any applicable bankruptcy, insolvency or other similar law;
- the risk that the Underlying Fund or the Investment Adviser is subject to a fraud event;
- the risk that the Underlying Fund may invest in investment vehicles that are not quoted on any recognized securities markets or traded over-the-counter. In those cases the net asset value per share of the investment vehicles calculated by their administrator is used by the administrator of the Underlying Fund for the purpose of calculating the net asset value per Participating Share. If the information received by the administrator is erroneous in any way it could have a significant impact on the net asset value per Participating Share calculation of the Underlying Fund;
- the risk that under certain circumstances the Underlying Fund may be subject to the actions of other investors in the investment vehicles in which it is invested. For instance, a significant redemption of shares could cause liquidation of assets; or
- the risk that an investment by the Underlying Fund in an investment vehicle that is a master fund may be affected by an investment by other funds in the master fund. In view of the fact that all expenses of the master fund are shared pro-rata among its investors, if other investors in the master fund redeem their interests, then the possibility exists that the Underlying Fund will bear the burden of an increased share of the master fund's expenses.

Prospective investors should be aware that the Investment Adviser will not manage the Underlying Fund in relation to the Index or to maximise return under the Securities, but solely in accordance with the “Investment Objectives” and/or “Investment Restrictions” applicable to the Underlying Fund.

Tax Risk

Because the Issuer is resident in the Netherlands, distributions made by the Underlying Fund in respect of the Performance Component's notional investment in Underlying Fund Shares may be paid net of statutory withholding tax. Such withholding will have a negative effect on the performance of the Performance Component. It should be noted that tax laws and the interpretation and application thereof are subject to changes, which changes could be made with retroactive effect. All potential investors, whether subject to tax in the Netherlands or in any other jurisdiction, are strongly recommended to seek their own professional advice regarding the tax consequences for them of holding an investment in the Securities.

Underlying Fund Adjustment Event Risk

In the event of an Underlying Fund Adjustment Event, the Calculation Agent will determine the effect of such Underlying Fund Adjustment Event and may determine the appropriate adjustment, if any, to be made to any one or more of the Conditions and/or the Index (including the Index Rules) to account for such event and determine the effective date of that adjustment. Such adjustment may include canceling the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Holder may receive an amount less than the Nominal Amount.

Over-the-Counter Options Transactions

A portion of the options transactions effected by investment vehicles in which the Underlying Fund is invested may utilize the over-the-counter market for their execution. Trading equity and index options in the over-the-counter market is subject to counter party risk and is without the protections afforded by transactions effected through regulated stock exchanges.

Call Options

Investment vehicles in which the Underlying Fund is invested may purchase and sell call options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing his entire investment in the call option.

Put Options

The Underlying Fund, through its investment vehicles, may effect transactions in put options. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an

increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing his entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

Subscription monies at risk prior to Dealing Day

As the Underlying Fund is investing in other hedge funds, it will be required to send money in respect of such investments in advance of the relevant day (a “**Dealing Day**”) on which it intends to invest. In order to permit the Underlying Fund to do so, prospective investors should note that subscription monies may be sent to the Custodian to make investments on behalf of the Underlying Fund prior to the Dealing Day on which Shares are issued to such prospective investor and that monies wired to the Underlying Fund is at risk in the Underlying Fund prior to the relevant Dealing Day. The Underlying Fund also does not hold any money in escrow for shareholders.

Option Buyer’s Risk of Loss of Entire Investment

As the remaining life of an option shortens with the passage of time, its time value is reduced until it reaches zero upon expiration. This means that if the option is at the money or out of the money at expiration, the option buyer who neither sells it in the secondary market nor exercises it prior to expiration will lose his entire investment in the option.

Unlimited Losses for Uncovered Call Writers

To the extent investment vehicles which the Underlying Fund is invested in, take uncovered short positions in call options, (i.e., short positions in calls that are not offset by related options positions and are not covered by ownership of the underlying interest), potentially unlimited losses could be incurred. Anything that may cause the price of the underlying interest to rise dramatically, such as the announcement of a tender offer or various other major corporate events for an underlying stock at a substantial premium above the prevailing market price, can cause large losses for uncovered call writers

Assignment of Puts or Calls

Substantial losses may result under certain circumstances if a hedged position becomes a long or short position due to the assignment of the short put or short call portion of the hedge position. Under normal market conditions, the remaining portion of the previously hedged portion may be liquidated or otherwise adjusted to limit exposure to price changes. Suspension of trading of the option or

underlying securities followed by a price gap at the reopening of trading might result in substantial losses. The same would be true given an illiquid market such as that of October 1987.

Risk of Leverage

The Underlying Fund may, in the sole discretion of the Underlying Fund Investment Manager, leverage its investment positions by borrowing funds, which will typically be secured by the Underlying Fund's securities and other assets, from securities broker-dealers, banks, or others. The leverage shall be not be subject to any maximum percentage of the aggregate net asset value of the relevant class of Participating Share. Borrowing money to purchase securities may provide the Underlying Fund Investment Manager with the opportunity for greater capital appreciation but, at the same time, will increase the Underlying Fund's exposure to capital risk and higher current expenses. Moreover, if the assets under management are not sufficient to pay the principal of, and interest on, the debt when due, the Underlying Fund could sustain a total loss of its investment. As such, the Underlying Fund's exposure to capital risk is enhanced. The Underlying Fund's Investment Manager may allocate the Underlying Fund's assets to investment vehicles, which may utilize leverage in their investment program. The use of leverage, while providing the opportunity for a higher return in investment, also increases the volatility of such investments and the risk of loss. Investors should be aware that an investment program utilizing leverage is inherently more speculative, with a greater potential for losses, than a program that does not utilize leverage.

High Leverage

Investment vehicles that the Underlying Fund is invested in may, to different degrees, trade in the currency markets and other investments which will be effected with a high degree of leverage (compared to certain of its other investments), acquiring contracts with a gross value substantially in excess of the value of the Underlying Fund's assets allocated to this account. The use of leverage increases the volatility of the Underlying Fund's performance and makes it possible for Investment vehicles in which the Underlying Fund has invested to suffer losses on any open position in excess of the assets allocated to such position as margin or of any line of credit permitting such Investment vehicles to maintain such position.

Options and Futures Trading is Highly Leveraged

The premium normally required in options trading and the low margin deposits normally required in futures trading result in an extremely high degree of leverage. Therefore, a relatively small price movement in an unfavourable direction in a futures contract or in the interest underlying an option contract could result in immediate and substantial losses for the Underlying Fund's Investment vehicles.

Short Selling

The Underlying Fund through its underlying investment vehicles may, to different degrees, be exposed to short selling. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the Underlying Fund's portfolio. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position or a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Investments in Securities of Troubled or Distressed Companies

Certain investment vehicles in which the Underlying Fund is invested may invest in securities and private claims and obligations of domestic and foreign entities which are experiencing significant financial or business difficulties, which may result in significant gains to the Underlying Fund, but which may involve a substantial degree of risk. Investment Vehicles, through such an investment, may lose all or a substantial portion of its investment in a troubled Underlying Fund or may be required to accept cash or securities with a value of less than the investment vehicles themselves. Among the risks inherent in investments in troubled entities is that it may frequently be difficult to obtain information as to the true condition of such issuers. Troubled Underlying Fund investments also may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the discretionary power of bankruptcy courts to disallow, subordinate or disenfranchise particular claims. The public market prices of such securities are also subject to abrupt erratic market movements and above average price volatility, and the spread between the bid and asked prices of such securities may be greater than normally expected. A further risk incident to such investments is the potential for in-kind, as opposed to cash, distributions upon the liquidation of such investments.

Investments in Below "Investment Grade" Securities

Certain of the investment vehicles in which the Underlying Fund is invested may invest in bonds or other fixed income securities, including, without limitation "higher yielding" (and, therefore, higher risk) debt securities. Such securities may be below "investment grade" and face ongoing uncertainties and exposure to adverse business, financial or market conditions, which could lead to the issuer's inability to make timely interest and principal payments. The market values of such securities tend to be more sensitive to individual corporate developments and general economic conditions than do higher rated securities.

Political/Economic Risk

The prices of derivative instruments, including options, are highly volatile. Price movements of forward contracts and other derivative contracts in which investment vehicles comprised in the

portfolio of the Underlying Fund may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and financial instrument options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. investment vehicles are also subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses.

Not a Diversified Investment Company

The Underlying Fund is not obliged to utilize common diversification techniques in the proportion of its assets that it may invest, although the Underlying Fund Investment Manager may allocate the assets of the Underlying Fund to a number of investment vehicles, each of which is diversified. The investment of a large percentage of the Underlying Fund's assets in the securities of a small number of issuers may cause the Underlying Fund's net asset value per Participating Share to fluctuate more than that of a diversified investment Underlying Fund.

Incentive Fee

The Underlying Fund Investment Manager's right to receive an incentive fee may create an incentive for the Underlying Fund Investment Manager to cause the Underlying Fund to make investments that are riskier or more speculative than would be the case if the Underlying Fund Investment Manager were paid only a fixed fee. Since the incentive fee is calculated on a basis that includes unrealized appreciation of the Underlying Fund's assets, such fee may be greater than if it were based solely on realised gains.

