
PROSPECTUS



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

PROSPECTUS RELATING TO

25,000 Open-Ended FX Hedged Securities linked to a notional investment in YA Offshore Global Investments, Ltd.

The issue price of the 25,000 Open-Ended FX Hedged Securities linked to a notional investment in YA Offshore Global Investments, Ltd. (the "**Securities**") being issued by ABN AMRO Bank N.V., acting through its London Branch, (the "**Issuer**") is EUR 1,000 per Security. This document is a prospectus for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and constitutes the Prospectus relating to the issue of Securities and should be read and construed in accordance with the Registration Document for ABN AMRO Holding N.V. and ABN AMRO Bank N.V. dated 29 June 2007 together with the supplements dated 10 July 2007, 2 August 2007, 11 October 2007, 1 November 2007, 28 February 2008 and 31 March 2008 (the "**Registration Document**"). Full information on the Securities and the Issuer is only available on the basis of the combination of this Prospectus and the Registration Document. As set out in "*Documents Incorporated by Reference*", the Registration Document is deemed to be incorporated in and forms a part of this Prospectus. Any Securities issued on or after the date of this Prospectus are issued on the basis of the provisions described herein.

This Prospectus contains a public offer, within the meaning of Article 3 of the Prospectus Directive. Persons to whom the Prospectus has been addressed should treat it as confidential and ensure that it is not to be reproduced for any other purpose or distributed to, or used by, any person outside the Netherlands or Germany. By accepting delivery of this Prospectus each prospective investor agrees to treat the contents hereof as confidential, in respect of persons resident in jurisdictions in which this Prospectus is not publicly offered.

The Securities will be in bearer form and in the denomination of EUR 1,000. The Securities will initially be in the form of a Global Note (the "**Global Note**"), without interest coupons, which was deposited on or around the Issue Date with a common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking ("**Clearstream**"). The Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Securities in definitive form in the denomination of EUR 1,000 and without interest coupons attached. See "*Summary of Provisions Relating to the Securities in Global Form*".

Prospective purchasers of 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. A discussion of principal risk factors that could affect holders of the Securities (the "**Holders**") are contained in the section headed "*Risk Factors*" but this Prospectus does not describe all of the risks of an investment in the Securities.

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.

The Issuer accepts responsibility for the information contained in this Prospectus. 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.

No application has or will be made for the Securities to be admitted to trading and listed on a regulated market.

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.

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 possession or distribution of this Prospectus or any offering material in relation to the Securities in any jurisdiction where action for that purpose is required, save in the Netherlands, where this Prospectus has been approved by the competent local authority in accordance with the Prospectus Directive and Germany, where this Prospectus will be notified to the competent local authority in accordance with the Prospectus Directive. 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. For a description of certain restrictions on offers, sales and deliveries of Securities and the distribution of this document and other offering material relating to the Securities please refer to "*Selling Restrictions*" in this Prospectus.

All investments risk the loss of capital. No guarantee or representation is made that the Securities will achieve their investment objective or their target return. In addition, there are risks associated with investing in private equity that are not applicable to typical investments in the public equity markets. These risks include, but are not limited to, the following: the Securities are speculative and involve a high degree of risk, an investor in the Securities could lose all or a substantial amount of his or her investment in the Securities, interests in the Securities are illiquid and there is no secondary market nor is one expected to develop for interests in the Securities, restrictions on transferring Securities, volatile performance, concentration and lack of diversification, lack of regulatory oversight, the fact that the Securities have high fees and expenses that will reduce the Securities' returns and the Reference Fund (as defined below) will invest in other funds which themselves charge management fees and carried interest. Also, private equity investments may be highly leveraged, which increases the risk of investment losses. For a more extensive discussion of the risks associated with an investment in a Security, prospective investors in the Securities should carefully review the "*Risk Factors*" (including the Conflicts of Interest section herein) in this Prospectus.

All references in this Prospectus to "**USD**" and "**US Dollars**" are references to the lawful currency of the United States of America and 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: XS0338079709

The date of this Prospectus is 2 April 2008

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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, or its successors or assigns. It is currently expected that the business unit in ABN AMRO Bank N.V. responsible for the issue of the Securities will be acquired by The Royal Bank of Scotland ("**RBS**").

The Issuer is a subsidiary of ABN AMRO Holding N.V. ("**Holding**"). Holding owns all of the shares of ABN AMRO Bank N.V., and itself has no material operations. Holding's consolidated financial statements include condensed financial information with respect to ABN AMRO Bank N.V. As of 31 December 2007 and for the year then ended, ABN AMRO Bank N.V. accounted for approximately 100 per cent. of Holding's consolidated assets, consolidated total revenue and consolidated net profit.

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 an international basis through its network. ABN AMRO is one of the largest banking groups in the world, with total consolidated assets of €1,025.2 billion at 31 December 2007.

	For further information on the Issuer and Holding please refer to the Registration Document or www.abnamro.com .
Recent developments	<p>The consortium of RBS, Fortis and Santander declared its offer unconditional and subsequently settled the tendered shares in Holding on 17 October 2007. Including the tendering of ordinary shares in Holding during the subsequent offering period, Holding's ordinary tendered shares represent in aggregate 98.8% of Holding's voting rights.</p> <p>Immediately upon settlement of the offer, the tendered shares in Holding became owned by the consortium banks, through the Dutch vehicle, RFS Holdings B.V. and were consolidated into the RBS Group.</p>
Paying Agent	ABN AMRO Bank N.V.
Calculation Agent	<p>ABN AMRO Bank N.V., acting through its London Branch, or its successors or assigns.</p> <p>It is currently expected that the business unit in ABN AMRO Bank N.V. responsible for the issue of the Securities will be acquired by RBS.</p>
Securities	25,000 Open-Ended FX Hedged Securities linked to a notional investment in YA Offshore Global Investments, Ltd.
Description of the Securities	<p>The Securities are open end certificates which do not have an expiration date or maturity date but will continue indefinitely until either the Holder redeems the Securities through a Holder Redemption (as described below) or the Issuer terminates or redeems the Securities through the Issuer Redemption (as described below). Open end certificates are investment instruments which, subject to due exercise in accordance with their conditions, pay an amount determined by reference to the value of the underlying Index (as described below).</p>
Issue Date	3 June 2008, or such other date as the Issuer in its sole and absolute discretion may decide.
Subscription Period	21 April 2008 to and including 30 May 2008, or such other period as the Issuer in its sole and absolute discretion may decide. The Issuer reserves the right to cancel the issue of Securities should the total amount subscribed for on the

	Issue Date be less than the Minimum Issue Size.
Maturity Date	Open-ended.
Nominal Amount	EUR 1,000 per Security.
Settlement Currency	EUR.
Minimum Issue Size	EUR 20,000,000 (equivalent to 20,000 Securities). The Issuer reserves the right to cancel the issue of the Securities should the total amount subscribed for on the Issue Date be less than the Minimum Issue Size.
Issue Price	EUR 1,000 per Security.
ISIN	XS0338079709.
Holder Redemption	<p>Securities can be redeemed on any Holder Redemption Date subject to the Issuer receiving notices to redeem, in aggregate, at least the greater of:</p> <ul style="list-style-type: none"> a) 100 Securities; or b) any minimum redemption amount which the Reference Fund may from time to time apply in respect of the Reference Fund Shares, <p>on such Holder Redemption Date.</p> <p>Securities are redeemable upon written notice being received by the Issuer at least four calendar months prior to a Holder Redemption Date.</p> <p>Holders redeeming Securities pursuant to a Holder Redemption will receive an amount in respect of each such Security equal to the Redemption Amount, such payment to be made on the Redemption Amount Payment Date (which may be considerably later than the Issuer Redemption Date).</p> <p>Prospective investors in the Securities should be aware that the Redemption Amount may differ significantly from the published Index Value (as defined in the Conditions) and may be zero.</p>
Holder Redemption Date	The Calculation Date falling in March, June, September and December of each year with the first Redemption Date being September 2008.
Calculation Date	The last Business Day of each month, or such other days as chosen by the Calculation Agent in its sole and absolute discretion.

Issuer Redemption

The Issuer has the option, in its sole and absolute discretion, to redeem the Securities, in whole but not in part, at any time including but not limited to the occurrence of certain events as described in the Terms and Conditions of the Securities (the "**Conditions**") including tax reasons, illegality, hedging reasons, a Suspension Event and a Reference Fund Event. The Issuer shall redeem the Securities on the Issuer Redemption Date and shall pay to the relevant Holders an amount in respect of each such Security which is equal to the Redemption Amount, such payments to be made on the relevant Redemption Amount Payment Date (which may be considerably later than the Issuer Redemption Date).

Prospective investors in the Securities should be aware that the Redemption Amount may differ significantly from the published Index Value (as defined in the Conditions) and may be zero.

Issuer Redemption Date

Such Business Day (as defined in the Conditions) as the Issuer shall in its sole and absolute discretion designate, upon not less than 10 Business Days' notice having been given to the Holders (which notice shall be irrevocable).

Redemption Amount

An amount in EUR per Security, determined by the Calculation Agent in its sole and absolute discretion, equal to the Index Value as at the relevant Holder Redemption Date or Issuer Redemption Date, as the case may be, adjusted to reflect the actual proceeds which a notional investor would receive from a notional realisation of the notional investment in the Reference Fund Component (or the relevant proportion thereof) at such date, less:

- a) (in respect of a Holder Redemption only) the Redemption Fee;
- b) any reasonable expenses and costs incurred in effecting any such notional realisation (including for the avoidance of doubt the reasonable hypothetical fees of any agent or advisors employed for the purposes of effecting such notional realisation); and
- c) the reasonable costs and expenses to the Issuer of unwinding its hedging arrangements in respect of the Securities, if any.

If it is not possible, prior to the Redemption Proceeds Cut-Off Date, to notionally redeem the entirety, or the relevant proportion, of the Reference Fund Component, the notional realisation proceeds of the Reference Fund Component shall be such notional realisation proceeds as are actually received in respect of the relevant realisation up to the Redemption Proceeds Cut-Off Date. Only those realisation proceeds received on or prior to such Redemption Proceeds Cut-Off Date shall be payable in respect of Securities being redeemed.

ANY REDEMPTION PROCEEDS RECEIVED THEREAFTER SHALL BECOME THE PROPERTY OF THE ISSUER. For the avoidance of doubt, if no notional realisation proceeds have been received in respect of a notional realisation before the Redemption Proceeds Cut-Off Date, the notional realisation proceeds of the Reference Fund Component shall be zero and Holders shall cease to have any rights under the Securities.

The Issuer makes no representation, warranty or guarantee that a notional realisation of the Reference Fund Component will be possible prior to the Redemption Proceeds Cut-Off Date.

