

FIFTH SUPPLEMENT TO THE BASE PROSPECTUS IN RESPECT OF THE LAUNCHPAD PROGRAMME FOR THE ISSUANCE OF WARRANTS



The Royal Bank of Scotland plc
(incorporated under the laws of Scotland with limited liability under the Companies Act 1948 to 1980, with registered number SC090312))
(the **Issuer**)

The Royal Bank of Scotland plc LaunchPAD Programme

1. This Supplement dated 23 February 2011 (the **Supplement**) constitutes the fifth supplement to the base prospectus dated 28 May 2010 in relation to the Issuer's LaunchPAD Programme for the Issuance of Warrants (the **Base Prospectus**) approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the **AFM**) on 28 May 2010, as supplemented on 21 July 2010, 29 September 2010, 8 December 2010 and 20 January 2011 (the **20 January 2011 Supplementary Prospectus**).
2. The Base Prospectus was approved as a base prospectus pursuant to Directive 2003/71/EC by the AFM. This Supplement constitutes a supplemental prospectus to the Base Prospectus for the purposes of Article 5:23 of the Financial Supervision Act (*Wet op het financieel toezicht*).
3. This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements thereto issued by the Issuer.
4. In accordance with Article 5:23(6) of the Financial Supervision Act (*Wet op het financieel toezicht*), investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before the Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.
5. The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

6. The Issuer proposes to issue Reference Rate Warrants under the Programme. Accordingly, the following amendments are made to the Base Prospectus:
- The Product Conditions on pages 81 to 263 of the Base Prospectus shall be amended by the insertion of the Product Conditions as set out in Annex A to this Supplement immediately before the heading entitled “Form of Final Terms” on page 264 of the Base Prospectus; and
 - The form of Final Terms on pages 264 to 291 of the Base Prospectus shall be amended by the insertion of the text in Annex B immediately before the heading “Responsibility” on page 291 of the Base Prospectus.
7. In the **Risk Factors Section** beginning on page 19 under the heading “**The Securities may not be a suitable investment for all investors**” on page 23, the following section (f) will be added on page 24:
- (f) NOT consider that the issue of Securities linked to a particular Underlying is a recommendation by the Issuer to invest (whether directly or indirectly) in that Underlying or any of its constituent elements. The Issuer and/or its affiliates may make investment decisions for themselves which differ from those that a potential investor would make by investing in the Securities. In particular, investment decisions of the Issuer and/or its affiliates are based on their current economic circumstances, overall credit exposure, risk tolerance and economic conditions, which are subject to change. The Issuer is not required to hold the Underlying (or its constituent elements) as a hedge and it may chose not to do so.
8. Each form of Final Terms shall be amended by deletion of the text in the section “Amendments to General Conditions or Product Conditions” and its replacement with the following:

Amendments to General Conditions or Product Conditions	<p>[Not Applicable]</p> <p>[Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formulae; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interests of the holders of Securities.]</p> <p><i>(When making any such amendments consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)</i></p>
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9. Copies of all documents incorporated by reference in the Base Prospectus are accessible on

www.investors.rbs.com, on the London Stock Exchange plc's website at www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html and can be obtained from the registered office of the Issuer at 36 St. Andrew Square, Edinburgh EH2 2YB, United Kingdom, telephone +44 131 523 3636.

10. If the documents which are incorporated by reference in the Base Prospectus by virtue of this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of the Base Prospectus for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference in, or attached to, the Base Prospectus by virtue of this Supplement.
11. To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.
12. Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

The Royal Bank of Scotland plc

Annex A

CONDITIONS: PRODUCT CONDITIONS

RELATING TO REFERENCE RATE WARRANTS

The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the applicable Final Terms and the General Conditions (whether or not attached to this document). The applicable Final Terms, the Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on any Definitive Securities or attached to any Global Security representing the Securities. The Final Terms applicable to each Series may specify amendments to the General Conditions and/or the relevant Product Conditions as they apply to that Series.