Part C – Conflicts of Interest

Actions taken by the Calculation Agent may affect the Underlying Fund

The Calculation 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. The Calculation Agent will make such adjustments as it considers appropriate as a consequence of certain corporate actions affecting the Underlying Fund. 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 Calculation 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.

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 Fund 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 Fund. 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 Fund which may affect the market price, liquidity or value of the Underlying Fund 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 Fund or in derivatives linked to the Underlying Fund. 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 Fund.

Actions taken by the Index Adviser may affect the selection of any Substitute Fund

The Index Adviser will advise the Calculation Agent on any Substitute Fund to replace the Underlying Fund on the occurrence of an Underlying Fund Adjustment Event. In making any such recommendation the Index Adviser is entitled to exercise substantial discretion and may be subject to conflicts of interest in exercising this discretion. The Index Adviser may recommend a Substitute Fund in respect of which it, or its associates may have material interest. No penalties exist if the Index Adviser fails to make decisions which would most enhance the performance of the Index.

UNDERLYING FUND – RISING STAR DIVERSIFIED II FUND OF HEDGE FUNDS

This information has been sourced from the Offering Circular relating to the Underlying Fund dated 11 June 2007 (the “Underlying Fund Offering Circular”) as published by Rising Star Diversified II Ltd. The Issuer confirms that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Underlying Fund is an open-ended investment company incorporated as a Cayman Islands exempted company on 24 October 2003 under registration number 129951. The Underlying Fund is not regulated under the Mutual Funds Law (2003 Revision) of the Cayman Islands by virtue of section 4(4) of such law as the Underlying Fund will have not more than fifteen investors the majority of whom are capable of appointing or removing the board of directors of the Underlying Fund. The Underlying Fund is generally subject to the laws of the Cayman Islands.

The Underlying Fund is dedicated for the sole investor ABN AMRO Bank N.V., London branch (or its successors), or such other investor as approved in writing by ABN AMRO Bank N.V., London branch.

Shares of the Underlying Fund are redeemable at the election of the holder, subject to the provisions of Cayman Islands Law. The liquidity of the Shares may be limited at any particular time. Under certain circumstances, the Underlying Fund may suspend redemption rights of the Shares.

Investment in Shares is suitable only for sophisticated and knowledgeable investors who have a long-term horizon and do not require immediate liquidity for their investments.

INVESTMENT OBJECTIVE

The investment objective of the Underlying Fund is to maximize long-term capital growth to shareholders by investing in a diversified portfolio of non-traditional/ alternative investments. The Underlying Fund’s portfolio is to be managed as a multi manager instrument (hedge fund, fund of funds) and to be split to a multitude of selected investment managers or their collective investment instruments, at what different investment strategies are to be taken into consideration. The Underlying Fund Investment Manager should operate with different techniques and strategies, whereas primarily investment in securities, options and futures must take place. The Underlying Fund’s portfolio should invest in strategies, which usually have low correlation to traditional stock and bond markets. Every potential investment manager will be chosen with basis on his passed performance and the potential for future performance, after a thorough evaluation process. The Underlying Fund may use an

unlimited amount of leverage as determined in the sole discretion of the Directors. The Underlying Fund may seek from time to time to hedge all or a portion of its currency risks or investments through the defensive use of derivative transactions, including, but not limited to, futures, options, swaps or any combination thereof, but is not obliged to do so. In addition, the Underlying Fund Investment Manager may or may not choose to hedge the currency risks of the different asset classes in the Interbank Forex Market. For the purposes of this Information Memorandum, “non-traditional/alternative investments” mean investment funds and other investment structures (together or individually “Investment Vehicles”) managed by Fund Managers. “Fund Managers” are those persons or entities actually managing the Investment Vehicles, in which the Underlying Fund is invested. All investments will have one or more of the following characteristics: (i) search for absolute performance; (ii) use of a broad range of investment strategies which may include, among others, long and short equity positions, leverage, futures, options, swaps and debt securities; (iii) involvement of the management with commitment of its own capital; (iv) performance-based incentive fees; and (v) a proven track record.

UNDERLYING FUND INVESTMENT MANAGER

The Underlying Fund has retained, as its investment manager, Alternative Investment Solutions Limited (“**Underlying Fund Investment Manager**”). The Underlying Fund Investment Manager was incorporated in January 2006 as a limited liability company under the laws of Cayman Islands and is wholly owned by Harcourt Investment Consulting AG, the Investment Advisor.

More information on the Investment Manager can be found under: www.aisltd.ky.

The Underlying Fund Investment Manager will decide periodically, based on the Investment Adviser’s recommendation, on the investments of the Underlying Fund, review the investment process, cooperate with the Investment Adviser for the evaluation of proposed investments and monitor the performance of the Underlying Fund as well as that of each specific allocation with fund managers and investment vehicles, on the basis of reports provided by the Investment Adviser. The Underlying Fund Investment Manager is granted full discretion over the matters relating to the manner, the method and timing of investments and transactions.

THE INVESTMENT ADVISER

The Underlying Fund has retained, as its Investment Adviser, Harcourt Investment Consulting AG (the “**Investment Adviser**”). The Investment Adviser is a Zurich-based company founded in April 1997 providing independent, professional advice to institutional and private clients on investments related to hedge funds. The Investment Adviser will make investment proposals to the Underlying Fund Investment Manager, monitor development of the investments of the Underlying Fund and report regularly to the Underlying Fund Investment Manager.

The Investment Adviser will regularly evaluate selection criteria and maintain contact with a number of portfolio managers evaluating potential candidates for future utilization. Additionally, the Investment Adviser will continually monitor regulatory, economic and securities market developments and gauge the impact on existing asset deployment of the Underlying Fund, enacting changes as appropriate. No allocation to an Investment Vehicle will be made prior to a proper evaluation concerning the business structure, its key employees, its track record, its relation with third parties and other relevant aspects.

The Underlying Fund Investment Manager and Investment Adviser will utilize procedures to monitor the performance of Fund Managers and Investment Vehicles which have been allocated assets of the Underlying Fund's portfolio by specifically following: (i) changes in a Fund Manager's structure and organization, (ii) major deviations from historical returns, (iii) changes in the correlation of the portfolio, (iv) changes in investment styles, and (v) comparisons of the Fund Manager's overall performance versus that of the underlying investments of the Underlying Fund. The Investment Adviser will meet each fund manager at least once per year and conduct frequent telephone conferences to ascertain the foregoing.

Under the terms of the Investment Advisory Agreement ("**Investment Advisory Agreement**") between the Underlying Fund Investment Manager and the Investment Adviser neither the Investment Adviser nor any of its partners, directors, officers or employees will be responsible to the Underlying Fund Investment Manager for any loss or damage which the Underlying Fund Investment Manager may suffer as a result of or in the course of the discharge of the Investment Adviser's duties under the Investment Advisory Agreement other than loss or damage arising by reason of the fraud, gross negligence or wilful default of the Investment Adviser, its partners, directors, officers or employees. The Underlying Fund Investment Manager will indemnify the Investment Adviser, its partners, directors, officers or employees against all claims and demands which may be made against any of them in respect of any loss or damage sustained by any third party, other than loss or damage arising by reason of the fraud, gross negligence or wilful default of the Investment Adviser, its partners, directors, officers or employees. Provided that the Investment Adviser has used reasonable care in the appointment, supervision and control of any person, firm or corporation to supply services in connection with the Investment Adviser's duties under the Investment Advisory Agreement, the Investment Adviser is entitled to rely on any reasonable advice, information or services thereby provided without liability to the Underlying Fund Investment Manager for any loss suffered by the Underlying Fund Investment Manager as a result thereof. The Investment Advisory Agreement is for a one-year term, which will be automatically renewed for successive one-year terms, unless terminated at the end of such one-year term or any successive one-year term by either party upon not less than 90 days written notice. The Underlying Fund Investment Manager will share fees with the Investment Adviser but no fees will be payable by the Underlying Fund to the Investment Adviser.

DESCRIPTION OF THE SECURITIES AND THE INDEX

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 non-interest bearing certificates issued by ABN AMRO Bank N.V., acting through its London branch. 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

The Securities are linked to the performance of a notional investment in the Index and entitle the Holder to receive the Cash Amount on the Settlement Date.

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, Aa1 (Moody's Investor Services) and AA- (S&P).

ABN AMRO Bank N.V. is also the Calculation Agent and paying agent for the Securities. As Calculation Agent and Paying Agent 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 Frankfurt free market (*Freiverkehr*).

On the Settlement Date, the Issuer will redeem your Securities by paying to you an amount equal to the Cash Amount which is an amount equal to the Final Index Level as determined on the Valuation Date multiplied by the Entitlement, minus Expenses.

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 100. Distributors or financial planners may charge an Agio fee of up to 3% of the Issue Price, in addition to the Issue Price. This Agio fee will be payable directly by investors to their distributor and is not payable to the Issuer.

How does the Index link to the Securities?

The Securities represents a notional investment in the Index. The Index comprises a Performance Component, an FX Component and a Leverage Component as summarised below.

What is the Index?

The calculation of the Index commences on the Initial Allocation Date, and finishes on the Valuation Day. 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 the Rising Star Diversified II fund of hedge funds (information on the Underlying Fund and its performance can be obtained on www.harcourt.ch) (the “**Underlying Fund**”);
- **The FX Component:** The FX Component represents the Index’s exposure per Security to notional long EUR / short USD currency positions, with a maximum tenor of 3 months; and
- **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 Performance Component up to 300% of the Index Level.