On the occurrence of a redemption of Securities before the fifth anniversary of the Issue Date, the Redemption Amount may be reduced by an amount equal to the early redemption penalty of 3.00% imposed by the Reference Fund in respect of any realisation of Reference Fund Shares within the first two years of the notional subscription for any such Reference Fund Shares. **Prospective investors in the Securities should be aware that the Redemption Amount may differ significantly from the published Index Value (as defined in the Conditions) and may be zero.**

Redemption Proceeds Cut-Off Date	The fifth anniversary of the Issuer Redemption Date or a Holder Redemption Date (as applicable).
Redemption Amount Payment Date	Holders will receive the Redemption Amount as soon as reasonably practicable following the relevant Holder Redemption Date or Issuer Redemption Date (as applicable) and, in any event, no later than five Business Days after the necessary funds would notionally have been received from the

	<p>Reference Fund following a notional realisation of the Index Components corresponding to the Securities being redeemed. The ability of the Issuer to effect a notional realisation of the Reference Fund Component, and consequently a payment of the Redemption Amount, will be limited by the Redemption Limit operated by the Reference Fund.</p>
Redemption Fee	<p>1% of the Redemption Amount. The Redemption Fee will only be charged in respect of Holder Redemptions on or prior to the first anniversary of the Issue Date. Thereafter the Issuer will not charge any Redemption Fee. The Redemption Fee will be determined by the Calculation Agent and is payable to the Issuer.</p>
Redemption Limit	<p>The Issuer shall be entitled to postpone any payments in respect of redemptions of Securities in circumstances where a notional realisation of Reference Fund Shares is restricted. Such restrictions may occur where aggregate requests from the shareholders in the Reference Fund for redemptions of Reference Fund Shares represent more than 15% of the net asset value of the Reference Fund and are further described in the Conditions and in the section headed "<i>Risk Factors - Part A – General Risk Factors</i>". In such circumstances, the Issuer shall postpone any payments in respect of redemptions of Securities in a manner which corresponds with the postponement of the redemption of Reference Fund Shares.</p>
Index	<p>The Securities represent a notional (not actual) investment in the Index. The Index comprises the Reference Fund Component, the Cash Component and the FX Component. The Issuer will make the Index Value (as defined in the Conditions) (including the historical performance of the Securities) available at www.abnamromarkets.com.</p>
Reference Fund Component	<p>The Index's notional exposure per Security to the performance of the Reference Fund Shares.</p>
Reference Fund Shares	<p>Class L shares in the Reference Fund.</p>
Reference Fund	<p>YA Offshore Global Investments, Ltd. (Bloomberg CORCAPO KY Equity).</p>
Reference Master Fund	<p>YA Global Investments, L.P.</p> <p>The Reference Fund invests substantially all its assets, as a</p>

	feeder vehicle in a master-feeder structure, in YA Global Investments, L.P.
Cash Component	The component of the Index to which a notional cash balance (whether positive, zero or negative) is allocated per Security.
FX Component	A series of foreign exchange cash and forward transactions hedging the USD price of the Reference Fund forward against the Settlement Currency.
Sales of Securities	The Issuer may, in its sole and absolute discretion, offer a secondary market in the Securities. In the event that the Issuer elects to offer such secondary market, the Issuer shall be entitled to impose such conditions as it, in its sole and absolute discretion, shall deem fit, including but not limited to providing a large bid/offer spread and limiting the number of Securities in respect of which it is prepared to offer such secondary market. For the avoidance of doubt, the imposition of any of the above conditions may severely limit the availability of any such secondary market and may result in Holders receiving significantly less than they otherwise would have received. Holders will receive the proceeds from a realisation of their Securities within 10 Business Days of the Issuer electing to purchase Securities pursuant to such secondary market facility.
Minimum trading size	100 Securities.
Security Fee	<p>0.50% per annum of the Value of the Reference Fund Component (as defined in the Conditions), calculated and accruing on an actual/360 basis, from (but excluding) the Issue Date, expressed in EUR.</p> <p>The Security Fee will be determined by the Calculation Agent, is payable to the Issuer, and will be deducted from the Cash Component on each Calculation Date.</p>
Reference Fund Fees	Certain fees and expenses will be applied at the level of the Reference Fund (which will reduce the value of Reference Fund Component), including but not limited to an annual management fee equal to 2% per annum, calculated as a percentage of the net asset value of the Reference Fund and an incentive fee equal to 20% of the increase in the net asset value of the Reference Fund. For more information please refer to " <i>Essential characteristics of the Reference Fund</i> –

Management Fee – Incentive Fee".

Risk Factors relating to the Issuer	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.
Risk factors relating to the Securities	There are certain factors which are material for the purpose of assessing the market risks associated with the Securities. Several factors beyond the control of the Issuer which may influence the value of the Securities are: (i) the value of the Reference Fund; (ii) the volatility (i.e. the frequency and magnitude of changes) in the price of the Index Components; (iii) currency exchange rates, interest rates and yields in the market generally and (iv) economic, financial, political and regulatory or judicial events that affect the financial markets generally and which may affect the market price of the Index Components, see " <i>Risk Factors</i> " in this Prospectus.
Selling Restrictions	There are restrictions on the sale of the Securities and the distribution of the offering material in certain jurisdictions including the United States and the European Economic Area (including the United Kingdom and The Netherlands). In addition, these Securities may not be offered or sold: (i) to any person/entity listed on sanctions lists of the European Union, United States or any other applicable local competent authority; (ii) within the territory of Cuba, Sudan, Iran and Myanmar; (iii) to residents in Cuba, Sudan, Iran or Myanmar; (iv) to Cuban Nationals, wherever located.
Scale-back	<p>The Issuer reserves the right to refuse or accept any subscription, in whole or in part and in its sole and absolute discretion and for any reason, including but not limited to:</p> <p>a) the inability, for any reason, of a notional investor to subscribe for such amount of the Reference Fund Shares as the Issuer determines in its sole and absolute discretion would otherwise be necessary to fulfil its obligations under the Securities; or</p>

- b) any materially detrimental regulatory consequences arising for the Issuer as a result of any actual investment made by the Issuer in the Reference Fund (in the event that the Issuer in its sole and absolute discretion elects to hedge its exposure in the Reference Fund by so investing).

Conditions

Set out below is a summary of certain significant provisions of the 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.

Substitution

The Issuer may at any time, without the consent of the Holders, substitute for itself as principal obligor under the Securities any company subject to certain conditions including the obligations of the substitute issuer under the Securities being guaranteed by Holding or any other credit institution with a rating equivalent or better than Holding which substitutes Holding (unless Holding is the substitute).

Taxation

Holders (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.

Governing Law

English law.

Form of Securities

The Securities will be issued in global form.

Settlement of Securities

The Securities will be cash settled.

Suspension Event

If a Suspension Event occurs, the Calculation Agent may in its sole and absolute discretion, postpone the provision or occurrence of any secondary market, Holder Redemption Date, Issuer Redemption Date or the production of any Index Value (as defined in the Conditions) and/or make its own determination of the Index Value (as defined in the Conditions).

Reference Fund Event

If a Reference Fund Event occurs, the Issuer may decide in its sole and absolute discretion, to redeem the Securities, in whole but not in part upon not less than 10 Business Days' notice have been given to the Holders.

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 in the Securities 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 in the Securities 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.

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

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 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 may not be a suitable investment for all investors. The purchase of the Securities involves substantial risks. Each potential investor in the Securities must determine the suitability of an

investment in the Securities in light of its own circumstances. In particular, each potential investor in the Securities 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 and/or documents contained or incorporated by reference in this Prospectus or any applicable supplement;
- b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the 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 or any currency risk associated with circumstances where the currency for payments is different from the potential investor in the Securities' currency; and
- d) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment in the Securities 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 prospective investor in the Securities 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 prospective investor in the Securities' overall investment portfolio.

Transparency

The Reference Fund only provides a quarterly unaudited report and an annual audited report. Accordingly, there is a limited amount of information available in respect of the Reference Fund and changes in the value of the Reference Fund between each quarterly unaudited report and an annual audited report will not otherwise be known. The net asset value for the Securities will only be determined annually on receipt of the audited accounts for the Reference Fund.

PROSPECTIVE INVESTORS IN THE SECURITIES SHOULD BE AWARE THAT THE REDEMPTION AMOUNT MAY DIFFER SIGNIFICANTLY FROM THE PUBLISHED INDEX VALUE (AS DEFINED IN THE CONDITIONS) AND MAY BE ZERO.

Secondary market

Investors in the Securities should be aware that the Securities do not have a maturity and that it is not certain that there will be a secondary market for the trading of the Securities. The Issuer may, in its sole and absolute discretion, decide to offer a secondary market in the Securities. In the event that the

Issuer elects to offer such secondary market, the Issuer shall be entitled to impose such conditions as it, in its sole and absolute discretion, shall deem fit, including but not limited to:

- a) providing a large bid/offer spread determined by the Issuer in its sole and absolute discretion by reference to the Issuer's own appreciation of the risks involved in providing such secondary market;
- b) normal market conditions prevailing at such date; and
- c) limiting the number of Securities in respect of which it is prepared to offer such secondary market.

Holders should note that the imposition of any of the above conditions may severely limit the availability of any such secondary market and may result in Holders receiving significantly less than they otherwise would have received were they to have elected to redeem their Securities pursuant to a Holder Redemption.

In the event that such a secondary market does not develop, it is unlikely that an investor in the Securities will be able to sell his Securities or at prices that will provide him with a yield comparable to similar investments that have a developed secondary market.

Liquidity

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

The value of the Securities may fluctuate

The value of the Securities may move up and down between their date of purchase and the date of redemption. Holders may sustain a significant loss of their investment. Prospective purchasers should therefore ensure that they understand fully the nature of the Securities before they invest in the Securities. Several factors, many of which are beyond the Issuer's control, will influence the value of the Securities at any time, including the following:

- a) *Valuation of the Reference Fund.* The value of the Securities at any time is expected to be affected primarily by changes in the level of the Reference Fund. For the risks related to the Reference Fund, please refer to section "*Risk Factors - Part B Risk Factors relating to the Reference Fund*" below. It is impossible to predict how the level of the Reference Fund will

vary over time. Factors which may have an affect on the value of the Reference Fund include the rate of return of the Reference Fund and the financial position and prospects of the issuers of those securities which comprise the investments of the Reference Fund. In addition, the value of the Reference Fund may depend on a number of interrelated factors, including economic, financial and political events. Potential investors in the Securities should also note that whilst the value of the Securities is linked to the Reference 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 Reference Fund is increasing in value, the value of the Securities may fall. Further, if there is no market value available for the Reference Fund, the Calculation Agent may determine its value to be zero.

- b) *Interest Rates.* Investments in the Securities may involve interest rate risk with respect to the currency of denomination of the Reference 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 Reference Fund relating to the Securities.
- c) *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 Reference 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.
- d) *Suspension Event.* If so indicated in the Conditions, the Calculation Agent may determine that a Suspension 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.
- e) *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.

PROSPECTIVE INVESTORS IN THE SECURITIES SHOULD BE AWARE THAT THE REDEMPTION AMOUNT MAY DIFFER SIGNIFICANTLY FROM THE PUBLISHED INDEX VALUE (AS DEFINED IN THE CONDITIONS) AND MAY BE ZERO.

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 Reference Fund. In addition, it may not be possible to liquidate the Securities at a level which directly reflects the price of the investments in the Reference Fund.

Modification, waivers and substitution

The Issuer may decide to make modifications to the Securities without the consent of the Holders which may affect the Holders' interest either:

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

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 in the Securities 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.

Exchange rate risks and exchange controls

The Issuer will make payments on the Securities in EUR (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor in the Securities' financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (i) the Investor's Currency-equivalent yield on the Securities; (ii) the Investor's Currency-equivalent value of the principal payable on the Securities; and (iii) the Investor's Currency-equivalent market value of the Securities. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. An investor in the Securities may receive, in the Investor's Currency, less principal than expected, or no principal. In addition, any notional distribution proceeds in respect of the Reference Fund may be in a non-EUR base currency and thus will be converted into EUR at the prevailing foreign exchange rate

applicable at the time of receipt of such distributions, as provided by ABN AMRO Bank N.V. traders with reference to the prevailing market rates, by the Calculation Agent.