1. DEFINITIONS

“**Agent**” means each of the Principal Agent and Agent(s), each as specified in the applicable Final Terms, each acting through its specified office and together, the “**Agents**”, which expression shall include any other Agent appointed pursuant to the provisions of General Condition 12;

“**Business Day**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and a day on which each Clearing Agent is open for business;

“**Cash Amount**” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

If the Securities are specified as Call Warrants in the definition of the relevant Series in the applicable Final Terms:

Entitlement x Max (Final Reference Price – Strike Price, 0)

If the Securities are specified as Put Warrants in the definition of the relevant Series in the applicable Final Terms:

Entitlement x Max (Strike Price – Final Reference Price, 0)

The Cash Amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if an Exchange Rate is applicable, The Cash Amount shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“Clearing Agent” means each clearing agent and clearance system specified as such in the applicable Final Terms 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”**);

“Denomination” means the amount specified as such in the definition of the relevant Series in the applicable Final Terms;

“Emerging Market Disruption Event” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, each of the following events:

- (i) **Moratorium.** A general moratorium is declared in respect of banking activities in the country in which the Exchange or any Related Exchange is located or in the principal financial centre of the Relevant Currency; or
- (ii) **Price Source Disruption.** It becomes impossible to obtain the Relevant Currency Exchange Rate on any relevant date, in the inter-bank market; or
- (iii) **Governmental Default.** With respect to any security or indebtedness for money borrowed or guaranteed by any Governmental Authority, there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) **Inconvertibility/non-transferability.** The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such jurisdiction or the Relevant Currency between accounts in such jurisdiction or to a party that is a non-resident of such jurisdiction; or

- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate for an amount which the Issuer considers necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character which is imposed in the country of the principal financial centre of the Relevant Currency; or
- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency, or where the Settlement Currency is the Relevant Currency, the unavailability of the Relevant Currency in the principal financial centre of any other applicable currency; or
- (x) Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations in relation to the Securities;

“Entitlement” means the number specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

“Exchange Rate” means, where the Strike Currency is different to the Settlement Currency, the rate of exchange between the Strike Currency and the Settlement Currency as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

“Exercise” means a Holder's right to exercise the Securities, in accordance with Product Condition 3;

“Exercise Date” means, if the Securities are specified as European Style Securities in the definition of the relevant Series in the applicable Final Terms, the Expiration Date or, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, any Business Day within the Exercise Period upon which the Notice is, or, as the case may be, is deemed to have been delivered to the Principal Agent in accordance with Product Condition 3;

“Exercise Period” means, if the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, the period running from (but excluding) the Issue Date to (and including) the Exercise Time on the Expiration Date;

“Exercise Time” means the time specified as such in the definition of the relevant Series in the applicable Final Terms;

“Expiration Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

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

“Final Reference Price” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Reference Rate at the Valuation Time on the Valuation Date as determined by the Calculation Agent by reference to information published on the Screen Page without regard to any subsequently published correction provided that if, in the determination of the Calculation Agent, a Market Disruption Event has occurred on the Valuation Date, then the Final Reference Price will be the Reference Rate as determined by the Calculation Agent in accordance with Product Condition 4;

“Final Terms” means the document containing the specific terms relating to the Securities;

“Governmental Authority” is any de facto or de jure government (or agency or instrumentality thereof, court, tribunal, administrative or other governmental authority) or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the country of the principal financial centre of either of the currencies in the Relevant Currency Exchange Rate;

“Integral Multiple” means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

“Interim Amount” means, if “Interim Payment” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, in respect of each Interim Period and each Denomination, an amount calculated by the Calculation Agent as follows:

$$\text{Denomination} \times \text{Interim Rate} \times \text{Interim Rate Day Count Fraction};$$

“Interim Payment Dates” means, if “Interim Payment” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Interim Period” means, if “Interim Payment” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms and unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the period commencing on (and including) the Issue

Date to (but excluding) the first Interim Payment Date and each period commencing on (and including) an Interim Payment Date to (but excluding) the next following Interim Payment Date;