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

The Initial Index Level is EUR 97.50 as of the Issue Date. An issuance fee of 250 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 shares of the Underlying Fund. The Calculation Agent will determine the price of an investment unit of the Performance Component based on the Notional Transaction Price (as defined in the Product Conditions) of each unit (and converted into EUR if necessary at the prevailing rate of exchange). Investment units in the Performance Component shall be acquired such that on the Initial Allocation Date, the notional investment in the Performance Component is, as close as possible, equal to 300% of the Index Level. The notional investment in the

Performance Component in excess of 100% of the Index Level is achieved through the Leverage Component.

How does the FX Component work?

The FX Component is intended to hedge the USD currency risk of the EUR-denominated Index's investments into the USD-denominated Underlying Fund's shares, so that the notional amount of the short USD currency position in the Index is equal or close to the portion of the net asset value of the Index unit which is invested into this USD-denominated asset.

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 300% of the Index Level. The cost of funds charged in the Leverage Component will be calculated using 1 month EURIBOR plus the Leverage Spread. The cost of funds in respect to the Leverage Component will be deducted from the Index Level by increasing the Leverage Component on a daily basis.

What is the Performance Ratio and how does it work?

In principle, the Performance Component should never be greater than 300% of the Index Level on any Business Day, i.e. the Performance Ratio should be, as close as possible, equal to the Central Performance Ratio. However, there is some tolerance within the limits set by the Lower Performance Ratio and the Upper Performance Ratio. This means that ABN AMRO, as Calculation Agent, shall adjust the allocation of the Index Components on a Re-balancing Date if the Performance Ratio is less than the Lower Performance Ratio or greater than the Upper Performance Ratio. After such re-balancing, the value of the Performance Ratio shall be, as close as possible, equal to the Central Performance Ratio.

What is the allocation between the Performance Component, FX Component and Leverage Component in the Index?

Allocation between the Index Components is dynamic. The Initial Index Level on the Issue Date will be EUR 97.50. The initial notional investment in the Performance Component and Leverage Component will be determined by the Calculation Agent during the Allocation Period so that the allocation on the Initial Allocation Date will be close to the following values: 300% in the Performance Component, 0% in the FX Component and 200% in the Leverage Component. Thereafter, 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.

How often will re-balancing be done?

If on any Re-Balancing Date (i) the Performance Ratio is less than the Lower Performance Ratio or (ii) greater than the Upper Performance Ratio, the Calculation Agent shall adjust the Leverage Component so that the Performance Ratio after the re-balancing is, as close as possible, equal to the Central Performance Ratio (which is equal to the Target Performance Ratio).

As the price at which notional investment units of the Performance Component can be bought or sold is not known until after the re-balancing calculation has been performed the theoretical number of units to be sold or purchased and the resulting Performance Component may differ from the Target Performance Ratio.

Any realised gains and costs associated with the FX Component will be attributed to the Leverage Component, including but not limited to transaction costs.

There are many factors, which may cause the allocation to change, in particular changes in the price of investment units of the Performance Component. Broadly speaking, when the price of investment units of the Performance Component is increasing, the allocation to the Performance Component and Leverage Component 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 is likely to reduce.

Will I receive income?

No, the Securities bear no interest and no payment shall be made on account thereof.

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

No. There is no cap on the potential investment return.

How can I track the Index?

ABN AMRO will publish the latest net asset value for the Securities on www.abnamromarkets.com.

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 Issuer Call Date in accordance with the guidelines set out under "*General Information - Secondary Market and Large Subscriptions and Large Redemptions after the Issue Date*".

What happens on the Settlement Date?

Following an Issuer Call, each Holder is entitled to receive the Cash Amount which is an amount equal to the Final Index Level as determined on the Valuation Date multiplied by the Entitlement, minus Expenses.

What fees are there?

The Issuer charges the following fees:

- (a) an Index Fee of $43^{1/3}$ basis points (1 basis point is 0.01 per cent.) per annum of the Performance Component, calculated on an Act/360 basis. The fee accrual is deducted on a daily basis from the value of the Leverage Component;
- (b) a Facilitation Fee of $23^{1/3}$ basis points per annum of the Performance Component, calculated on an Act/360 basis. The fee accrual is deducted on a daily basis from the value of the Leverage Component; and
- (c) certain other fees costs and expenses in respect of the notional investment in the Underlying Fund, will be deducted from the Index Level. For further information on these please refer to Rising STAR AG, Seestrasse 46, 8598 Bottighofen, Switzerland or www.risingstar.ch.

The Investment Adviser of the Underlying Fund receives the following fees which will be deducted from the NAV of the Underlying Fund:

- (a) a management fee of 1.5% per annum; and
- (b) an incentive fee of 10% of the increase in the NAV of the portfolio of investments held by the Underlying Fund as at the final valuation date of the relevant quarter when compared with the NAV as at the final valuation date of the last quarter, payable quarterly but accruing monthly, as specified in more detail in the information memorandum relating to the Underlying Fund.

Fees will also be charged by each hedge fund comprised in the portfolio of the Underlying Fund and the amount of such fees or any rebate received therefrom will not be disclosed by the Investment Adviser.

In addition, an Agio fee of up to 3% over the issue price may be charged by your financial planner or distributor. The Agio fee is payable directly to your financial planner or distributor and is not payable to the Issuer.

How will the fees impact my investment?

All the above fees (except for the Agio fee and the fees charged by the Investment Adviser or by the hedge funds comprised in the portfolio of the Underlying Fund) are 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.

Fees charged by the Investment Adviser reduce the NAV of the Underlying Fund. This will reduce the value of the Performance Component by the same amount and thus impact the return on your investment. The same applies to fees charged in connection with the hedge funds comprised in the portfolio of the Underlying Fund.

What happens if the aggregated number of all outstanding Securities falls below 50,000?

The Issuer may, but is not obliged to, terminate the Securities, if at any time after the Issue Date the aggregated number of all outstanding Securities sold or otherwise transferred to parties other than the issuer thereof (or any of its affiliate or subsidiaries or shareholders or parent company) falls below 50,000.

What happens if the Index Level reaches or falls below the Stop Loss Price?

The Issuer may, but is not obliged to, terminate the Securities, if at any time after the Issue Date the Index Level is less than or equal to the Stop Loss Price. The Stop Loss Price will be calculated as

$$0.25 \times \text{Nominal Amount.}$$

Do I have any right to receive any of the assets in the portfolio comprised in the Index?

No. The Securities are cash settled only.

DOCUMENT INCORPORATED BY REFERENCE

The Issuer's registration document dated 29 June 2007 (the “**Registration Document**”) prepared in accordance with Article 5(3) of the Prospectus Directive was published prior to the date of this Prospectus, has been approved by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) in its capacity as competent authority under the Act on Financial Supervision (*Wet op het financieel toezicht (Wft)*) (in such capacity, the “**Competent Authority**”) and shall be incorporated in, and form part of, this Prospectus, save that any statement contained in any document deemed to be incorporated in, and to form part of this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any subsequent document (including this Prospectus) differs from such earlier statement in a manner which modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

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.

USE OF ISSUE PROCEEDS

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

US PERSONS

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.

TAXATION

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.

3. **GERMANY**

The following is a general discussion of certain German withholding tax consequences of the acquisition and ownership of Securities. It does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase Securities. It does not discuss any other tax consequences that may arise for German investors in Securities and is based on the assumption that the Securities cannot be characterised as a foreign investment fund unit (ausländischer Investmentanteil). In particular, the discussion does not consider any specific facts or circumstances that may apply to a particular purchaser or in the event of the Issuance of definitive Securities. This summary is based on the laws of Germany currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

If an investor who is a tax resident of Germany (i.e. persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany) holds the Securities since time of issuance or acquisition in a custodial account maintained with a German branch of a German or non-German bank or financial services institution (the "Disbursing Agent") such Disbursing Agent will generally withhold tax at a rate of 30 per cent. (plus solidarity surcharge at a rate of 5.5 per cent. thereon) from the difference between the redemption amount or proceeds from the disposition or assignment and the issue or purchase price of the Securities, respectively. If the Securities have not been kept in a custodial account with a Disbursing Agent since the time of issuance or acquisition, withholding tax of 30 per cent. (plus solidarity surcharge at a rate of 5.5 per cent. thereon) is applied to 30 per cent. of the amounts paid in partial or final redemption or of the proceeds from the disposition or assignment of the Securities, respectively.

Non-residents of Germany are, in general, exempt from German withholding tax and the solidarity surcharge thereon unless the Securities form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the holder of the Securities. If in the latter case the Securities are held in a custodial account with a Disbursing Agent, withholding tax is levied as explained in the preceding paragraph. The withholding tax may be refunded based on an assessment to tax under applicable treaty law.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the Directive), member states are required, since 1st July, 2005, to provide to the tax authorities of another member state details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other member state. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

By legislative regulations dated 26th January, 2004, the Federal Government of Germany enacted provisions implementing the Directive into German law. These provisions apply since 1st July, 2005.

Holders of the Securities who are Individuals should note that the Issuer will not pay additional amounts with respect of any withholding tax imposed as a result of the Directive.