Legal investment considerations may restrict certain investments

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

Issuer and Holding credit risk

The risk that the Issuer will be unable to pay amounts due under the Securities is known as credit risk. The Securities will constitute unsubordinated and unsecured obligations of the Issuer and will rank equally among themselves and equally with all other unsubordinated and unsecured obligations of the Issuer (other than obligations preferred by mandatory provisions of law). Pursuant to a declaration under Article 2: 403 of The Netherlands Civil Code, Holding is jointly and severally liable with the Issuer for all of the Issuer's liabilities. If you purchase Securities, you are relying on the creditworthiness of the Issuer and Holding and no other person. 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.

Volatility of the value of the Securities

The return on the Securities may vary significantly over the life of the Securities, and may decrease as well as increase.

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

- a) the value of the Reference Fund;
- b) the volatility (i.e. the frequency and magnitude of changes) in the price of the Index Components;
- c) currency exchange rates, interest rates and yields in the market generally. The Index entails the calculation of an amount in EUR which is reflective of the value of Reference Fund which may be affected by these factors; and
- d) economic, financial, political and regulatory or judicial events that affect the financial markets generally and which may affect the market price of the Index Components.

Some or all of these factors will influence the price that Holders will receive if they sell the Securities.

The price at which a Holder will be able to sell or redeem the Securities may be at a discount to the value of those Securities at the Issue Date, due to the foregoing factors.

Return on an investment in the 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 Security Fee, the Redemption Fee and also, at the Reference Fund level, the fees outlined in the "*Essential characteristics of the Reference Fund – Management Fee - Incentive Fee*" and the level of any fees charged by the selling agent, nominee service provider and/or clearing system used by the investor in the Securities. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Securities, custody services and on payments on the Securities. Potential investors in the Securities are therefore advised to investigate the basis on which any such fees will be charged on the relevant Securities.

Return on investment by redemption is not linked to Net Asset Value

INVESTORS IN THE SECURITIES SHOULD NOTE THAT ANY RETURN ON THE SECURITIES AT ANY DATE OF REDEMPTION IS LINKED TO THE NET PROCEEDS A NOTIONAL INVESTOR WOULD RECEIVE ON A REALISATION OF ITS NOTIONAL INVESTMENT IN THE REFERENCE FUND AND IS NOT LINKED TO THE NET ASSET VALUE OF THE REFERENCE FUND. CONSEQUENTLY THE RETURN MAY BE ZERO.

The Redemption Amount payable in respect of the Securities is linked to the net notional proceeds which a notional investor would receive from a realisation of its notional investment in the Reference Fund. Such notional proceeds will be net of any costs, charges and fees. However, investors in the Securities should note that the Calculation Agent may determine in its sole and absolute discretion that if it is not possible, prior to the fifth anniversary of the Issuer Redemption Date or a Holder Redemption Date (as applicable), to notionally redeem the entirety, or the relevant proportion, of the Reference Fund Component, the notional realisation proceeds of the Reference Fund Component shall be such notional realisation proceeds as are actually received in respect of the relevant realisation up to the date of the fifth anniversary of the Issuer Redemption Date or a Holder Redemption Date. Only those realisation proceeds received on or prior to such date shall be payable in respect of Securities being redeemed. **ANY REDEMPTION PROCEEDS RECEIVED THEREAFTER SHALL BECOME THE PROPERTY OF THE ISSUER.** Investors in the Securities should be aware that if no notional realisation proceeds have been received in respect of a notional realisation before that date, the notional realisation proceeds of the Reference Fund Component shall be zero and Holders shall cease to have any rights under the Securities. The Issuer makes no representation, warranty or guarantee that a notional realisation of the Reference Fund Component will be possible prior to the fifth anniversary of the Issuer Redemption Date or a Holder Redemption Date (as applicable).

Furthermore, on the occurrence of a redemption of Securities before the fifth anniversary of the Issue Date, the Redemption Amount may be reduced by an amount equal to the early redemption penalty of

3.00% imposed by the Reference Fund in respect of any realisation of Reference Fund Shares within the first two years of the notional subscription for any such Reference Fund Shares.

Finally, investors in the Securities should be aware that the Issuer may in its sole and absolute discretion distribute in specie interests in, or distributions received from, the Reference Fund in lieu of cash payments to the Holders.

Tax consequence of holding the Securities

Potential investors in the Securities should consider the tax consequences of investing in the Securities and consult their tax adviser about their own tax situation. For a summary of the principal tax consequences of the acquisition, holding, redemption and disposal of Securities please refer to section "*Taxation*" below.

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, 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. Please refer to section "*Condition 11 - Taxation*".

Suspension Event

A Suspension Event is any suspension or limitation on the calculation and/or publication of the Index Value (as defined in the Conditions) and/or the Net Asset Value for any reason, any suspension or limitation on the trading of relevant currencies or any impracticality or unavailability to the Issuer of any relevant hedging transaction in respect of the Securities. Any such Suspension Event shall continue until the Calculation Agent has determined in its sole and absolute discretion that the event(s) that triggered such Suspension Event have been resolved to the Calculation Agent's satisfaction.

Holders may be exposed to interest rate risk

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

Securities are unsecured obligations - no shareholder or equivalent rights

The Securities represent general contractual obligations of the Issuer. The Securities will not be secured by any property of the Issuer and, with the exception of certain obligations given priority by applicable law, will rank equally with all other unsecured and unsubordinated obligations of the Issuer.

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 in the Securities 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.

The Securities may be terminated early

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 (including but not limited to tax reasons), the Issuer determines that a Reference Fund Event or Suspension Event has occurred, the Issuer is unable to hedge its exposure arising from the Securities or if at any time the aggregate Nominal Amount of all outstanding Securities is EUR 10,000,000 or less, the Issuer may at its discretion and without obligation terminate the Securities. 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 the Redemption Amount determined by the Calculation Agent. Investors in the Securities should note that repayments upon termination will (partly) depend on whether the proceeds of the sale of the investment in the Reference Fund will be received by the Issuer (if any). There is no assurance that the Issuer will be able to sell the investment in the Reference Fund and any repayments received by the Holders may be less than the notional invested amount.

Hedging Disruption Events

If the Issuer determines that a Hedging Disruption Event has occurred, the Issuer may at its discretion and without obligation: (i) redeem the Securities pursuant to an Issuer Redemption; (ii) make an adjustment in good faith to the Conditions to: (a) reduce the size of the Reference Fund Component by an amount (the "**Relevant Proportion**") corresponding to the Hedging Disruption Event; and (b) distribute to the Holders amounts in respect of the Securities in aggregate equal to the amount an investor in the Reference Fund Component would receive on a sale or transfer of the Relevant Proportion of the Reference Fund Component to a third party, as determined by the Calculation Agent in its sole and absolute discretion; and/or (iii) make any other adjustment to the Conditions as it considers appropriate. If the Issuer elects to redeem the Securities, the Issuer will pay the Holder of each such Security the Redemption Amount determined by the Calculation Agent. Investors in the Securities should note that the Redemption Amount will (partly) depend on whether the proceeds of the sale of the investment in the Reference Fund will be received by the Issuer (if any). There is no assurance that the Issuer will be able to sell the investment in the Reference Fund and any repayments received by the Holders may be less than the notional invested amount (see "*Return on investment by redemption is not linked to the Net Asset Value*" above).

Part B - Risk factors relating to the Reference Fund

The performance of the Securities is dependent upon the performance of the Index which references the performance of the notional investment in the Reference Fund which in turn is dependent on the Investment Manager's skills in making appropriate investments. As a result, the Reference Fund may under-perform the stock or fixed income market. Also, the Reference Fund could fail to meet its investment objectives. No assurance can be given with respect to the performance of the Investment Manager or the Reference Fund and neither the Issuer, the Reference Fund nor the Investment Manager shall have any liability to Holders in the event that the Index performs poorly. An investment in the Reference Fund involves a high degree of risk and is subject to a number of risk factors inherent in the investment strategies that will be deployed by the Investment Manager.

Holders should further note that all investments risk the loss of capital. No guarantee or representation is made that the Reference Fund will achieve its investment objective. In addition, there are risks associated with investing in the Reference Fund (some of which are summarized below) that are not applicable to typical investments in the public equity markets. Prospective investors in the Securities should carefully review the risks associated with investing in the Reference Fund with their financial, tax and legal advisors.

Investing in the Reference Fund involves various risks. There can be no assurance that the Reference Fund's investments will be successful or that the Reference Fund's investment objective will be attained. Accordingly, an investment in the Reference Fund is speculative in nature and suitable only for sophisticated investors who are aware of the risks involved in an investment in the Reference

Fund. Investors must have the ability and willingness to accept (1) the potentially illiquid nature of investment in the Reference Fund Shares and (2) the risk of the potential total loss of capital resulting from an investment in equity or debt securities in general and in the Reference Fund.

THE RISK FACTORS SET FORTH IN THIS SECTION ARE NOT INTENDED TO BE AN EXHAUSTIVE LIST OF THE RISKS INVOLVED IN THE REFERENCE FUND. THE REFERENCE FUND'S INVESTMENT PROGRAM IS SPECULATIVE AND AN INVESTOR MAY LOSE ALL OF ITS INVESTMENT IN THE REFERENCE FUND.

The following risks relate generally to an investment in the Reference Fund.

Risks Relating to the Reference Fund, the Board of Directors, and the Investment Manager

Note that references to the "Reference Fund" in this section generally relate to investment made by and through the Reference Master Fund.

Retention and Motivation of Key Employees. The Reference Fund's performance is largely dependent on the talents and efforts of highly skilled individuals. Competition in the financial services industry for qualified employees is intense. The Reference Fund's continued ability to effectively manage its portfolio depends on the Investment Manager's ability to attract new employees and to retain and motivate its existing employees.

Increased Regulatory Oversight. The financial services industry generally, and the activities of hedge funds and their managers in particular, have been subject to increasing regulation and oversight. This may increase the Reference Fund's and the Investment Manager's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight can also impose administrative burdens on the Investment Manager, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert the Investment Manager's time, attention and resources from managing the Reference Fund's portfolio.

The Investment Manager is not currently required to be registered as an investment adviser, but may register in the future. Unlike investment companies registered under the Investment Company Act of 1940 (the "**Company Act**"), the Reference Fund relies upon an exception from such registration available to privately offered investment companies and, accordingly, the provisions of the Company Act (which, among other things, will require registered investment companies to have boards of directors comprised of at least 75% disinterested directors, require securities to be held in custody by a bank or broker in accordance with rules requiring the segregation of securities and regulate the relationship between the advisor and the investment company) are not applicable. Because securities of the Reference Fund held by brokers are generally not held in segregated accounts, a failure of any such broker is likely to have a greater adverse impact on the Reference Fund than if such securities were registered in the Reference Fund's name. It is anticipated that, in the normal course of business, the Board of Directors and the Investment Manager's officers will have contact with governmental

authorities and/or be subjected to responding to questionnaires or examinations. Such contacts would likely increase if the Investment Manager registers with the SEC as an investment adviser. The Reference Fund may also be subject to regulatory inquiries concerning its positions and trading.