“Interim Rate” means, if “Interim Payment” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, in respect of each Interim Period, the rate specified as such, or determined in accordance with the formula specified, in the definition of the relevant Series in the applicable Final Terms;

“Interim Rate Day Count Fraction” means, if “Interim Payment” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, that the Interim Amount shall be calculated on the basis specified in the definition of the relevant Series in the applicable Final Terms;

“Issue Date” means the date specified in the applicable Final Terms;

“Issuer” means The Royal Bank of Scotland plc incorporated in Scotland with its statutory seat in Edinburgh;

“Launch Date” means the date specified as such in the applicable Final Terms;

“Market Disruption Event” means each event specified as such in Product Condition 4 and any Additional Market Disruption Event specified in the definition of the relevant Series in the applicable Final Terms and any Emerging Market Disruption Event;

“Maximum Exercise Number” means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

“Minimum Exercise Number” means the number specified as such in the definition of the relevant Series in the applicable Final Terms;

“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 and 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 2) System is open;

“Pricing Date” means the date or dates specified as such in the applicable Final Terms, subject to adjustment by the Issuer in adverse market conditions if, in the opinion of the Issuer, circumstances so required;

“Reference Banks” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, such number of leading dealers in the London interbank market which ordinarily provide quotes for the Reference Rate, or any other rate requested by the Calculation Agent pursuant to Product Condition 4, as is specified as such in the definition of the relevant Series in the

applicable Final Terms, which Reference Banks shall be selected by the Issuer in its absolute discretion;

“Reference Rate” means each rate specified as such in the definition of the relevant Series in the applicable Final Terms, as determined by the Calculation Agent by reference to the Screen Page (if any), unless in the determination of the Calculation Agent a Market Disruption Event has occurred, in which case the Reference Rate shall be calculated in accordance with Product Condition 4 and **“Reference Rates”** shall be construed accordingly;

“Relevant Currency” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the Settlement Currency, the lawful currency in which the underlying of the Security or any constituent of such underlying is denominated, from time to time, or the lawful currency of the country in which the primary exchange on which an underlying or any constituent of such underlying, is located provided that Relevant Currency shall not include any lawful currency that is a Standard Currency. Notwithstanding the foregoing, where the underlying of a Security is a fund, including but not limited to, an exchange traded fund, a mutual fund, a unit trust or a hedge fund, or an American Depositary Receipt (**“ADR”**) or Global Depositary Receipt (**“GDR”**), the constituents of such fund, ADR or GDR as applicable, shall not be considered for the purpose of this definition;

“Relevant Currency Exchange Rate” means each rate of exchange between the Relevant Currency and the Settlement Currency, or where the Relevant Currency is the Settlement Currency, between the Relevant Currency and any other applicable currency, as determined by the Calculation Agent by reference to such sources as the Calculation Agent may reasonably determine to be appropriate at such time;

“Screen Page” means each of the pages specified as such in the definition of Reference Rate in the definition of the relevant Series in the applicable Final Terms and **“Screen Pages”** shall be construed accordingly;

“Securities” means each Series of the warrants specified in the applicable Final Terms and each such warrant a **“Security”**. References to the terms **“Securities”** and **“Security”** shall be construed severally with respect to each Series specified in the applicable Final Terms;

“Series” means each of the series of Securities set out in the applicable Final Terms;

“Settlement Currency” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“Settlement Date” means the date specified as such in the definition of the relevant Series in the applicable Final Terms;

“Standard Currency” means, unless otherwise specified in the definition of the relevant Series in the applicable Final Terms, the lawful currency of Australia, Austria, Belgium, Canada, Cyprus,

Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States, or such other currency as determined by the Calculation Agent at its sole and absolute discretion from time to time;

“**Strike Currency**” means the currency specified as such in the definition of the relevant Series in the applicable Final Terms;

“**Strike Price**” means the level specified as such in the definition of the relevant Series in the applicable Final Terms, subject to adjustment in accordance with Product Condition 4;

“**Valuation Date**” means the Exercise Date unless, in the determination of the Calculation Agent, a Market Disruption Event has occurred on that day in which case the Calculation Agent shall determine the Final Reference Price in accordance with Product Condition 4; and

“**Valuation Time**” means at or around the time specified as such in the definition of the relevant Series in the applicable Final Terms or such other time as the Issuer may select in its absolute discretion and notify to Holders in accordance with General Condition 4.