4. **LUXEMBOURG**

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Securities should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (impôt sur le revenu des collectivités), municipal business tax (impôt commercial communal), a solidarity surcharge (impôt de solidarité) as well as personal income tax (impôt sur le revenu) generally. Investors may further be subject to net wealth tax (impôt sur la fortune) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

TAXATION OF THE HOLDERS OF SECURITIES

Withholding Tax

(i) Non-resident holders of Securities

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Securities, nor on accrued but unpaid interest in respect of the Securities, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Securities held by non-resident holders of Securities.

Under the Laws implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU

Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 15% during the first three-year period starting 1 July 2005, at a rate of 20% for the subsequent three-year period and at a rate of 35% thereafter. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Securities coming within the scope of the Laws would at present be subject to withholding tax of 15%.

(ii) Resident holders of Securities

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Securities, nor on accrued but unpaid interest in respect of Securities, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Securities held by Luxembourg resident holders of Securities.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Securities coming within the scope of the Law would be subject to withholding tax of 10%.

Income Taxation

(i) Non-resident holders of Securities

A non-resident holder of Securities, not having a permanent establishment or permanent representative in Luxembourg to which such Securities are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Securities. A gain realised by such non-resident holder of Securities on the sale or disposal, in any form whatsoever, of the Securities is further not subject to Luxembourg income tax.

A non-resident corporate holder of Securities or an individual holder of Securities acting in the course of the management of a professional or business undertaking, who has a permanent

establishment or permanent representative in Luxembourg to which such Securities are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Securities and on any gains realised upon the sale or disposal, in any form whatsoever, of the Securities.

(ii) Resident holders of Securities

A corporate holder of Securities must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realised on the sale or disposal, in any form whatsoever, of the Securities, in its taxable income for Luxembourg income tax assessment purposes. The same inclusion applies to an individual holder of Securities, acting in the course of the management of a professional or business undertaking.

A holder of Securities that is governed by the law of 31 July 1929, on pure holding companies, as amended, or by the laws of 30 March 1988 and 20 December 2002 on undertakings for collective investment, as amended, is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, nor on gains realised on the sale or disposal, in any form whatsoever, of the Securities.

An individual holder of Securities, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts, under the Securities, except if withholding tax has been levied on such payments in accordance with the Law. A gain realised by an individual holder of Securities, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Securities is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Securities were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if withholding tax has been levied on such interest in accordance with the Law.

Net Wealth Taxation

A corporate holder of Securities, whether it is resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which such Securities are attributable, is subject to Luxembourg wealth tax on such Securities, except if the holder of Securities is governed by the law of 31 July 1929 on pure holding companies, as amended, or by the law on family estate planning companies of 11 May 2007 or by the laws of 30 March 1988 and 20 December 2002 on undertakings for collective investment, as amended, or is a securitisation company governed by the law of 22 March 2004 on securitisation, or a capital company governed by the law of 15 June 2004 on venture capital vehicles.

An individual holder of Securities, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Securities.

Other Taxes

Neither the issuance nor the transfer of Securities will give rise to any Luxembourg stamp duty, value added tax, issuance tax, registration tax, transfer tax or similar taxes or duties.

Where a holder of Securities is a resident of Luxembourg for tax purposes at the time of his/her death, the Securities are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Securities if embodied in a Luxembourg deed or recorded in Luxembourg.

SELLING RESTRICTIONS

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.

GENERAL INFORMATION

Authorisation

The Issuer's managing board, in its capacity as the Issuer's representative, is responsible for issuing debt instruments. The Issuer's managing board has delegated the issue of debt instruments, including the Securities to Group Asset and Liability Committee pursuant to a resolution dated 17 December 2003. In addition, the issue of the Securities has been approved by the Issuer's supervisory board pursuant to a resolution dated 17 January 2007 and in accordance with the Issuer's articles of association. 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 include the Securities for trading on the free market (*Freiverkehr*) of Frankfurt Stock Exchange on 21 August 2007. However, application will only be made for "Kassakurs-Listing". This means that a price will only be quoted once per day on the exchange and the quote will only be made for a limited aggregate value of Securities (not exceeding EUR 100,000 per trading day).

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 2005 and 2006 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).

Clearing and settlement systems

The Securities have been accepted for clearance through Clearstream Banking AG (its address being Neue Börsenstrasse 1, 60487 Frankfurt am Main, Germany), Euroclear Bank SA (its address being 1 Boulevard du Roi Albert II, B-1210 Brussels) and Clearstream Banking SA, Luxembourg (its address being 42 Avenue JF Kennedy, L-1855 Luxembourg). The International Securities Identification Number is DE000AA0H772 and the WKN is AA0H77. Transactions will normally be effected for settlement not earlier than three days after the date of the transaction.

Material change

There has been no material adverse change in the prospects of Holding (taken as a whole) or the Issuer since 31 December 2006 (being the date of the last audited financial statements) and no significant change in the financial or trading position of Holding (taken as a whole) or the Issuer since 31 March 2007 (being the date of the last unaudited interim financial information).

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 2006. For further information refer to the section entitled "Legal Proceedings" in item 6 of the Registration Document.

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 2006. 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 6 July 2007 and end on 17 August 2007 12 am (GMT) (subject to earlier closing or extension by the Issuer at its sole and absolute discretion). The Issuer reserves the right to cancel this issuance should the number of the Securities sold be less than 150,000 on the Issue Date.

The Securities shall be sold by the Issuer in the secondary market. The Issuer will offer to buy or sell the Securities (including the original securities). The Issuer expects that the Securities will be admitted to trading on the free market (*Freiverkehr*) of Frankfurt Stock Exchange with effect from 21 August 2007. 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. However, distributors or financial planners may charge an Agio fee of up to 3% of the Issue Price, in addition to the Issue Price which will be payable directly by investors to their distributor and is not payable to the Issuer.

What is the minimum purchase required?

The Securities are denominated in EUR and may be purchased in quantities of 1 Security or multiples thereof.

Secondary Market and Large Subscriptions and Large Redemptions after the Issue Date

The Issuer intends to offer a daily secondary market subject to a maximum aggregate value of EUR 1 million intra- calendar month, but has no obligation whatsoever and may not do so if it deems in its own discretion this trading activity to be unsuitable on that date. Any secondary market offerings will have an indicative bid/offer spread equal to the sum of 3% and the Early Redemption Fee. All bids/offers must be sent via the investor's custodian bank or nominee by phone +44 207 678 2776 or e-mail salestrading@uk.abnamro.com, bids/offers will not be accepted by any other medium. The bid/offer spread is flexible and can be increased at the Issuer's sole and absolute discretion, based on the Issuer's interpretation of the risks involved in providing liquidity.

Large Subscription Orders:

For subscription orders of more than EUR 100,000 ("**Large Subscription Order**") and also if no secondary market is provided by the Issuer, investors may request (but the Issuer does not have any obligation to accommodate such request) a subscription of Securities at Index Level without bid/offer spread, by giving notice to the Issuer (and the Issuer confirming receipt of such notice) at least 10 Business Days in advance, or such shorter notice as the Issuer may decide in its sole and absolute discretion. The Large Subscription Order will be executed on the subscription date of the Underlying Fund immediately following the end of that notice period as defined in the offering documents of the

Underlying Fund and the subscription price will be the Index Level (subject to interest) as calculated on the NAV publication date of the Underlying Fund immediately following the date the Large Subscription Order is executed. The investor will ensure payment proceeds thereof to be paid on the date reasonably requested by the Issuer on the initial date of the Large Subscription Order, usually within 1 to 2 months of the trade date (subject to interest).

Large Redemption Orders:

For redemption orders of more than EUR 100,000 on any particular Trading Day (“**Large Redemption Order**”) and also if no secondary market is provided by the Issuer (unless this is because an Underlying Fund Event has occurred), investors can request a redemption of their investment at the Index Level without a bid/offer spread but still subject to the Early Redemption Fee. Large Redemption Orders can be made by giving notice to the Issuer (and the Issuer confirming receipt of such notice) at least 5 Business Days plus 50 calendar days prior to the requested redemption date, or such shorter notice as the Issuer may decide in its sole and absolute discretion. The Large Redemption Orders will be executed on the redemption date of the Underlying Fund (as of the Issue Date such redemption date is the last Business Day of each calendar quarter) immediately following the end of the notice period as defined in the offering documents of the Underlying Fund and the redemption price will be the Index Level less the Early Redemption Fee as calculated on the NAV publication date of the Underlying Fund immediately following the date the Large Redemption Order is executed. The proceeds of a Large Redemption Order will be paid within 5 Business Days of the Underlying Fund’s payment dates (subject to the Issuer actually receiving payment on such date).

Interest material to the offer

So far as the Issuer is aware, no person (other than the Issuer in its separate capacities as Issuer and Calculation Agent and the Index Adviser, see “*Risk Factors – Part C – Conflicts of Interest*” in the Prospectus) involved in the issue of the Securities has an interest material to the offer.

Information on the Underlying Fund

Information about the past and future performance of the Underlying Fund and its volatility can be obtained from Rising STAR AG, Seestrasse 46, 8598 Bottighofen, Switzerland or www.risingstar.ch

Calculation Agent

The Calculation Agent is ABN AMRO Bank N.V., acting through its London branch of 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.