Systems Risks. The Reference Fund depends on the Investment Manager to develop and implement appropriate systems for the Reference Fund's activities. The Reference Fund relies on computer programs and systems to trade, clear and settle securities transactions, to evaluate certain securities based on real-time trading information, to monitor its portfolio and net capital, and to generate risk management and other reports that are critical to oversight of the Reference Fund's activities. In addition, certain of the Reference Fund's and the Investment Manager's operations interface with or depend on systems operated by third parties, including its prime brokers and market counterparties and their sub-custodians and other service providers, and the Reference Fund or the Investment Manager may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by worms, viruses and power failures. Any such defect or failure could have a material adverse effect on the Reference Fund. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect the Reference Fund's ability to monitor its investment portfolio and its risks.

Operational Risk. The Reference Fund depends on the Investment Manager to develop the appropriate systems and procedures to control operational risk. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in the Reference Fund's operations may cause the Reference Fund to suffer financial loss, the disruption of its business, liability to clients or third parties, regulatory intervention or reputational damage. The Reference Fund's business is dependent on its ability to process, on a daily basis, a large number of transactions across numerous and diverse markets. Consequently, the Reference Fund relies heavily on its financial, accounting and other data processing systems. The ability of its systems to accommodate an increasing volume of transactions could also constrain the Reference Fund's ability to properly manage the portfolio.

Risks Applicable to the Reference Fund's Investments Generally

The Investment Manager will have broad discretion in making investments for the Reference Fund. The Investment Manager specializes in financial structures negotiated directly with issuers, some of which are private companies. The Investment Manager's financial structures will likely change over time for business, competitive and regulatory reasons. The current structures used by the Investment Manager (which are subject to change without notice to or the consent of the Shareholders) are convertible securities and equity lines of credit, also known as SEDAs. Convertible securities are

typically convertible debt and sometimes convertible preferred stock. The convertible securities may or may not be secured and any security may or may not be adequate to ensure collection. Some aspects of the security may include assets outside of the United States or in jurisdictions where it may be difficult to realize on the value of the collateral. As discussed below in greater detail, convertible securities have certain unique risks, including registration risk and credit risk (see "*Particular risks applicable to convertible or straight loans*"); equity lines of credit also have certain unique risks, the most significant of which is that the Reference Fund may be deemed by the SEC to have acted as a statutory underwriter in connection with certain portfolio transactions, which may subject the Reference Fund to liability as an underwriter (see "*Particular risks related to SEDAs*").

There can be no assurance that the Investment Manager will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments made by the Reference Fund. Prices of investments may be volatile or unavailable, and a variety of factors that are inherently difficult to predict, such as US or non-US economic and political developments, may significantly affect the results of the Reference Fund's activities and the value of its investments. In addition, the value of the Reference Fund's portfolio may fluctuate as interest rates in general fluctuate. No guarantee or representation is made that the Reference Fund's investment objective will be achieved. The Reference Fund invests a majority of its available capital (other than capital the Investment Manager determines to retain in cash or cash equivalents) in directly negotiated private investments in public companies. The investments include privately placed equity securities through equity line commitments and convertible debt instruments. While most of these instruments are expected to be traded in public markets, markets for such instruments in general may not be liquid, there may not be a public market for such securities, and the market value of any particular investment may be subject to substantial fluctuation. The Reference Fund may also invest in securities, some or all of which may be of kinds or classes for which no public market exists. Securities purchased by the Reference Fund may be subject to restrictions on resales under applicable securities laws or otherwise. No assurance can be given that the Reference Fund's investment portfolio will generate any income. In addition, most investments will be made in small to mid-size companies whose shares may be less liquid than larger companies and may be subject to greater losses than investments in larger companies. The value of such securities may drop such that equity lines of credit may be unprofitable to the Reference Fund. There is a risk that the Reference Fund may be unable to enter into a sufficient number or size of investments with issuers for the Reference Fund to generate a profit if issuers are reluctant to enter into SEDAs or other investment arrangements with the Reference Fund. This risk may increase if interest rates drop or are otherwise at such low levels that equity line financing is not viewed as an attractive option for issuers. There is also a risk that a private or public issuer to which the Reference Fund commits funds for an equity line or convertible debt instrument (especially for convertible debt instruments) fails, or refuses, to register with the SEC securities (or securities to which an instrument held by the Reference Fund may be converted). In addition, there is a risk that

the SEC may not declare effective a registration statement or statements filed with respect to such securities or instruments.

The Reference Fund may provide financing to portfolio companies in exchange for convertible debt instruments issued by such companies. Loans are subject to credit risk. For example, if interest rates increase, the value of debt instruments typically decrease. In addition, a borrower may default on a loan and may be unable to repay. Borrowers may experience economic difficulties which may bear on the ability to repay loans or to pay interest on debt instruments. In addition, loans made to companies secured by a company's officers or principals are also subject to credit risk on the part of the company or the officer or principal. If such transactions are secured by an officer's or principal's securities of a company, there is a risk that the value of such securities may not be equal to the amount of a loan due to, for examples, fluctuations in the price of such securities.

Any of such strategies that the Reference Fund employs should be expected to increase its transaction costs, interest expense and other costs and expenses. No assurance can be given that short sales, hedging, leverage and other techniques and strategies will not result in material losses for the Reference Fund.

The Reference Fund may have higher portfolio turnover than other investment funds. The brokerage commissions and other transaction costs the Reference Fund incurs will generally be higher than those incurred by a fund with a lower portfolio turnover rate.

Neither prospective investors nor Shareholders will have any right or opportunity to select or evaluate any Reference Fund investments or strategies prior to such investments being made or such strategies being implemented by the Reference Fund or the Investment Manager. The Investment Manager will select all investments and strategies of the Reference Fund. The likelihood that Shareholders will realize income or gain as a result of an investment in the Reference Fund will depend on the acumen, expertise and skill of the Investment Manager.

Due to the directly negotiated nature of the Reference Fund's principal investment strategies, there may also be unique risks associated with a particular transaction that are difficult to predict.

Investments in money market mutual funds or other similar short-term investments are not insured by the Federal Deposit Insurance Company ("FDIC"), and the Reference Fund may lose money from these investments.

Regulatory Risks Relating to the Reference Fund's Investments

The Reference Fund primarily focuses on investing in small-cap and micro-cap issuers, which generally are subject to heightened regulatory scrutiny. Regulatory agencies, such as the SEC, may periodically review, inquire and investigate the policies, practices and business operations of the Reference Fund, the Investment Manager and related entities, as well as that of the portfolio companies in which the Reference Fund invests.

The Reference Fund is also subject to regulatory requirements related to Regulation D of the Securities Act, pursuant to which SEDAs and other securities purchased by the Reference Fund may

be exempt from registration under the Securities Act. Section 2(a)(11) of the Securities Act defines an "underwriter" as any person who has purchased securities from an issuer with a view towards distribution. In connection with its sales of securities purchased pursuant to Regulation D or otherwise exempt from registration, the Reference Fund could be deemed to be a "statutory underwriter" based on the method and timing of such sales. If the Reference Fund were deemed to be a "statutory underwriter", it could have an adverse effect on the transaction(s) in respect of which such determination is made and, possibly, on the Reference Fund's ability to continue to effectively pursue its investment strategy. If the Reference Fund is deemed to be an "underwriter" in the case of securities offered or sold by the Reference Fund after exercise of registration rights with respect to those securities, the Reference Fund could be held jointly and severally liable with the issuer to the persons purchasing such securities from it for damages based upon misstatements or omissions of material facts in a prospectus or oral communication delivered or made in connection with such offer or sale. If the securities held by the Reference Fund are not registered, the Reference Fund will be able to resell those securities publicly only pursuant to Rule 144, Rule 144A, or Regulation S of the Securities Act and only in a manner in which the Reference Fund will not be deemed to be engaged in a distribution of such securities and therefore not to be an "underwriter" with respect to such securities.

The SEC is charged with interpreting the federal securities laws that govern certain of the investments made by the Reference Fund. The SEC may issue rule interpretations that affect the manner in which the Reference Fund structures its investments in portfolio companies. These rule interpretations may differ from the manner in which the rules were interpreted at the time the Reference Fund entered into a particular investment. In addition, the SEC may apply existing interpretations of statutes or rules in ways that differ from the manner in which they were applied in the past, and such new interpretations could have negative implications for the kinds of investments the Reference Fund has made in the past and/or may make in the future. There is a risk that the SEC could issue additional interpretations which could negatively impact the Reference Fund's ability to enter into SEDAs or other equity lines of credit with issuers and/or the Reference Fund's ability to liquidate, or profit from, an investment in an issuer.

The Reference Fund and the Investment Manager expect increased scrutiny by government regulators, investigators, auditors and law enforcement officials regarding the identities and sources of funds of investors in private investment funds such as the Reference Fund. In that connection, in the future the Reference Fund may become subject to additional obligations, such as reporting requirements regarding its investors, including, without limitation, such requirements and restrictions that may apply under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "**USA PATRIOT Act**"). Upon the Board's or Administrator's request, each investor in the Reference Fund will be required to provide the Board of Directors or Administrator with such information as may be required to enable it and/or the Reference Fund to comply with all applicable legal or regulatory requirements, including, without limitation, the

requirements of the USA PATRIOT Act (and/or all rules and regulations related thereto), and each investor in the Reference Fund will be required to acknowledge and agree that the Board of Directors or Administrator may disclose such information to governmental and/or regulatory or self-regulatory authorities to the extent required by applicable law or regulation and may file such reports with such authorities as may be required by applicable law or regulation. If required by applicable law, regulation or interpretation thereof, the Board of Directors or Administrator may suspend all activity with respect to a Shareholder's account with the Reference Fund, including suspending the Shareholder's right to redeem funds or assets from the Reference Fund pending the Board of Directors' or Administrator's receipt of instructions regarding the Shareholder's account from the appropriate governmental or regulatory authority.

Special Risks Relating to the Reference Fund's Investments

Contractual Risks. Unlike the purchase of freely tradable common stock in the open market, the Reference Fund's investments generally involve contractual obligations by the issuer of such securities requiring the issuer to take certain actions, such as registering the securities or, in the case of convertible securities, issuing the underlying securities upon exercise of convertible securities and registering the convertible securities and the underlying securities with the appropriate federal and state authorities for resale. In order for the Reference Fund's investment strategy to be effective, the issuer of such securities must abide by its contractual obligations. The Reference Fund intends to aggressively enforce its rights under its contractual relationships with issuers, although the Investment Manager understands and will take into account the costs of litigation. If an issuer fails to meet its contractual obligations, in addition to the possibility of being involved in costly litigation, the Reference Fund may be unable to dispose of the securities at appropriate prices if at all, or may experience substantial delays in doing so, and thus the Reference Fund may not be able to realize the anticipated profit with respect to such investment for a substantial period of time, if ever. There can be no assurances that any issuer will succeed in registering for public resale the securities held by the Reference Fund or that registration of securities pursuant to any such arrangement will create liquidity.

Competitive/Market Risks. The business of identifying and structuring certain transactions of the nature contemplated by the Investment Manager is competitive, is becoming increasingly so and involves a high degree of uncertainty. There can be no assurance that the Reference Fund will be able to identify sufficient attractive investment opportunities, complete investments or be able to invest the entire amount of the funds received from Shareholders.