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

2. FORM

- (a) Global Form. Except in the case of Securities issued in the form specified in Product Condition 2(b) or 2(c), the Securities will be issued in bearer form and represented by a Global Security (the “**Global Security**”) which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular unit quantity of the Securities (in which regard any certificate or other document issued by the relevant Clearing Agent as to the unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and / or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.
- (b) Dematerialised Form. Certain Securities will, where required by the rules and procedures of the Clearing Agent, be issued in dematerialised form and will be

registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means a person in whose name a Security is registered in the book-entry settlement system of the Clearing Agent or any other person recognised as a holder of Securities pursuant to the Rules.

- (c) SIX SIS Ltd as Clearing Agent. If SIX SIS Ltd is specified as the Clearing Agent, Securities will, as specified in the applicable Final Terms, be issued in the form of (i) dematerialised securities (the “**Dematerialised Securities**”) or (ii) a bearer permanent Global Security and, in either case, will be transformed into intermediated securities (the “**Intermediated Securities**”) in accordance with article 6 of the Swiss Federal Intermediated Securities Act (the “**FISA**”).

The Intermediated Securities will be created (i) by deposit of a Global Security with the Clearing Agent, acting as custodian as defined in article 4 FISA (the “**Custodian**”), or registration of Dematerialised Securities in the main register of the Clearing Agent, acting as Custodian, and (ii) the Clearing Agent, acting as Custodian, crediting the respective rights to securities accounts of one or more of its participants with the Clearing Agent in accordance with articles 4 and 6 FISA. For each issuance of Securities in the form of Dematerialised Securities, the Clearing Agent, acting as Custodian, will maintain the main register as defined in article 6 para. 2 FISA which is available to the public under <https://www.sec.sisclear.com/sec/cm/index/custody-settlement/mainregister.htm>.

Title to the Intermediated Securities is construed and will pass in accordance with the legislation, in particular the FISA, rules and regulations applicable to and/or issued by the Clearing Agent, acting as Custodian, and any other custodian, if any, that are in force and effect from time to time (the “**Rules**”). Accordingly, in these Conditions, the term “**Holder**” means any person recognised as a holder of the Intermediated Securities pursuant to the Rules.

The Holders shall at no time have the right to effect or demand (i) the retransformation of the Intermediated Securities into, and the delivery of, Dematerialised Securities in the case of Dematerialised Securities being the basis for the creation of Intermediated Securities, or (ii) the conversion of the Dematerialised Securities or the Global Security into definitive Securities.