GENERAL CONDITIONS

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.

16. 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 or alter the method of calculating the amount of any payment in respect of Securities on redemption prior to the Valuation Date or on the Valuation 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.

PRODUCT CONDITIONS

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

“**Adjustment Event**” means any of: (i) a Market Disruption Event; (ii) a Potential Adjustment Event; (iii) an Underlying Fund Adjustment Event; or (iv) a Merger, Nationalisation or Insolvency Event;

“**Agent**” means ABN AMRO Bank N.V., acting through its London branch, 250 Bishopsgate, London EC2M 4AA as principal agent (the “**Principal Agent**”) and ABN AMRO Bank N.V., Niederlassung Deutschland, Abteilung Strukturierte Aktienprodukte, Theodor-Heuss-Allee 80, 60486 Frankfurt am Main, Germany, each acting through its specified office, and the “**Agents**” shall include any other Agent appointed pursuant to the provisions of General Condition 12;

“**Allocation Period**” means the period from (and including) the Issue Date to (and including) the Trading Day immediately following the sixth Business Day after the Issue Date, subject to adjustment in accordance with Product Condition 5;

“**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;

“**Calculation Agent**” means ABN AMRO Bank N.V., acting through its London branch, 250 Bishopsgate, London EC2M 4AA or such other branch as it may from time to time determine;

“**Calculation Date**” means each Trading Day on which the Index Level will be calculated by the Calculation Agent in accordance with Product Condition 3.4;

“**Cash Amount**” means, in respect of each Security, an amount determined by the Calculation Agent equal to the Final Index Level multiplied by the Entitlement minus Expenses, provided that the Cash Amount shall not be less than zero. The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if applicable, and rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Central Performance Ratio**” is risk based and equal or less than 3. The Calculation Agent will calculate its value as equal to the Target Performance Ratio (see Annex 1);

“**Clearing Agent**” means Euroclear Bank S.A. and/or Clearstream Banking S.A. and/or Clearstream Banking AG 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**”);

“**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 Calculation 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;

“**Custodian**” means any custodian of the Underlying Fund as appointed from time to time, the first such Custodian being Citco Global Custody NV, Telestone 8 – Teleport, Naritaweg 165 PO Box 7241, 1007 JE Amsterdam, The Netherlands;

“**Documentation**” means the Prospectus, the memorandum and articles of association, the management, custodian and administration agreements as well as the prospectus of the Underlying Fund, the Global Security, the operating agreement and any side agreement between the Investment Adviser and the Calculation Agent, or any other transaction document as determined by the Calculation Agent;

“**Early Termination**” means the early termination of the Securities by the Issuer in accordance with Product Condition 7;

“**Early Termination Amount**” means an amount equal to the Fair Market Value of the Securities on the effective date of an Early Termination as determined by the Issuer in its sole and absolute discretion;

“**Early Termination Event**” means each Squeeze-out Event, each Stop Loss Event and each Tax Event;

“**Early Termination Date**” means the date specified in the notice delivered by the Issuer in accordance with Product Condition 7;

“**Entitlement**” means one, subject to any adjustment in accordance with Product Condition 5;

“**Exchange**” means each exchange or quotation system on which the Underlying Fund is listed or any successor to such exchange or quotation system;

“**Exchange Rate**” means (if applicable) 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 redemption of a relevant Security; and/or (ii) any payment or delivery due following exercise or otherwise in respect of a relevant Security;

“**Facilitation Fee**” means 23^{1/3} basis points (1 basis point is 0.01 per cent.) per annum of the Performance Component;

“**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, subject to adjustment in accordance with Product Condition 5, an amount (which shall be deemed to be a monetary value expressed in the Index Currency) determined by the Calculation Agent equal to the Index Level at the Valuation Time on the Valuation Date. For that purpose, any fund investment part of the Index will be valued at 0;

“**Form**” means Global bearer;

“**FX Component**” represents the Index’s exposure per Security to notional long EUR / short USD currency positions, with a maximum tenor of 3 months. It is intended that the currency positions will hedge the USD currency risk of the EUR-denominated Index’s investments into the USD-denominated Underlying Fund’s shares, so that the notional amount of the short USD currency position in the Index is equal or as close as possible to the portion of the net asset value of the Index unit which is invested into this USD-denominated asset;

“**Holder**” means 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 number of Securities, as the case may be, (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);

“**Index**” means the dynamic leverage index notionally comprised of:

- (i) the Performance Component;
- (ii) the Leverage Component; and
- (iii) the FX Component;

together, the “**Index Components**”;

“**Index Adviser**” means Rising STAR AG, Seestrasse 46, 8598 Bottighofen, Switzerland.

“**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;

“Index Fee” means $43^{1/3}$ basis points (1 basis point is 0.01 per cent.) per annum of the Performance Component;

“Index Level” or **“IL”** means the level of the Index for each Business Day, expressed in EUR as determined by the Calculation Agent in accordance with Product Condition 3.4;

“Index Rules” means the rules governing the operation of the Index as set out in these Product Conditions and primarily in Product Conditions 3 and 4;

“Initial Allocation Date” means the last Trading Day of the Allocation Period;

“Initial Index Level” means, as of the Issue Date, EUR 97.50, subject to adjustment in accordance with these Product Conditions;

“Insolvency” means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting the Underlying Fund: (i) all the Shares are required to be transferred to a receiver, trustee, liquidator or other similar official; or (ii) holders of the Shares become legally prohibited from transferring them;

“Investment Adviser” means any investment adviser to the Underlying Fund as appointed from time to time, the first such Investment Adviser being Alternative Investment Solutions Ltd, a 100% owned subsidiary of Harcourt Investment Consulting AG;

“Issue Date” means 21 August 2007;

“Issuer” means ABN AMRO Bank N.V., acting through its London branch of 250 Bishopsgate, London, EC2M 4AA;

“Issuer Call” means the redemption of the Securities by the Issuer in accordance with Product Condition 9.1;

“Issuer Call Date” means 21 August in each year (commencing 21 August 2012) or, if any such day is not a Business Day, the following Business Day;

“Leverage Component” or **“LC”** represents the notional amount of loan and funding costs of providing an allocation to the Performance Component of more than 100% of the Index Level;

“Leverage Component Funding Rate” means 1 month EURIBOR plus the Leverage Spread;

“Leverage Spread” means 85 basis points per annum;

“Lower Performance Ratio” is equal to the Central Performance Ratio minus 0.5;

“Market Disruption Event” means:

- (i) the failure by the Calculation 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 Fund (as set out in the Product Conditions);
- (ii) the occurrence or existence on any Trading Day during the one 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;

“Merger” means any: (i) reclassification or change to the Shares that results in a transfer of or an irrevocable commitment to transfer all outstanding Shares; (ii) consolidation, amalgamation or merger of the Underlying Fund with or into another entity (other than a consolidation, amalgamation or merger in which the Underlying Fund is the continuing entity and which does not result in any such reclassification or change to all the outstanding Shares); or (iii) other take-over offer for the Shares that results in a transfer of or an irrevocable commitment to transfer the Shares (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 (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;

“Merger, Nationalisation or Insolvency Event” means the occurrence of a Merger, Nationalisation or Insolvency;

“Nationalisation” means that all the Shares or all the assets or substantially all the assets of the Underlying Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity;

“NAV” means the net asset value of the Underlying Fund as published by the Investment Adviser or the Underlying Fund Administrator and such net asset value shall be net of the management fees of 1.5% per annum and an incentive fee of 10% of the increase in the NAV of the portfolio of investments held by the Underlying Fund as at the final valuation date of the relevant quarter when compared with the NAV as at the final valuation date of the last quarter, payable quarterly but accruing monthly, as specified in more detail in the information memorandum relating to the Underlying Fund;

“Nominal Amount” means EUR 100 per Security;

“Notional Transaction Price” means the Price at which Shares may be notionally acquired or disposed of (as appropriate) at the relevant time as Shares are acquired or disposed in relation to the Index composition, taking into account any applicable Composition Charges;

“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 or if the Settlement Currency is euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

“Performance Component” or **“PC”** represents the Index’s exposure per Security to the performance of the Underlying Fund (or, as the case may be, the Substitute Fund) and comprises a notional investment in Shares;

“Performance Component Unit” means each investment unit of the Performance Component, the price of which will at any time be determined by the Calculation Agent based on the most recently available NAV;

“Performance Ratio” has the meaning ascribed to it in Product Condition 4.1;

“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 an Index Component; 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 an Index Component; 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 or an Index Component (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;

“Potential Underlying Fund Event” means the occurrence of any of the following events:

- (i) the Underlying Fund and/or the Investment Adviser ceases to exist or trade or a petition is made for its winding up, dissolution or liquidation during the term of the transaction;
- (ii) it is not possible to effect subscriptions or redemptions in the Underlying Fund, or an underlying fund held by the Underlying Fund for at least 2.5% of the Underlying Fund’s NAV;
- (iii) there is a material breach by the Investment Adviser of a piece of the Documentation to which it is a party;
- (iv) the implementation of any change to the terms and conditions of the Underlying Fund, as detailed in the Offering Document and as notified in advance by the Underlying Fund Administrator to holders of the Underlying Fund units, which, in the sole opinion of the Issuer, is of a material nature including but not limited to such changes as (i) a change in the risk profile of the Underlying Fund; (ii) an alteration to the investment objectives of the Underlying Fund;
- (v) the breach of the investment objectives of the Underlying Fund (as defined in its offering document) if such breach is, in the sole opinion of the Issuer, of a material nature;
- (vi) the Investment Adviser ceases to be Alternative Investment Solutions Ltd or another Harcourt Group company;
- (vii) subscription and/or redemption fees, or taxes or other similar fees, payable in respect of a purchase or redemption of Underlying Fund units are imposed after the Issue Date;
- (viii) the Underlying Fund Administrator fails to calculate the net asset value per units of the Underlying Fund within 22 days of the Underlying Fund’s valuation date;
- (ix) the Underlying Fund Administrator or the Underlying Fund fails for any reason to communicate to the Calculation Agent any information which it has agreed to provide within the time frame stipulated (or as extended by the Calculation Agent in its own discretion);
- (x) the activities of the Underlying Fund, the Investment Adviser, the Custodian and/or the Underlying Fund Administrator and/or any other parties to the Underlying Fund are placed

under review by their regulators for reasons of wrongdoing, breach of any rule or regulation or other similar reason;

- (xi) the compulsory redemption of the units by the Underlying Fund for any reason at any time during the term of the transaction;
- (xii) the Underlying Fund is superseded by a successor fund (the “**Successor**”) following a merger or similar event unless, in the sole opinion of the Calculation Agent, the Successor has similar investment objectives to those of the Underlying Fund, is incorporated in the same jurisdiction as the Underlying Fund and is managed and administered by one or more individuals who, or corporate entities which satisfy the compliance, due diligence and other control procedures of the Calculation Agent;
- (xiii) the cancellation of the registration, or of the approval, of the Underlying Fund, the Investment Adviser, the Underlying Fund Administrator and/or the Custodian by any relevant authority or body;
- (xiv) the Calculation Agent has reason to believe that the calculation methodology to determine the net asset value per unit of the Underlying Fund has changed from that used on the Initial Allocation Date, or the Calculation Agent considers that the net asset value of the Underlying Fund and/or a fund held by the Underlying Fund, in respect of any Calculation Date, as provided by that fund’s administrator, does not reflect the net asset value of such fund as it would have been determined by the independent auditors of that fund using generally accepted accounting standards in the appropriate jurisdiction, unless the Calculation Agent receives the net asset value information in satisfactory form within 22 Business Days of the date it was originally due; and
- (xv) any other event which, in the opinion of the Issuer, has an analogous effect to any of the events specified under (i) to (xiv) above;

“**Price**” means the price as determined by the Calculation Agent from such price sources as it shall determine, including without limitation the most recently available net asset value of the Underlying Fund as published by the Investment Adviser or the Underlying Fund Administrator or the last reported trading price published by the relevant Exchange;

“**Re-balancing Date**” means the 20th calendar day of each month from (but excluding) the Issue Date to (but excluding) the Terminal Allocation Date, or the immediately preceding Business Day if that day is not a Business Day, and any other Business Day that the Calculation Agent determines in its sole and absolute discretion to be a Re-balancing Date;

“**Re-balancing Event**” has the meaning ascribed to it in Product Condition 4.1;

“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 Fund which comprises the Performance Component are traded;

“Securities” means the EUR 80,000,000 open-ended 3 times leveraged certificates linked to the Index, “RISINGSTAR II Hebel-Zertifikat” (and each a **“Security”**). The Securities are primary payment obligations of ABN AMRO Bank N.V. The International Securities Identification Number is DE000AA0H772 and the WKN is AA0H77;

“Settlement Currency” means EUR;

“Settlement Date” means five Business Days following the Issuer Call Date;

“Shares” means the shares in the Underlying Fund;

“Squeeze-out Event” means that at any time after the Issue Date the aggregated number of all outstanding Securities sold or otherwise transferred to parties other than the issuer thereof (or any of its affiliate or subsidiaries or shareholders or parent company) falls below 50,000;

“Substitute Fund” has the meaning given to it in Product Condition 5.3(iv);

“Stop Loss Event” occurs if the Index Level is at any time on any Business Day, from and including the Issue Date, and other than at a time at which there is, in the determination of the Calculation Agent, a Market Disruption Event, less than or equal to the Stop Loss Price, subject to adjustment in accordance with Product Condition 5. If no such level is available the level will be determined by the Calculation Agent in its sole and absolute discretion;

“Stop Loss Price” means an amount (which shall be deemed to be a monetary value in the Index Currency) calculated by the Calculation Agent as:

$$0.25 \times \text{Nominal Amount.}$$

“Tax Event” means that on the occasion of the next payment due under the Securities, the Issuer has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of The Netherlands, the United Kingdom, Germany, Austria, Luxembourg, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the Securities;

“Terminal Allocation Date” means the Business Day immediately preceding the day 60 Business Days prior to the Maturity Date;

“Trading Day” means any day on which dealing in the Performance Component may take place or but for the occurrence of a Market Disruption Event or an Underlying Fund Adjustment Event, would have taken place;

“**Underlying Fund**” means subject to adjustment in accordance with Product Condition 5 and/or the definition of Adjustment Events, Rising Star Diversified II Fund of Hedge Funds (information on the Underlying Fund and its performance can be obtained on www.harcourt.ch);

“**Underlying Fund Administrator**” means any administrator of the Underlying Fund as appointed from time to time, the first such Administrator being Citco Fund Services (Europe) B.V., Telestone 8, Teleport, Naritaweg 165, P.O. Box 7241, 1007 JE Amsterdam, The Netherlands;

“**Underlying Fund Investment Manager**” means Alternative Investments Management Limited, 2nd Floor, Trident House, Broad Street, Bridgetown, Barbados;

“**Underlying Fund Adjustment Event**” means a Potential Underlying Fund Event which the Calculation Agent determines to be sufficiently material as to require (i) amending the Conditions of the Securities, (ii) reducing the Performance Component to zero, or (iii) redeeming all, but not some, of the Securities;

“**Upper Performance Ratio**” is equal to the Central Performance Ratio plus 0.5;

“**Valuation Date**” means the last Business Day immediately preceding the Issuer Call Date, subject to adjustment in accordance with Product Condition 5;

“**Valuation Time**” means the time with reference to which the Calculation Agent calculates the daily Index Level or such other time as the Issuer may determine in its sole and absolute discretion and notify to Holders in accordance with General Condition 4; and

“**Value of Performance Component Unit**” will at any time be determined by the Calculation Agent based on the Notional Transaction Price of the Shares. If for any reason, the Underlying Fund is not quoted in the Index Currency, the currency in which it is quoted shall be converted into the Index Currency, if necessary, at such time using the then prevailing Index Exchange Rate as determined by the Calculation Agent.

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 Holder shall be treated by the Issuer and each Agent as the holder of such Nominal Amount or number of Securities 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. **THE INDEX**

3.1 General

The Index tracks a notional investment allocation summarised in the Index Rules below. The Calculation Agent will employ the methodology described below. Any determination by the Calculation Agent in relation to the application of such methodology will be in its sole and absolute discretion and will be conclusive and binding on all parties, except in the case of manifest error.

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

3.2 Dynamic Allocation

From the Initial Allocation Date the Calculation Agent will determine the allocations between the Index Components in accordance with the Index Rules.

3.3 Initial Index allocation on or about the Issue Date:

During the Allocation Period 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 Initial Allocation Date, the following approximate percentage allocations will be attributable to the various Index Components:

Performance Component = 300% of the Initial Index Level (indicative);

Leverage Component = 200% of the Initial Index Level (indicative); and

FX Component = 0% of the Initial Index Level (indicative);

3.4 Index allocation on each Trading Day

For each Trading Day, the Index Level will be calculated by the Calculation Agent and may include costs resulting from Re-balancing Events on either that same day or previous Business Days. The Index Level on any Business Day is given by the following formula:

$$\mathbf{IL}_{(t)} = \mathbf{PC}_{(t)} + \mathbf{FX}_{(t)} - \mathbf{LC}_{(t)}$$

where:

$\mathbf{PC}_{(t)}$ is the Value of the Performance Component (as defined below) at the Valuation Time on a Business Day;

$\mathbf{FX}_{(t)}$ is the Value of the FX Component (as defined below) at the Valuation Time on a Business Day; and

$\mathbf{LC}_{(t)}$ is the Value of the Leverage Component (as defined below) at the Valuation Time on a Business Day.