Legacy Risks. Investment returns and losses will be allocated on a pro rata basis among existing and new investors in the Reference Fund. That means that new investors in the Reference Fund will

realize any returns and losses (as applicable) from all investments and/or contingent liabilities that the Reference Fund has made prior to admitting the new investors in the Reference Fund.

Small and Micro-Cap Issuer Risk. The Reference Fund generally invests in smaller capitalization companies. Investments in smaller capitalization companies often involve significantly greater risks than the securities of larger, better-known companies because they may lack the management expertise, financial resources, product diversification and competitive strengths of larger companies. The prices of the securities of smaller companies may be subject to more abrupt or erratic market movements than larger, more established companies, as these securities typically are traded in lower volume and the issuers typically are more subject to changes in earnings and prospects. In addition, when selling large positions in small capitalization securities, the seller may have to sell holdings at discounts from quoted prices or may have to make a series of small sales over a period of time.

Investment in Restricted Securities. The Reference Fund invests in securities that have not been registered under the Securities Act, and those investments will not be limited to any amount except as the Investment Manager may in its sole and absolute discretion determine.

The Reference Fund will not be able to sell these securities publicly unless their sale is registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available. The Reference Fund may not be able to sell such securities under Rule 144, 144A or Regulation S under the Securities Act, all of which permit limited resales under specified conditions. When the Reference Fund resells securities it obtained from an issuer, it may be deemed an "underwriter" or a controlling person with respect thereto for purposes of the Securities and may be subject to liability as such under the Securities Act. Furthermore, contractual conditions or practical limitations may preclude, delay or otherwise restrict the Reference Fund's ability to dispose by sale or distribution, its securities in such portfolio investments or reduce the proceeds that might otherwise be realized from any such disposition.

The Reference Fund may not be able promptly to liquidate those investments if the need should arise, and its ability to realize gains, or to avoid losses in periods of rapid market activity, may therefore be adversely and significantly affected. In addition, the value assigned to such securities for purposes of determining each Shareholder's ownership percentage and determining profits and losses may differ from the value the Reference Fund is ultimately able to realize.

Leverage. Although the Reference Fund has not utilized leverage in the past, the Reference Fund may choose to use leverage as part of its investment program. The use of leverage poses a significant degree of risk and enhances the possibility of a significant loss in the value of the investment portfolio. The Reference Fund may borrow money from time to time to purchase or carry securities. The interest expense and other costs incurred in connection with such borrowing may not be recovered by appreciation in the securities purchased or carried, and will be lost in the event of a

decline in the market value of such securities. Gains realized with borrowed funds may cause the Net Asset Value to increase at a faster rate than would be the case without borrowings. If, however, investment results fail to cover the cost of borrowings, the Net Asset Value could also decrease faster than if there had been no borrowings.

The use of short-term margin borrowings subjects an investment portfolio to additional risks, including the possibility of a "margin call", pursuant to which the Reference Fund must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in the value of the Reference Fund's assets, the Reference Fund might not be able to liquidate assets quickly enough to pay off its margin debt. This could result in the forced liquidation of assets of the Reference Fund at substantially depressed prices. Such forced liquidation of assets might also occur during a period where there is an overall decline in the securities market which might reduce overall liquidity in such market and thus further accelerate a decline in the sales price of assets of the Reference Fund.

Short Selling. Although the Reference Fund has not engaged in short sales in the past, the Reference Fund may engage in the short-selling of securities in the future. Short selling involves selling securities which are not owned and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the Reference Fund will be able to maintain an outstanding short position. In such case, the Reference Fund can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby increasing an existing loss.

Hedging Transactions. The Reference Fund may utilize financial instruments such as derivatives, options, interest rate swaps, caps and floors and forward contracts, both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of its investment portfolio resulting from fluctuations in the securities markets and changes in interest rates, (ii) protect the Reference Fund's unrealized gains in the value of its investment portfolio, (iii) facilitate the sale of any such investments, (iv) enhance or preserve returns, spreads or gains on any investments made by the Reference Fund, (v) hedge the interest rate or currency exchange rate on any of the Reference Fund's liabilities or assets, or (vi) protect against any increase in the price of any securities the Reference Fund anticipates purchasing at a later date.

Hedging involves special risks including the possible default by the other party to the transaction, illiquidity and, to the extent the Investment Manager's assessments of certain market movements is

incorrect, the risk that the use of hedging could result in losses greater than if hedging had not been used. Since the characteristics of many securities change as markets change or time passes, the success of the hedging strategies will also be subject to the Investment Manager's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner. An imperfect correlation may prevent the Reference Fund from achieving the intended hedge, and failure to hedge or an imperfect hedge may expose the Reference Fund to risk of loss. The Investment Manager may not establish a hedge of a position for various reasons, including because it did not anticipate a particular risk or because it concluded that the cost of the hedge was too great when considered against the likelihood of the risk being realized. The Reference Fund is also subject to the risk of the failure or default of any counterparty to the Reference Fund's transactions. If there is a failure or default by the counterparty to such a transaction, the Reference Fund will have contractual remedies pursuant to the agreements related to the transaction (which may or may not be meaningful depending on the financial position of the defaulting counterparty).

No Control over Portfolio Companies. The Reference Fund may from time to time acquire substantial positions in the securities of particular companies. Nevertheless, the Reference Fund is not likely to obtain representation on the board of directors or any control over the management of any company in which it invests. In such cases, the Reference Fund will necessarily be reliant on the existing management and board of directors of such companies, which may include representatives of other financial investors with whom the Reference Fund is not affiliated and whose interests may conflict with the interests of the Reference Fund. There can be no assurance that the existing management team, or any successor, of a company will be able to operate the company in accordance with the Reference Fund's plans.

Limited Liquidity of Investments. It is possible that financial instruments, including securities in which the Reference Fund invests, may be or become relatively illiquid or may cease to be traded after the Reference Fund invests therein. The Reference Fund's portfolio primarily will be composed of SEDAs, convertible securities and other similar investments, which include restricted securities purchased directly from an issuer in a private placement with registration of those securities for public resale expected to become effective generally between 120 and 180 days from the date of purchase, subject to extension in certain circumstances. The Reference Fund may also purchase securities of private issuers that intend to go public in the short term. Such securities may be thinly-traded, making purchase or sale of such securities at desired prices or in desired quantities difficult or impossible and unlikely to provide current income. Unless and until registration occurs, there is likely to be no market for the restricted securities, the sale of any such securities may be possible only at substantial discounts, and it may be extremely difficult at times to value any such investments accurately. In this regard, in the discretion of the Board of Directors, distributions to a Shareholder by reason of

redemptions or retirement may be made partly or completely in securities, including illiquid securities.

Reference Fund assets may, at any given time, include securities and other financial instruments or obligations which are thinly-traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts and it may be extremely difficult to accurately value any such investments.

Counterparty and Custodial Risks. Although not currently a significant portion of the Reference Fund's portfolio investments, the Reference Fund may in the future invest in swaps, "synthetic" or derivatives instruments, repurchase agreements, options, non-U.S. investments or other customized financial instruments. To the extent that that Reference Fund invests in such instruments, the Reference Fund bears the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk is particularly great with respect to non-US investments. This risk may differ materially from those entailed in exchange-traded transactions which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

In addition, there are risks involved in dealing with the custodians or brokers who settle Reference Fund trades particularly with respect to non-US investments. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the Reference Fund and hence the Reference Fund should not be exposed to a credit risk with respect to such parties. However, it may not always be possible to achieve this segregation and there may be practical or timing problems associated with enforcing the Reference Fund's rights to its assets in the case of an insolvency of any such party.

Access to Information. The Reference Fund will invest in a variety of securities and financial instruments, US and non-US, whether publicly traded or privately placed, primarily focusing on equity and debt securities. The Investment Manager selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Investment Manager by the issuers or through sources other than the issuers. Although the Investment Manager evaluates all such information and data and ordinarily seeks independent corroboration when the Investment Manager considers it is appropriate and reasonably available, the Investment Manager is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available because certain information may be considered proprietary or otherwise confidential. This lack of access to information may make it more difficult for investments to be evaluated and for the value of portfolio

securities to be accurately determined. Furthermore, the Reference Fund may not always be able to reallocate its assets in response to market changes because information about the Reference Fund's investments may not be readily available at all times.

Valuation of Reference Fund Investments and Possession of Material Non-Public Information

Under the terms of the Articles of Association, the Board of Directors is responsible for determining the value of the Reference Fund's assets. The Board has delegated this responsibility to the Investment Manager. At the time a Shareholder receives a distribution from the Reference Fund, the Board of Directors or the Investment Manager may be in a possession of material non-public information impacting the value of assets. The Board of Directors or Investment Manager may be prohibited by law, agreement, or otherwise from disclosing such information, and accordingly, does not intend to disclose such information to the Shareholders.

Particular Risks Applicable to Convertible or Straight Loans

Impairment of Collateral. A convertible or straight loan may not be collateralized or, where collateralized, may not be fully collateralized which may cause the loan to decline significantly in value.

Liquidity. The rights of the Shareholders to redeem their Reference Fund Shares may be shorter in duration than the investments held by the Reference Fund. As a result, the Reference Fund may not be able to liquidate its investments as quickly as may be required to meet redemptions. The Articles of Association contains provisions that permit the Board of Directors to suspend or reduce redemptions in certain circumstances.

Registration Delays or Failures. There is no established formal secondary market for the convertible or straight loans held by the Reference Fund. The Reference Fund anticipates that repayment of convertible loans will come from the sale of the common stock underlying the convertible loans only after the resale of the common stock is registered with the SEC or pursuant to an exemption from such registration. The Reference Fund's ability to re-sell shares of issuers acquired pursuant to convertible loans may be substantially delayed if public or private issuers fail or refuse to register with the SEC securities into which such instruments may be converted or the SEC does not declare effective a registration statement filed with respect to securities issuable upon such conversion.

Prepayment. The ability of an issuer of a debt security to repay principal prior to a security's maturity can limit the potential for gains.

Interest Rate Changes. Interest rate increases can cause the price of debt securities to decrease.

Default Risks. The Reference Fund may invest in debt securities, and will be exposed to the risk of default by both public and private issuers. At any time, a substantial portion of the investments held in the Reference Fund's portfolio may consist of instruments that are low rated or unrated. Emerging markets debt securities consist of instruments that are generally considered to have a credit quality rated below investment grade by internationally recognized credit rating organizations such as Moody's and Standard & Poor's. Non-investment grade securities (that is, rated Ba1 or lower by Moody's or BB+ or lower by Standard & Poor's) are regarded as predominantly speculative with respect to the issuers' capacity to pay interest and repay principal in accordance with the terms of the obligations and involve significant risk exposure to adverse conditions. To the extent that any issuers default upon their obligations, the rate of return on investment realized by the Reference Fund will be adversely affected.

Particular Risks Related to Sedas

Statutory Underwriter. The Reference Fund purchases shares directly from issuers pursuant to an exemption from the offering registration requirements of the Securities Act. When the Reference Fund resells securities it acquired directly from an issuer, it may be deemed to be a statutory underwriter under Section 2(a)(11) of the Securities Act. If the Reference Fund is deemed to have acted as a statutory underwriter with regard to the offer or sale of a particular issuer's securities without having complied with the registration and other regulatory requirements of the Securities Act, the Reference Fund could be subject to joint and several liability with the issuer for violations relating to the offer and sale of the issuer's securities.