3. RIGHTS AND PROCEDURES

- (a) **Exercise.** The Holder may Exercise the Securities in amounts divisible wholly by the Integral Multiple provided that (i) if a Minimum Exercise Number is specified in the definition of the Series in the applicable Final Terms, at least such Minimum Exercise Number of Securities must be Exercised at the same time and (ii) if a Maximum Exercise Number is specified in the definition of the Series in the applicable Final Terms, no more than such Maximum Exercise Number of Securities may be Exercised at the same time. If the Securities are specified as European Style Securities in the definition of the relevant Series in the applicable Final Terms, the Securities are only Exercisable on the Exercise Date. If the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms, the Securities are Exercisable on any Exercise Date. Any Securities with respect to which no Notice has been delivered in the manner set out in Product Condition 3(f) at or prior to the Exercise Time on the Exercise Date shall (i) if Automatic Exercise is specified in the definition of the relevant Series in the applicable Final Terms, be deemed to be automatically Exercised if in the case of Call Warrants or in the case of Put Warrants the calculation of the Cash Amount is greater than zero and (ii) if Automatic Exercise is not specified in the definition of the relevant Series in the applicable Final Terms, be void. If the Securities are specified as American Style Securities in the definition of the relevant Series in the applicable Final Terms and an Notice is delivered in the manner set out in Product Condition 3(f) after the Exercise Time on any Business Day during the Exercise Period it shall be deemed to have been delivered prior to the Exercise Time on the Business Day following the actual day of delivery.
- (b) **Cash Settlement.** Each Security upon due or, if applicable, deemed Exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer, on the Settlement Date, the Cash Amount.
- (c) **Interim Payment.** If “Interim Payment” is specified as being “Applicable” in the definition of the relevant Series in the applicable Final Terms, each Security entitles its holder to receive from the Issuer, on each Interim Payment Date, the Interim Amount (if applicable). The Interim Amount is calculated by reference to the relevant Interim Rate, Interim Period and the Interim Period Day Count Fraction and is payable on each Interim Payment Date. Any Securities with respect to which no Notice has been delivered in the manner set out in Product Condition 3(f) at or prior to the Exercise Time on the Interim Payment Date shall, if Automatic Exercise is specified in the definition of the relevant Series in the applicable Final Terms, be deemed to have a duly completed Notice.

- (d) 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.
- (e) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Amount or Interim Amount.
- (f) Notice. 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 to which it relates;
 - (ii) specify the number of the account with the Clearing Agent to be debited with the Securities to which it relates;
 - (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 any Cash Amount and/or Interim Amount (if any);
 - (v) certify that neither the person exercising the Securities nor any person on whose behalf the Securities are being exercised is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (A) an individual who is a resident or a citizen of the United States; (B) 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; (C) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (D) 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; (E) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (B) above; (F) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (A) to (E) 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 (G) 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.
- (g) Verification. In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.
- (h) Settlement. The Issuer shall pay or cause to be paid the Cash Amount and/or Interim Amount (if any) for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.
- (i) Determinations. Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

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

Except where Automatic Exercise is specified in the definition of the relevant Series in the applicable Final Terms and the Securities are automatically exercised in accordance with Product Condition 3(a), any Security with respect to which the Notice has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3(a) shall become void.

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

- (j) **Delivery of a Notice.** Delivery of a Notice shall constitute an irrevocable election by the relevant Holder to exercise the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice the Securities which are the subject of such notice may not be transferred.
- (k) **Exercise and Settlement Risk.** Exercise and 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, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents 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.
- (l) **Method of Payment.** Subject as provided below, where any amount paid in connection with the Securities is in a currency other than euro, such payments will be made by an Agent on behalf of the Issuer in the Settlement Currency to an 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 any amount paid in connection with the Securities is in euro, payment of such 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. Payments will be made via the Clearing Agent(s) and will be made in accordance with the Rules (if applicable). All payments will be subject to applicable fiscal and legal requirements applicable thereto.
- (m) **Presentation and Surrender.** The Issuer shall record payment of any amount in connection with the Securities made to the relevant Agent and such record shall be prima facie evidence that the payment in question has been made. The Holder shall be the only person entitled to receive payments of any amount paid in connection with the Securities and the Issuer will be discharged by payment to, or to the order of, the Holder in respect of the amount so paid.

4. ADJUSTMENTS

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

A “**Market Disruption Event**” means the situation in which a Reference Rate is not available on the relevant Screen Page, in which case the relevant rate shall be

determined by the Calculation Agent, on the basis of quotations for the relevant rate or such other related rate as the Calculation Agent shall in its sole and absolute discretion specify provided by the Reference Banks at the Valuation Time for the relevant Business Day. The Issuer will request the principal London office of each of the Reference Banks to provide a quotation of the relevant rate. The relevant rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest) if more than three quotations are provided. If it is not possible to obtain quotations of the relevant rate by at least three of the Reference Banks then the Calculation Agent will determine the relevant Reference Rate at its sole and absolute discretion, which determination may be delayed for up to 180 days following the occurrence of an Emerging Market Disruption Event.