“**Value of the Performance Component**” means an amount in EUR determined by the Calculation Agent on any Business Day (other than the Issue Date) by the following formula:

$$PC(t) = PC(t-1) \times \left(\frac{NAV(t)}{NAV(t-1)} \right)$$

where:

$\mathbf{PC}_{(t)}$ = value of the Performance Component in EUR on a given Business Day at the Valuation Time (such Business Day, “t”) other than the Issue Date;

$\mathbf{PC}_{(t-1)}$ = value of the Performance Component in EUR at the Valuation Time on (t-1) (i.e. the immediately preceding Business Day);

$\mathbf{NAV}_{(t)}$ = the NAV in EUR on t; and

$\mathbf{NAV}_{(t-1)}$ = the NAV in EUR on (t-1);

“**Value of the Leverage Component**” means an amount in EUR determined by the Calculation Agent on any Business Day (other than the Issue Date) by the following formula:

$$LC(t) = LC(t-1) \times \left\{ 1 + \left(\frac{IR(t-1) \times DC(t)}{360} \right) \right\} + IF(t-1) + FF(t-1) + \text{FX Adjustment}$$

where:

$\mathbf{LC}_{(t-1)}$ = the value of the Leverage Component in EUR on (t-1);

$\mathbf{IR}_{(t-1)}$ = the 1 month EURIBOR plus the Leverage Spread as determined by the Calculation Agent on (t-1);

$\mathbf{IF}_{(t-1)}$ = the Index Fees as determined by the Calculation Agent on (t-1);

$\mathbf{FF}_{(t-1)}$ = the Facilitation Fees as determined by the Calculation Agent on (t-1);

$DC_{(t)}$ = the actual number of calendar days elapsed from and including (t-1) until but excluding t; and

FX Adjustment = settlement proceeds of maturing FX trades from the FX Component;

“Value of the FX Component” means an amount in EUR determined by the Calculation Agent on any Business Day (other than the Issue Date) equal to the value of the notional outstanding FX forwards plus the cash received from maturing forward trades before they are credited to, or debited from, the Leverage Component.

The Calculation 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 Calculation Agent shall calculate the Index Level and shall effect all calculations in respect of any Re-Balancing Events.

The Calculation Agent shall make all publications as provided for in, and in accordance with, the Index Rules.

4. **RE-BALANCING**

4.1 Rebalancing - General

On each Re-Balancing Date, the Calculation Agent shall determine the following ratio:

$$\frac{PC(t)}{PC(t) - LC(t) + FX(t)}$$

(the **“Performance Ratio”**).

If (i) the Performance Ratio is less than the Lower Performance Ratio or (ii) greater than the Upper Performance Ratio, a re-balancing event shall be deemed to occur (each a **“Re-balancing Event”**).

Upon the occurrence of a Re-balancing Event and provided that no Early Termination Event has occurred or is likely to occur as a result of a re-balancing, the Calculation Agent shall adjust the Leverage Component so that the Performance Ratio after the re-balancing is, as close as possible, equal to the Central Performance Ratio.

The re-balancing shall take into account execution costs, expenses and taxes which will be deducted from the Index Level by increasing the Leverage Component.

Any realised gains and costs associated with the FX Component will be attributed to the Leverage Component including but not limited to any transaction costs.

4.2 Re-balancing – Specific cases

- (i) The Calculation Agent may also determine to re-balance at any time if it determines in its sole and absolute discretion that the Performance Ratio does not reflect the most current market conditions.
- (ii) The Calculation Agent may also re-balance at any time so that the Leverage Component does not exceed the value of EUR 500 per Security. If the Leverage Component exceeds EUR 500 per Security, the Calculation Agent shall as soon as practicable (and subject to the liquidity of the Underlying Fund) re-balance in order to reduce the Leverage Component to that level.

4.3 The Calculation Agent will not be required to re-balance upon the occurrence of a Re-Balancing Event if, as a result of such a re-balancing, the Leverage Component per Security would exceed the value of EUR 500.

4.4 Terminal Allocation Date

The Performance Component will be notionally redeemed on the Trading Day immediately preceding the Terminal Allocation Date. The proceeds shall be notionally applied to reduce the Leverage Component to zero (if the Leverage Component is negative) or to increase it if the value of the Leverage Component is zero. Therefore, on or after the Terminal Allocation Date, the Index's notional allocations (if any) to the Performance Component shall be notionally redeemed and allocated to the Leverage Component at the relevant Notional Transaction Prices.

4.5 Price

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

5. **ADJUSTMENTS**

5.1 Market Disruption Events

In the event that the Calculation Agent determines that a Market Disruption Event has occurred or has occurred and is continuing, the Calculation Agent will determine the effect of such Market Disruption Event and notify the Holders.

5.2 Potential Adjustment Events

On or following the occurrence of 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.

5.3 Underlying Fund Adjustment Events

Following an Underlying Fund Adjustment Event, the Calculation Agent will determine the effect of such Underlying Fund Adjustment Event and may, in its sole and absolute discretion:

- (iii) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the Underlying Fund Adjustment Event, and determine the effective date of that adjustment;
- (iv) taking into account a recommendation made by the Index Adviser, replace the Underlying Fund by another fund (the “**Substitute Fund**”) which shall be deemed to be the Performance Component as of the replacement date determined by the Calculation Agent. Any Substitute Fund will:
 - (A) be from the same or similar sector (as determined by the Calculation Agent);
 - (B) have similar investment objectives to those of the Underlying Fund, and be incorporated in the same jurisdiction as the Underlying Fund; and
 - (C) be managed and administered by one or more individuals or corporate entities which satisfy the compliance, due diligence and other control procedures of the Calculation Agent.
- (v) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising the Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4,

and shall notify the Holders in accordance with General Condition 4, stating the occurrence of such Underlying Fund Adjustment Event and action proposed to be taken in relation thereto.

5.4 Merger, Nationalisation or Insolvency Events

Following a Merger, Nationalisation or Insolvency Event, the Issuer will determine the effect of such Merger, Nationalisation or Insolvency Event and may, in its sole and absolute discretion:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of these Conditions to account for the Merger, Nationalisation or Insolvency Event, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but is under no obligation to) determine the appropriate adjustment by reference to the adjustment in respect of the Merger, Nationalisation or Insolvency Event made by any exchange or related exchange, if any to options contracts or futures contracts or other derivatives contracts on the Shares if any and if traded on an exchange or related exchange; or
- (ii) cancel the Securities by giving notice to Holders in accordance with General Condition 4. If the Securities are to be cancelled the Issuer will pay an amount to each Holder in respect of each Security held by him which amount shall be the fair market value of a Security (taking into account the Merger, Nationalisation or Insolvency Event (as the case may be)) on the day selected for cancellation as shall be selected by the Issuer in its sole and absolute discretion adjusted to account fully for any losses, expenses and costs to the Issuer and/or any affiliate of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any equity options or selling or otherwise realising any Shares or other instruments of any type whatsoever which the Issuer and/or any of its affiliates may hold as part of such hedging arrangements), all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders in accordance with General Condition 4; or
- (iii) following any adjustment to the settlement of terms of options contracts or futures contracts or any other derivatives contracts on the Shares, if any, traded as the case may be on any exchange or related exchange, require the Calculation Agent to make a corresponding adjustment to any of the other terms of these Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the exchange or related exchange. If options contracts or futures contracts or other derivatives contracts on the Shares are not traded on an exchange or a related exchange, the Calculation Agent will make such adjustment, if any, to any of the other terms of these Conditions as the

Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by any relevant exchange or related exchange to account for the Merger, Nationalisation or Insolvency Event (as the case may be) that in the determination of the Calculation Agent would have given rise to an adjustment by the relevant exchange or related exchange if such options contracts or futures contracts or other derivatives contracts were so traded,

and shall notify the Holders in accordance with General Condition 4, stating the occurrence of such Merger, Nationalisation or Insolvency Event(as the case may be) and action proposed to be taken in relation thereto.

5.5 Adjustments Generally

- (i) if the Index is: (A) not calculated and announced by the Calculation Agent but is calculated and published by a successor to the Calculation Agent (the “**Successor 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 Calculation Agent or that Successor Index, as the case may be.
- (ii) 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.

5.6 Allocation of funds on an Adjustment Event

Notwithstanding any other provision of these Conditions, if in the sole determination of the Calculation Agent, an Adjustment Event has occurred, the Calculation Agent shall in its sole discretion, allocate the funds arising from such Adjustment Event into a EUR cash amount.

5.7 Notice of an Adjustment Event

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 5 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.

6. FEES

6.1 Issuance Fee

The Issuance Fee will be deducted from the issue proceeds by the Issuer on the Issue Date.

6.2 Facilitation Fee

The Facilitation Fee will accrue on a daily basis and will be calculated on an Act/360 basis by the Calculation Agent on the basis of the relevant Index Level and will be deducted from the value of the Leverage Component.

6.3 Index Fee

The Index Fee will accrue on a daily basis and will be calculated on an Act/360 basis by the Calculation Agent on the basis of the relevant Index Level and will be deducted from the value of the Leverage Component.

7. EARLY TERMINATION

The Issuer may terminate early the Securities, in whole but not in part, with respect to each day of a year by giving Holders at least one calendar month notice, specifying the Early Termination Date, of its intention to terminate the Securities if an Early Termination Event occurs against payment of the Early Termination Amount. The Issuer will notify the Holders without undue delay of such early termination in accordance with the provisions of General Condition 4. The Issuer will pay the Early Termination Amount as soon as possible in such manner as shall be notified to the Holder in accordance with General Condition 4.

8. ISSUER EVENTS OF DEFAULT

If any of the following events occurs and is continuing:

- (i) default is made for more than 30 days in the payment of any amounts due under the Securities; or
- (ii) the Issuer fails to perform or observe any of its other obligations under the Securities and such failure has continued for the period of 60 days next following the service on the Issuer of notice requiring the same to be remedied; or
- (iii) the Issuer is declared bankrupt, or a declaration in respect of the Issuer is made under Chapter 10 of the Act on the Supervision of the Credit System (*Wet toezicht kredietwezen* 1992) of The Netherlands; or

- (iv) an order is made or an effective resolution is passed for the winding-up or liquidation of the Issuer unless this is done in connection with a merger, consolidation or other form of combination with another company and such company assumes all obligations contracted by the Issuer in connection with the Securities;

then any Securities may, by written notice addressed by the relevant Holder to the Issuer and delivered to the Issuer or to the Specified Office of any Paying Agent be declared immediately due and payable, whereupon it shall become immediately due and payable without further action or formality.