Registration Delays or Failures. The Reference Fund does not invest in an issuer pursuant to a SEDA until such time as the shares purchasable pursuant to the SEDA have been registered with the SEC and such registration statement has been declared effective by the SEC. Therefore, no capital is invested by the Reference Fund at the time of entering into a SEDA, and, therefore there is no risk of loss of capital at that time. However, delays by issuers and/or delays with the registration process affect the Reference Fund's performance, as the Reference Fund cannot acquire shares from issuers and resell them pursuant to the registration statement.

Risks Related to the Investment Manager

Dependence on the Investment Manager and its Principals. The Reference Fund's success will depend on the acumen, expertise and skill of the Investment Manager and its principals in determining the investments of the Reference Fund and providing access to such investments. The Investment Manager and its principals may not be able to provide access to a sufficient number of potential deals for the Reference Fund or to negotiate favourable terms to the Reference Fund for such deals.

Management Fee and Incentive Fee. The Incentive Fee may create an incentive to make investments that are riskier or more speculative than would be the case if such arrangement were not in effect. In addition, the Incentive Fee was not the product of an arm's length negotiation with any third party, and because the Incentive Fee is calculated on a basis which includes unrealized appreciation of the Reference Fund's assets, it may be greater than if such compensation were based solely on realized gains. As a result of the Management Fee and Incentive Fee, the returns realized by Shareholders as a result of an investment in the Reference Fund may be substantially less than the returns that could have been realized from engaging in the same activities directly.

Valuation. The Investment Manager values the Reference Fund's assets. Shareholders should be aware that if the judgments regarding appropriate valuations (which are based on many factors) are incorrect, the Net Asset Value could be adversely affected. So long as the Investment Manager acts reasonably and in good faith when making valuation and Net Asset Value determinations, such determinations are conclusive and binding on all Shareholders.

Conflicts of Interest. The Reference Fund may be subject to various conflicts of interest arising out of its relationship with the Investment Manager. The Investment Manager will devote only such time to the business of the Reference Fund as it determines necessary. To the extent that there are conflicts of interest between the Reference Fund and any other account, company or venture with which the Investment Manager may now or later may become affiliated, the Investment Manager will endeavor to treat all of such entities equitably based upon their respective objectives and meet all of its obligations to the Reference Fund. In addition, there may be conflicts of interest arising out of the dependence on the Investment Manager to value the Reference Fund's portfolio holdings and to self-clear the Reference Fund's portfolio transactions.

The Investment Manager will also have relationships with the issuers in which the Reference Fund invests and will receive fees or other compensation from such issuers (i.e., due diligence, structuring and monitoring fees). Such fees may be greater than the Incentive Fee paid to the Investment Manager.

Other Investment Funds. The Investment Manager and one or more of its affiliates may, and do, manage and advise or are otherwise involved with, other investment funds with investment objectives that may be similar to that of the Reference Fund, including other private investment vehicles for which the Investment Manager or its affiliates act as investment manager or general partner (each, an "**Affiliated Fund**"). As a result, the Investment Manager may have conflicts of interest in allocating management time, services, and functions among the Reference Fund and other business ventures.

Regulatory Risks Relating to the Offering of Reference Fund Shares, the Reference Fund, the Board of Directors and the Investment Manager

The offering of the Reference Fund Shares (the "**Offering**") has not been registered under the Securities Act, in reliance on exemptions provided by Section 4(2) thereof and Regulation D promulgated thereunder. No assurance can be given that the Offering currently qualifies or will continue to qualify under one or more of such exempt provisions due to, among other things, the adequacy of disclosure and the manner of distribution, the existence of similar offerings in the past or in the future or the retroactive change of any securities law or regulation. If, and to the extent that, claims or suits for rescission are brought and successfully concluded for failure to register this offering or other offerings or for acts or omissions constituting offences under the Securities Act, the Exchange Act, or applicable state securities laws, the Reference Fund could be materially and adversely affected, jeopardizing its ability to operate successfully. Furthermore, the human and capital resources of the Reference Fund and the Investment Manager could be adversely affected by the need to defend actions under these laws, even if the Reference Fund is ultimately successful in its defense.

The Investment Manager is not registered or licensed as an investment adviser with the SEC under the Advisers Act or under the laws of any state. If it were to be determined that the Investment Manager is subject to further licensing or registration as an investment adviser, they might be precluded from performing their duties as such, which could lead to material adverse effects on the Reference Fund and its business. The Investment Manager does not intend at this time to register with the SEC or any state as an investment adviser.

The Board of Directors believes that, by virtue of Section 3(c)(7) of the Company Act, the Reference Fund should not be deemed to be an "investment company" and, accordingly, should not be required to register as such under the Company Act. If the Reference Fund were required to register as such under the Company Act, the Reference Fund, the Board of Directors and the Investment Manager could be subject to legal actions by regulatory authorities and others and could be forced to terminate business. The costs of defending any such action could constitute a material part of the Reference Fund's assets and termination could have materially adverse effects on the Reference Fund and the value of the Shares.

Neither the Reference Fund nor the Investment Manager (nor any affiliate of the Investment Manager) is, or intends to be, registered as a broker or dealer under the Exchange Act or any state securities law. The Investment Manager believes that neither the Reference Fund nor the Investment Manager is required to be registered as a broker or dealer, but if the SEC or the securities law administrator of any state were to assert that such registration is required, the Reference Fund would bear the resulting increased expenses and its activities could be restricted, which could materially and adversely affect the Reference Fund's business. In light of certain SEC staff interpretations, there is a risk that the Reference Fund's activities may cause it or the Investment Manager to be deemed a "dealer" by the SEC requiring registration as such under the Exchange Act. If the Reference Fund engages in commodity futures transactions, the Investment Manager may be required to register or file a claim of

exemption from such registration as a commodity pool operator and/or a commodity trading adviser under the Commodity Exchange Act.

Securities and investment businesses generally are comprehensively and intensively regulated under state and federal laws and regulations. Any investigation, litigation or other proceeding undertaken by state or federal regulatory agencies or private parties could necessitate the expenditure of material amounts of funds for legal and other costs and could have other materially adverse consequences for the Reference Fund.

Risks Applicable to Certain Non-US Securities

The Reference Fund may invest in securities and other instruments of certain non-US corporations and countries. Investing in the securities of issuers (and governments) in certain countries (such as emerging nations or countries with less well regulated securities markets than the US or the UK or other European Union countries, for that matter) involves certain considerations not usually associated with investing in securities of United States companies or the United States Government, including among other things, political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; withholding or other taxes on interest, dividends, capital gains or other income; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; certain government policies that may restrict the Investment Manager's investment opportunities; and, in most cases, less effective government regulation than is the case with securities markets in the United States.

Effect of Substantial Redemptions

Substantial redemptions by Shareholders within a short period of time could require the Reference Fund to liquidate securities and other positions more rapidly than would otherwise be desirable, possibly reducing the value of its assets and/or disrupting its investment strategy. Further, it may be impossible to liquidate a sufficient amount of securities to meet redemptions because a significant part of the portfolio at any given time may be invested in restricted securities. No market exists for restricted securities. Reduction in the size of the Reference Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Reference Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

Risks Regarding Distributions of Marketable Securities

A redeeming Shareholder may, in the discretion of the Board of Directors, receive marketable securities owned by the Reference Fund in lieu of, or in combination with, cash. The value of

securities distributed may increase or decrease before the securities can be sold, and the Shareholder will incur transaction costs in connection with the sale of such securities.

Part C - Risk Factors Relating to the Index

The Index is a newly created index and has no operating history. Therefore, there is no way to evaluate the past performance of the Index. No assurance can be given with respect to the performance of the Index and neither the Issuer nor the Calculation Agent shall have any liability to Holders in the event that the Index performs poorly.

Part D - Conflicts of Interest

Conflicts of Interest With Respect to the Securities

ABN AMRO Bank N.V. as the Issuer, Calculation Agent and Paying Agent is acting in more than one capacity with respect to the Securities and in its role as Calculation Agent could make determinations that influence the amount that Holders receive in respect of the Securities upon an early termination at the Issuer's option or any day on which they sell their Securities, as well as any adjustments to the Index made to reflect certain events. In doing so it is not necessarily obliged to act in the interests of Holders.

Potential conflicts of interest may exist between the interests of ABN AMRO and the Holders with respect to the Securities and with respect to the other businesses of ABN AMRO. ABN AMRO or its respective affiliates may enter into other business dealings from which they may derive revenues and profits in addition to the fees described herein, and none of those parties has any duty to account to the Holders for such other revenues and profits. In addition, ABN AMRO or its respective affiliates may invest, for their own accounts (whether for hedging purposes or otherwise) or for the accounts of their affiliates or clients, in the Reference Fund and in making such investments, neither ABN AMRO nor any such affiliate has any duty to do so in a way that is favourable to the Holders. ABN AMRO may, from time to time, negotiate, for its own account (and not for the account of the Holders), any discount or rebate with respect to the fees and costs associated with an investment in the Reference Fund. At any time, ABN AMRO may sell or buy investments in the Reference Fund for its own account, or the account of its affiliates or clients, and at the same time notionally take the opposite position with respect to such assets for the Index. All of such market activities may, but are not intended to, affect the prices of the Index Components and, possibly, the payments that Holders will receive upon an early termination at the Issuer's option or any day on which they sell their Securities. ABN AMRO may also introduce products that compete with the Securities in the marketplace (which may or may not be linked to or track any of the Index Components or components thereof), and the related market activity with respect to such products could adversely affect the value of the Securities. While the Calculation Agent currently employs the methodology described in the Conditions to make determinations in relation to the Index, no assurance can be given that no market, regulatory, juridical,

or fiscal circumstances will arise that would, in the view of the Calculation Agent, necessitate a modification or change of such methodology. The Calculation Agent will use reasonable efforts to ensure that any such modification or change will result in a treatment that is consistent with the methodology described in the Conditions.

Conflicts of interest with respect to the Reference Fund

ABN AMRO or any of its affiliates may presently or from time to time engage in business with the Investment Manager, Administrator or any other company involved in or connected with the Reference Fund, including making loans to, making equity investments in or providing advisory services to, including mergers and acquisitions advisory services, such entities. In conducting such activities, ABN AMRO and its affiliates may earn fees or commissions and have no duty to act in the interests of Holders. There may be potential conflicts of interest between the activities of the Investment Manager and/or the Reference Fund, as the case may be, and the activities of others using the same Investment Manager and/or the Reference Fund, as the case may be. In order to deal with these conflicts of interest, investment opportunities will be allocated by the Investment Manager and/or the Reference Fund, as the case may be, in a non-discretionary manner designed to treat each client equally and fairly, but the Investment Manager and/or the Reference Fund, as the case may be, cannot guarantee equality between all clients. ABN AMRO, the Investment Manager, the Administrator or their affiliates may invest in the same investments as the Reference Fund or may take the same, different or opposite positions to that of the Reference Fund (as principal or agent) in respect of any instrument or any market. ABN AMRO and the Investment Manager may engage for its own account, or for the account of others, in other business ventures of any nature, and the Reference Fund will not be entitled to any interest therein.

ESSENTIAL CHARACTERISTICS OF THE REFERENCE FUND

This information has been sourced from the Confidential Private Placement Memorandum dated January 2008 relating to the Reference Fund. 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 information is only accurate as at the date of this Prospectus. The Issuer will not update or provide any additional information after the date of this Prospectus.