- (b) The Calculation Agent may make adjustments to the Conditions in order to account for any such event if it considers it appropriate to do so. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Holders copies of any such determinations. In making any such determinations and calculations in respect of the Securities, the Calculation Agent shall act at all times in good faith and a commercially reasonable manner.

5. EFFECT OF FINAL TERMS

The Final Terms applicable to any Series of Securities may specify amendments to these Product Conditions in so far as they apply to that Series. Notwithstanding the foregoing, consideration will be given as to whether such amendments constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus (as defined in the Final Terms) under Article 16 of Directive 2003/71/EC.

Annex B

REFERENCE RATE WARRANTS

Series: *[Reference Rate] [American][European] [Call][Put]
Warrants Series []*

Issue Price: []

Additional Market Disruption Events: [None] *[specify]*

American Style: [Applicable] [Not Applicable]

Automatic Exercise: [Applicable] [Not Applicable]

Business Day: [As stated in Product Condition 1] *[specify other]*

Call Warrants: [Applicable] [Not Applicable]

Cash Amount: [As stated in Product Condition 1] *[specify other]*

Denomination [] [Not Applicable]

Emerging Market Disruption Events: [As stated in Product Condition 1] *[specify other]*

Entitlement: []

Exercise Time: [12.00pm] Central European Time

Expiration Date: []

European Style: [Applicable] [Not Applicable]

Final Reference Price: [As stated in Product Condition 1] *[specify other]*

Integral Multiple: []

Interim Amount: []

Interim Payment: [Applicable] [Not Applicable]

Interim Payment Date(s): []

Interim Period: [As stated in Product Condition 1] *[specify other]*

Interim Rate: []

Interim Rate Day Count Fraction: [Not Applicable]

[The actual number of days in the relevant period divided by 365 save that for a portion which any such period falls in a leap year, the number of days in such portion shall be divided by 366]

[The number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interim Period is the 31st day of a month but the first day of the Interim Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the

Interim Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month)))

[specify other]

Maximum Exercise Number: [] [Not Applicable]

Minimum Exercise Number: [] [Not Applicable]

Pricing Date(s): [] [Not Applicable]

Put Warrants: [Applicable] [Not Applicable]

Reference Banks: [Five] [specify other]

Reference Rate(s): [first rate]

Screen Page: [specify]

[repeat as appropriate for other rates]

Relevant Currency: [As stated in Product Condition 1] [specify other]

Settlement Currency: []

Standard Currency: [As stated in Product Condition 1] [specify other]

Settlement Date: The [fifth] Business Day following the Valuation Date

Strike Currency: [] [Not Applicable]

Strike Price: [] [Not Applicable]

Valuation Time: [11.00 hours Central European Time] [specify other]

Amendments to General Conditions and/or Product Conditions: [Amendments to the General Conditions and/or Product Conditions as required by applicable consumer protection and other laws and/or clearing system and exchange rules. Such amendments may be (i) deletion of one or more General Conditions and/or Product Conditions in part or in its entirety; (ii) addition of disclosure and/or publication requirements; (iii) changes to pay off and other formula's; (iv) addition of clearing system details and applicable clearing rules and arrangements agreed between the Issuer and the relevant clearing system; (v) disclosure of fees applicable in connection with any exercise rights the Holders of Securities may have and (vi) other changes which are not materially prejudicial to the interest of the holders of Securities.]

(When making any such amendments consideration should be given to as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)

ISIN: []

Common Code: []

WKN: []

Valoren: []

Other Securities Code: []

Sales Restriction:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**") and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. person as defined in Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended and no U.S. person may at any time trade or maintain a position in the Securities.

INFORMATION ON THE UNDERLYING

Page where information about the past []
and future performance of the
Reference Rate and its volatility can be
obtained:

Series: *[Reference Rate] [American][European] [Call][Put]*
Warrants Series []

[repeat as above for each new Series]