9. **RIGHTS AND PROCEDURES**

9.1 **Issuer Call.** The Issuer may redeem the Securities, in whole but not in part, on any Issuer Call Date, by giving Holders at least 4 months' notice of its intention to terminate the Securities. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.

9.2 **Cash Settlement.** Each Security upon termination pursuant to an Issuer Call and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership entitles its Holder to receive from the Issuer on the Settlement Date the Cash Amount.

9.3 **Interest**

The Securities bear no interest and no payment shall be made on account thereof.

9.4 **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.

9.5 **Presentation and Surrender**

Payment of the Cash 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 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.

9.6 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.

9.7 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.

9.8 Notice

For the purpose of Product Condition 9.4, 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.

9.9 Verification

In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

9.10 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.

9.11 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.

9.12 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.

10. **GOVERNING LAW, JURISDICTION AND SERVICE OF PROCESS**

10.1 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.

10.2 English courts

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

10.3 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.

10.4 Rights of the Holders to take proceedings outside England

Product Condition 10.2 (English courts) is for the benefit of the Holders only. As a result, nothing in this Product Condition 10 (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.

10.5 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 Condition 10.5 (Service of process) applies to Proceedings in England and to Proceedings elsewhere.

ANNEX 1 – CALCULATION OF TARGET PERFORMANCE RATIO.

Target Performance Ratio (“TPR”) :	It is equal to one divided by the sum of the Base Haircut and the Total Haircut Penalty.
Fund Redemption Date:	On a given Business Day, the Fund Redemption Date for a Fund shall be the nearest date at which the Fund can be redeemed, assuming a redemption notice was submitted on such Business Day. In case a Fund would be redeemable over a series of redemption dates, more than one Fund Redemption Date can be used in the same Business Day and that Fund could be for Liquidity purposes deemed to have a Liquidity equal to the weighted average Liquidity based on the percentage of the holdings that can be redeemed on each of the Fund Redemption Dates.
Allocation:	For a given classification (i.e. Fund, Manager, Liquidity, Starting Fund, Strategy), this is the ratio of: the sum of the values of the funds pertaining to such classification, over the Value of Performance Component.
Liquidity:	For each Fund, the Liquidity of such investment is the number of days (calculated on a 30/360 basis) to the relevant Fund Redemption Date. For a given hedge fund, the liquidity is measured as the notice period plus the redemption period for that Fund. The Investment Adviser shall promptly notify the Calculation Agent in the event that it becomes impossible to effect redemptions in any fund investment held by the Underlying Fund.
Liquidity Limits:	Monthly Tenor Limit: At least 50% of the Allocation to the Funds within the Performance Component shall have Monthly Liquidity, or better; For the above purposes, a Fund will be considered to have Monthly Liquidity if its Liquidity is less than 75 days. Quarterly Tenor Limit: At least 100% of the Allocation to Funds within the Underlying Fund shall have Quarterly Liquidity, or better; for this purpose a fund will be considered to have Quarterly Liquidity if its Liquidity is less than 155 days.
Tenor Liquidity Penalty:	The Monthly Liquidity Penalty associated to Funds with Monthly Liquidity is equal to the maximum of (i) zero and (ii) the Monthly Tenor Limit minus the Allocation to the Funds with Monthly Liquidity; The Quarterly Liquidity Penalty associated to Funds with Quarterly Liquidity is equal to the maximum of (i) zero and (ii) the Quarterly Tenor Limit minus the Allocation to the Funds with Quarterly Liquidity;
Fund Maximum Holding Limit:	The holding into any single Fund may not, at the time of investment by the fund, exceed 10% of the Fund’s assets under management (if none is available, the last figure known to the Calculation Agent).
Holding Penalty:	It is equal to the aggregate reduction in the Allocation to the Funds needed so that there is no breach of the Fund Maximum Holding Limits.
Minimum Number of Funds Limit:	The target range for the number of Funds to which allocations are made is between 20 and 40. The minimum number of such Funds is 20 (to count as 1, the Allocation to a Fund should be at least 2%; smaller Allocations to be aggregated).
Number of Funds Penalty:	3.5% times the excess, if any, of the Minimum Number of Funds over the relevant number of funds.
Fund Concentration Limit:	Allocations to each Fund should not exceed 10% of the NAV of the Underlying Fund.
Fund Concentration Penalty:	This is equal to the sum, in relation to any Fund of the excess, if any, of the Allocation into that Fund over the related Fund Concentration Limit.
Three Largest Funds Limit:	The sum of the three largest Allocations to Funds should not exceed 25% of the Underlying Fund’s NAV.
Three Largest Funds Penalty:	This is equal to the excess, if any, of the sum of the three largest Allocations into Funds over the Three Largest Funds Limit;
Manager Concentration Limit:	Allocations to each manager should not exceed 12.5% of the NAV of the Underlying Fund.

Manager Concentration Penalty: This is equal to the sum of the excess, if any, of the Allocation to a Manager over the Manager Concentration Limit.

Redemption Penalty per Fund: No redemption penalty should be charged at an underlying Fund level. For a given Business Day and Fund, the Redemption Penalty per Fund shall be the product of:
the Allocation to such Fund; and
the penalty, if any, charged by the Fund should such investment be redeemed at the next available dealing date for such Fund.

Starting Fund: The sum of the Allocations to Funds having less than 18 months of track record or unaudited shall not exceed 8% of the NAV of the Underlying Fund.
As part of the above general limit on Starting Funds:
a) There is a cap of 4% for any Fund having between 12 months and 18 months of track record if they are audited;
b) There is a cap of 2.5% for any Fund having less than 12 months of track record or unaudited and the sum of such Allocations shall not exceed 5%.

Starting Penalty: No Starting Fund is allowed within the Underlying Fund. The Starting Penalty is equal to the Allocation to Starting Funds.

Lock-Up Limit: The Allocation to Funds with lock-ups that cannot be waived by the Underlying Fund through the payment of an early redemption fee should not exceed 10%.

Lock-Up Penalty: This shall be the excess, if any, of the Allocation to Funds with lock-ups that cannot be waived by investors through the payment of an early redemption fee over the Lock-Up Limit.

Strategy Concentration Limit: Each Fund is classified by the Investment Adviser in one of the below Strategies. The Calculation Agent may from time to time review the classification used and, if it disagrees, re-classify the Funds in its sole and absolute discretion.

The following style concentration limits shall be observed by the Underlying Fund:

Strategy	Substrategy	Limit
Equity		50%
	Long / Short	35%
	Market Neutral	20%
	Statistical Arbitrage	20%
Event Driven		20%
	Convertible Arbitrage	15%
	M&A	15%
	Distressed Specialist	10%
Fixed Income		20%
	Arbitrage	20%
	Long Only	10%

Other (excluding Energy)	15%
Multi-strategy	35%
Macro	20%
Multi-strategy specialist	20%
CTA / Futures specialist	20%
Emerging Market*	12%
Diversified funds of hedge funds	30%

*Emerging Market countries as determined by the Issuer in its sole and absolute discretion based on the Funds' own classification and based on the Issuer's internal classification of emerging markets.

Strategy Penalty:

Should the Allocation to a Strategy exceed the relevant Strategy Limit as specified in the above table, the Penalty for such Strategy shall be the difference between the Allocation and such limit.

Should the sum of the Substrategy Penalties for the Substrategies associated with a Strategy exceed the Strategy Penalty for such Strategy (calculated in accordance with the previous paragraph), the Strategy Penalty shall be deemed to be the sum of the relevant Substrategy Penalties.

Total Haircut Penalty:

This is equal to the sum of all the Penalties in relation to:

- (a) the sum of the Monthly Liquidity Penalty and the Quarterly Liquidity Penalty;
- (b) the Fund Maximum Holding Limit;
- (c) **THE MINIMUM NUMBER OF FUNDS LIMIT;**
- (d) the greater of (a) the Manager Concentration Penalty and (b) the Fund Concentration Penalty;
- (e) the Three Largest Funds Limit;
- (f) the Fund Concentration Limit;
- (g) the Manager Concentration Limit;

(h) the Starting Fund limit;

(i) the Lock-Up Limit;

(j) the sum of the Redemption Penalty per Fund, for all Funds;

(k) the sum of the Strategy Limits, for all the Strategies;

Passive breaches due to performance only, of up to 10% relative to any given limit, may be allowed by the Calculation Agent in its own discretion. The Calculation Agent may in its sole and absolute discretion at any time relax the terms of the Total Haircut Penalty calculations. It is equal to 33.33%.

Base Haircut:

ABN AMRO BANK N.V. AND ABN AMRO HOLDING N.V.

Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

PRINCIPAL AGENT

ABN AMRO Bank N.V.
(acting through its branch in London)
250 Bishopsgate
London EC2M 4AA
United Kingdom

AUDITORS

Ernst & Young Accountants
Drentestraat 20
1083 HK Amsterdam
The Netherlands