The Reference Fund and the Reference Master Fund

The Reference Fund is an exempted company incorporated under the provisions of the Companies Law (as amended) of the Cayman Islands on November 28, 2001. Investors in the Reference Fund are hereinafter referred to as "**Shareholders**". Substantially all of the capital of the Reference Fund will be invested through a master-feeder structure in the Reference Master Fund, a Cayman Islands exempted limited partnership originally formed under the laws of the State of Delaware on January 2, 2001 and subsequently re-domiciled and registered in the Cayman Islands on January 31, 2007. As the Reference Fund invests substantially all of its assets in the Reference Master Fund, the Reference Fund shares many of the attributes of the Reference Master Fund, including, without limitation, substantially similar principal investment strategies, investment objectives, strategies and policies, management and risks. YA Global Investments (US), LP (the "**US Feeder**"), a limited partnership formed under the laws of the State of Delaware, also invests substantially all of its capital in the Reference Master Fund and follows a similar investment program as the Reference Fund. The discussion herein relating to the investments made by the Reference Fund relates to investments made through the Reference Master Fund.

Principal Investment Strategies of the Reference Fund

The Reference Fund's principal investment strategies include:

- a) investing a majority of its assets in equity and convertible debt instruments, which are often lower-quality debt securities;
- b) providing capital appreciation, rather than seeking a current yield;
- c) investing in companies in troubled or uncertain financial condition;
- d) investing in money market, commercial paper and investment-grade cash equivalents; and
- e) investing in US and non-US issuers.

Investment Objective, Strategies and Policies

The Reference Fund's investment objective is to achieve superior risk-adjusted returns through capital appreciation primarily by making directly negotiated private equity and debt investments in public and private companies. The Reference Fund will focus primarily on providing alternative funding options for micro-cap and small-cap publicly traded companies, and, to a lesser extent, private companies, although the Investment Manager (as defined below) may deviate as appropriate. The historical emphasis in the US market has been on companies with market capitalizations under \$250 million, although non-US companies have tended to have larger market capitalizations. Many companies to which the Reference Fund has and will provide funding are troubled or are experiencing uncertain financial condition. The Reference Fund specializes in financing structures negotiated directly with issuers. The Reference Fund's financing structures will likely change over time for business, competitive and regulatory reasons. Due to the Reference Fund's broad investment objective, no prior notice to or consent of the Shareholders is required for changes in the Reference Fund's financing structures.

The current financing structures used by the Reference Fund (which are subject to change) consist primarily of convertible securities, Standby Equity Distribution Agreements, convertible or straight debt instruments, convertible preferred securities, common stock and cash or cash equivalents of US and non-US issuers. The Reference Fund may invest an unlimited amount of its assets in illiquid or restricted securities of both public and private companies. Investments in public companies will primarily include those companies trading in the over-the-counter markets and, to a lesser extent, the Nasdaq Stock Market and the American Stock Exchange and regional exchanges. A portion of the Reference Fund's investments will also be in non-US issuers that trade in non-US markets.

There can be no assurance that the investment objective of the Reference Fund will be achieved. The Investment Manager's risk management approach seeks to mitigate, not remove, risk, and there may be certain risks that the Investment Manager (as defined below) determines not to, or cannot, hedge against or simply does not anticipate. Please refer to "*Risk Factors- Part B - Risk factors relating to the Reference Fund*" in this Prospectus.

The members of the Reference Fund's board of directors ("**Board of Directors**" or "**Board**") are Mark A. Angelo, Matthew J. Beckman, Gerald Eicke, David Gonzalez, Thomas P. Gallagher, and Richard Y. Roberts (each a "**Director**"). Under the articles of association of the Reference Fund (the "**Articles of Association**"), the Board of Directors is primarily responsible for the general management of the Reference Fund; however, the Articles of Association permit the Board of Directors to delegate certain duties. The Directors have delegated the primary duties relating to the implementation of the Reference Fund's investment strategy and day-to-day administration of the Reference Fund to the Investment Manager and Administrator (each as defined below), respectively.

Directors and Investment Manager

Each of the Reference Fund and the Reference Master Fund has entered into a separate investment management agreement (collectively, the "**Investment Management Agreement**") with Yorkville Advisors, LLC (the "**Investment Manager**"), whereby the Investment Manager will be responsible for the investment of the Reference Fund's and the Reference Master Fund's assets, subject to the policies and control of the Board of Directors, the members of which also act as the managing members of the Reference Master Fund. The managing members of the Investment Manager are Mark A. Angelo, Matthew J. Beckman, Gerald Eicke and David Gonzalez.

The Directors and the Investment Manager and its managing members and principals have, and will continue to have, business interests separate from the Reference Fund. Currently these business interests are not competitive with the Reference Fund; however, in the future the Directors and/or the Investment Manager may establish a business interest that may be competitive with the interests of the Reference Fund. Any such business interest will be structured in a manner designed to provide for the fair and equitable treatment of all the Investment Manager's client. Please refer to "*Risk Factors- Part B - Risk factors relating to the Reference Fund*" in this Prospectus.

The Investment Manager currently is not registered with the United States Securities and Exchange Commission ("**SEC**") or any state as an investment adviser and does not plan to do so in the foreseeable future. Shareholders generally have no right to participate in the management of the Reference Fund or the Reference Master Fund.

Administrator

The Reference Fund has entered into an agreement with SEI Global Services, Inc. (the "**Administrator**") to provide certain administrative services to the Reference Fund. The Administrator may delegate certain functions to third-party affiliates located outside the United States.

Management Fee

The Investment Manager will be paid in advance each month a management fee (the "**Management Fee**"). The Management Fee is calculated at the end of each month and is due and payable on the first day of the subsequent month. The Board of Directors, in its discretion, may determine the amount of the Management Fee, which may be zero (0), that is applicable to the Reference Fund Shares. The Management Fee will be calculated by multiplying one-twelfth (1/12th) of a percentage established by the Board of Directors (the "**Fixed Percentage**") for the Reference Fund Shares by the product of (i) the aggregate percentage of the outstanding shares of the Reference Fund held by the Shareholders for the Reference Fund Shares, as determined on the last Business Day of the preceding month, and (ii) the Net Asset Value (as defined below) of the Reference Fund as of the same date. The Fixed Percentage is two percent (2%), unless otherwise determined by the Board of Directors, in its sole discretion, and set forth in a Board Resolution for the Reference Fund Shares.

The Board of Directors may create, designate or classify classes of shares in the Reference Fund that have different fee structures (which may include variances in the Management Fee assessed for

certain shares in the Reference Fund). The Investment Manager may, in its sole discretion, waive any portion of the Management Fee due and payable to it from any class of shares in the Reference Fund for a particular month or months. The Investment Manager may pay a portion of the Management Fee to placement agents or third party marketers for soliciting and/or introducing prospective investors in the Reference Fund, as well as to other service providers, as permitted by applicable law.

Incentive Fee

The Investment Manager is entitled to receive from the Reference Fund for any fiscal year an incentive fee equal to 20% of the net income (including net unrealized gains and losses), if any, during such fiscal year attributable to the Reference Fund Shares (the "**Incentive Fee**").

The Investment Manager's right to receive the Incentive Fee is subject to a "highwater mark", which means that if the Reference Fund Shares have any previously un-recouped net losses charged to them, the Investment Manager is not entitled to 20% of the net income otherwise payable to it until such time as the net losses have been recouped.

The Board of Directors, in its sole discretion, may elect to reduce, waive or calculate differently the Incentive Fee with respect to certain Shareholders, including, without limitation, Shareholders who are affiliated with or employed by the Investment Manager, family members of such persons and trusts or other entities created for the benefit of such Shareholders.

Fees from Portfolio Companies

In addition to the Management Fee and the Incentive Fee, the Investment Manager has received, and will continue to receive, fees from certain companies with respect to which the Reference Fund has made investments ("**Portfolio Companies**"). The Investment Manager receives the cash portion of fees from Portfolio Companies, and the Reference Fund (through the Reference Master Fund) receives the stock and other non-cash compensation, such as warrants, received from Portfolio Companies. The Investment Manager, in its discretion, may choose to offset the Incentive Fee payable by the Reference Fund to the Investment Manager using the amount of fees from Portfolio Companies (prorated, based on capital, between the Reference Fund and the US Feeder) received by the Investment Manager that exceed the operating and overhead expenses of the Investment Manager.

Expenses

The organizational expenses of the Reference Fund were paid by an affiliate of the Investment Manager. Each of the Board of Directors and the Investment Manager will pay its own operating and overhead costs and expenses, including, but not limited to, legal, accounting, operating and administrative expenses.

Dividends

The Reference Fund does not intend to pay dividends with respect to the Reference Fund Shares. Therefore, a Shareholder may need to redeem all or a portion of its Reference Fund Shares to realize

any cash proceeds from its investment. The Board of Directors reserves the right, in its sole and absolute discretion, to pay dividends at any time.

Redemptions

A Shareholder generally may redeem, as of any Permitted Redemption Date, all or some of its Reference Fund Shares on at least 90 days' advance written notice; however, Reference Fund Shares may be redeemed only pursuant to (i) the terms of the Articles of Association and (ii) the specific redemption terms and conditions applicable to the Reference Fund Shares being redeemed, as set forth in the private placement memorandum of the Reference Fund. As used herein, "**Permitted Redemption Date**" means the Business Day selected by the Investment Manager, in its sole and absolute discretion, as of which the Net Asset Value (as defined below) is determined. As used herein a "**Business Day**" is a day on which the New York Stock Exchange conducts regular trading or the banks are open for business in the United States.

Reference Fund Shares will be redeemed at a per Reference Fund Share price (the "**Redemption Price per Reference Fund Share**") based on the Net Asset Value (as defined below) (after payment of any Incentive Fee with respect to the redeemed Reference Fund Shares) as of the day immediately prior to the date the redemption is effective.

Payment of the Redemption Price, under normal circumstances, will be made as follows. The Reference Fund will pay 90% of the Redemption Price within 60 days after the date as of which the redemption is effective, and the remaining amount will be paid on the completion of the audit of the Reference Fund's financial statements relating to the Reference Fund's fiscal year (the Reference Fund's fiscal year end is December 31st) in which the redemption occurred. Payment of the Redemption Price may be delayed beyond such periods in the Board's sole and absolute discretion. In certain circumstances (for example where realization of illiquid investments is required), redemption proceeds may be paid out after a longer period. The Board will seek to ensure such proceeds are paid out as soon as possible in such circumstances, and may seek to establish a borrowing facility to provide the necessary liquidity accordingly.

If, as of any Permitted Redemption Date, the Reference Fund has received requests for redemptions representing, in the aggregate, more than 15% of the value of the Net Asset Value (as defined below) (the "**15% Limit**"), the Board may, in its sole discretion, as of that Permitted Redemption Date (i) suspend the payment of any redemption, or (ii) reduce the amount to be redeemed by each redeeming Shareholder such that the redeeming Shareholders will be entitled to redeem, pro rata based upon the size of the redeeming Shareholders' redemption requests, Reference Fund Shares involving an aggregate net asset value equal to 15% (or more in the discretion of the Board) of the Net Asset Value (as defined below). To the extent a Shareholder's redemption request is so reduced, any such outstanding request will be carried over to the end of the next calendar quarter and each succeeding quarter and will be fulfilled in priority to any other redemption requests that have been subsequently

received, subject in each case to application at that time of the 15% Limit described above, until the Shareholder has received the entire amount of his requested redemption.

No redemptions will be permitted by a Shareholder unless such Shareholder satisfies all conditions which may be imposed by the Reference Fund's then-existing Administrator. These conditions may require the Shareholder to submit documents to ensure compliance with applicable anti-money laundering laws, among other things.

The Board, in its absolute discretion, may compulsorily redeem the Reference Fund Shares of any Shareholder (which compulsory redemption may not be required of other Shareholders) if:

- a) participation of a Shareholder or its legal representative might cause the Reference Fund or Reference Master Fund to violate any law, rule, or regulation, or might adversely affect the Reference Fund's or Reference Master Fund's status for tax purposes or under the US Securities Act of 1933 (as amended) (the "**Securities Act**"), the Company Act, the Employee Retirement Income Security Act of 1974, each as amended, or any similar law;
- b) the value of Reference Fund Shares held by a Shareholder as of the close of business on the last day of any calendar month is less than the minimum holding amount, if any, established by the Board of Directors from time to time;
- c) any of the representations given by a Shareholder in the course of subscribing for Reference Fund Shares were or are not true; or
- d) for any or no reason, by given five (5) days written notice to the Shareholders.

In the event compulsory redemptions are necessary in order to correct a violation of law or an adverse tax effect, and such violation of law or adverse tax effect is not attributable to any particular Shareholder, the Shareholders to be subjected to compulsory redemptions shall be redeemed on a last-in, first-out basis; provided, however, that this last-in, first-out basis for compulsory redemptions shall not apply to Shareholders who purchased Reference Fund Shares prior to February 1, 2008.

The Board may, in its sole and absolute discretion, permit redemptions to be made as of a date other than a Permitted Redemption Date, subject to the Reference Fund's ability to redeem from the Master Reference Fund at such times. The Reference Fund may suspend the right of Shareholders to redeem their Reference Fund Shares for any reason.

Determination of Net Asset Value of the Reference Fund

The net asset value of the Reference Fund ("**Net Asset Value**") is calculated by adding the value of its investments, cash and other assets, and subtracting its accrued liabilities and expenses, all determined in accordance with generally accepted accounting principles, consistently applied, in the United States of America (US GAAP). The Board of Directors is responsible for determining the Net Asset Value of the Reference Fund but has delegated this function to the Administrator, which determines the Net Asset Value of the Reference Fund.

ESSENTIAL CHARACTERISTICS OF THE ISSUER

ABN AMRO Holding N.V. is incorporated as a limited liability company under Dutch law by deed of 30 May 1990. As the holding company of ABN AMRO Bank N.V., Holding's main purpose is to own ABN AMRO Bank N.V. and its subsidiaries. Holding owns 100 per cent. of the shares of ABN AMRO Bank N.V. and is jointly and severally liable for all liabilities of ABN AMRO Bank N.V. ABN AMRO Bank N.V. is registered in the Commercial Register of Amsterdam under number 33002587. The registered office of ABN AMRO Bank N.V. is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands.

The ABN AMRO group, 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.

On 17 October 2007 the consortium of RBS, Fortis and Santander declared an offer on all outstanding ordinary shares in Holding unconditional. Upon settlement of the offer, the tendered shares in Holding became owned by the consortium banks, through the Dutch vehicle, RFS Holdings B.V. and were consolidated into the RBS Group. The shares in Holding, owned by the consortium of RBS, Fortis and Santander, represent approximately 98.8% of Holding's voting rights.

The long-term, unsecured, unsubordinated and unguaranteed debt obligations of ABN AMRO Bank, N.V. are currently rated "AA-" by S&P, "Aa2" by Moody's Investors Service Inc. and "AA-" by Fitch. The short-term, unsecured, unsubordinated and unguaranteed debt obligations of ABN AMRO Bank, N.V. are currently rated "A-1+" by S&P, "P-1" by Moody's and "F1+" by Fitch.

Any press releases issued by ABN AMRO can be obtained from the ABN AMRO website at <http://www.abnamro.com/pressroom>.

The delivery of this Prospectus 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.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

DOCUMENT INCORPORATED BY REFERENCE

The Registration Document is 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 AFM in its capacity as competent authority under the Financial Supervision Act (*Wet op het financieel toezicht*) 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 subsequently incorporated by reference into 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.

PERSONS RESPONSIBLE

ABN AMRO Bank N.V., acting through its London Branch 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.

THIRD PARTY 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.

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 US 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 US Person or was solicited to purchase or did 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 US or to any US Person. The term "US Person" will have the meaning ascribed to it in both Regulation S under the Securities Act and the Internal Revenue Code.

EU SAVINGS DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

Holders who are collecting income from the Securities outside the tax jurisdiction of their residence, should seek advice on how the local implementation of the Directive in both the place where the income is collected and their place of residence, affects the taxation of the income, as well as their overall tax position.

SUMMARY OF PROVISIONS RELATING TO THE SECURITIES IN GLOBAL FORM

The Securities will be in the form of the Global Note which will be deposited on or around the Issue Date with a common depositary for Euroclear. The Global Note will become exchangeable in whole, but not in part, for Securities in definitive form ("**Definitive Securities**") in the denomination of EUR 1,000 at the request of the bearer of the Global Note (acting on the instructions of a Holder in the case of (a) below, or on the instructions of the Issuer in the case of (b) below) against presentation and surrender of the Global Note to the Principal Agent if any of the following events (each, an "**Exchange Event**") occurs: (a) Euroclear is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or (b) a change occurs in the practice of Euroclear as a result of which the Issuer would suffer a disadvantage which would not be suffered if the Securities were in definitive form. Whenever the Global Note is to be exchanged for Definitive Securities, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Securities, duly authenticated in an aggregate principal amount equal to the principal amount of the Global Note outstanding at such time to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the specified office of the Principal Agent within 30 days of the occurrence of the relevant Exchange Event.

If:

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

then the Global Note (including the obligation to deliver Definitive Securities) will become void at 17:00 hours (London time) on such forty-fifth day (in the case of (a) above) or at 17:00 hours (London time) on such due date (in the case of (b) above) and the bearer of the Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Global Note or others may have under an instrument dated on or about the Issue Date (the "**Instrument**") executed by the Issuer). Under the Instrument, persons shown in the records of Euroclear as being entitled to an interest in the Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Note became void, they had been the holders of

Definitive Securities in an aggregate principal amount equal to the principal amount of Securities they were shown as holding in the records of Euroclear.

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. UNITED KINGDOM

The following applies only to persons who are beneficial owners of the Securities and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of persons (such as dealers) to whom special rules apply. Prospective Holders of the Securities who are in any doubt as to their own tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their professional advisers.

The United Kingdom tax treatment of Securities will differ depending on whether the Securities in question have the characteristics of debt instruments, i.e. the Securities redeem on a Maturity Date, (Debt Instruments) or whether they have the characteristics of warrants, i.e. the Securities are exercisable and do not redeem on a Maturity Date (Warrants). The respective United Kingdom tax treatment of Debt Instruments and Warrants is set out below.

Withholding Tax

Securities issued otherwise than through the Issuer's London branch

Payments of interest on the Securities may be made without withholding on account of United Kingdom income tax.

Securities issued by the Issuer's London branch

Provided the Issuer continues to qualify as a bank for United Kingdom tax purposes, payments of interest on the Securities may be made without deduction of tax where the interest is paid in the ordinary course of the Issuer's business; this would include all payments of interest by the Issuer except where the Securities concerned conform to the definition of tier 1, 2 or 3 capital for regulatory purposes or where there is an intention to avoid United Kingdom tax.

Payments of interest on the Securities may also be made without deduction of or withholding on account of United Kingdom income tax if the Securities are and continue to be listed on a "recognised stock exchange", as defined in section 1005 of the Act. The Euronext Amsterdam is a recognised stock exchange. The Securities will satisfy this requirement if they are officially listed in Amsterdam in accordance with provisions corresponding those generally applicable in EEA states and are admitted to trading on the Euronext Amsterdam.

Interest on the Securities may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Securities is paid and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Securities is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on the Securities may also be paid without withholding or deduction on account of United Kingdom tax where the maturity of the Securities is less than 365 days.

In other cases, an amount must generally be withheld from payments of interest on the Securities on account of United Kingdom income tax at the savings rate (currently 20%). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Holder of the Securities, HMRC can issue a notice to the Issuer to pay interest to the Holder of the Securities without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

UK Information Gathering Powers

Irrespective of whether the Securities are issued by the Issuer's London branch, Holders of the Securities may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Holder of the Securities. HMRC also has power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Securities (which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005) to or receives such amounts for the

benefit of another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts are paid on or before 5 April 2008. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Holder of the Securities is resident for tax purposes.

European Union Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required 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 adopted similar measures (a withholding system in the case of Switzerland).

Stamp Taxes

Subject to what follows, no stamp duty, capital duty, stamp duty reserve tax or other similar tax is payable in the United Kingdom on the issue or transfer by delivery of any Security.

In relation to Securities which are denominated in sterling and which are not loan capital, a charge to stamp duty at 1.5 per cent. of the value of such Securities will arise if issued in the United Kingdom. No stamp duty liability will arise on the issue of such Securities if issued outside the United Kingdom. However, in relation to such Securities originally issued outside the United Kingdom, on the first transfer by delivery in the United Kingdom of any such Security a stamp duty liability at 1.5 per cent. of the value of such Security will arise.

For these purposes, a Security would be loan capital if the holder has the right in all circumstances to be paid on redemption an amount equal to substantially all of the amount subscribed for the Security, either with or without any additional amount that may be payable on redemption. In addition, it is likely (based on our understanding of practice in relation to other tax legislation) that HM Revenue & Customs will regard a Security as loan capital if the Security gives the holder the right in all circumstances to be paid on redemption an amount equal to at least 10 per cent. of the amount subscribed for the Security.

Stamp duty and stamp duty reserve tax may be payable on the transfer of an asset on physical settlement of the Securities.

SELLING RESTRICTIONS

The statements which follow are of a general nature. Potential purchasers 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.

In addition, these Securities may not be offered or sold (i) to any person/entity listed on sanctions lists of the European Union, United States or any other applicable local competent authority; (ii) within the territory of Cuba, Sudan, Iran and Myanmar; (iii) to residents in Cuba, Sudan, Iran or Myanmar; (iv) to Cuban Nationals, wherever located.

2. THE NETHERLANDS

Securities which qualify as savings certificates as defined in the Savings Securities 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 Securities 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.

3. 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.

4. UNITED STATES OF AMERICA

The Securities have not been and will not be registered under the Securities Act or any other US or non-US securities laws, 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, as amended. 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 US person and a US 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, US persons may constitute a violation of the United States laws governing securities and commodities trading. 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 US 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 US 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, US 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 "**US person**" means:

- (a) any person who is a US 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) any estate of which any executor or administrator is a US person, providing a non US person has sole or shared investment discretion with respect to the assets of the estate, and the estate is governed by non US law;
 - (4) any trust of which any trustee is a US person, providing a trustee who is not a US person has sole or shares investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a US person; or
 - (5) any employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country.

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.

Description of the Securities

The Securities are open end certificates which do not have an expiration date or maturity date but will continue indefinitely until either the Holder redeems the Securities through a Holder Redemption or the Issuer terminates or redeems the Securities through the Issuer Redemption. Open end certificates are investment instruments which, subject to due exercise in accordance with their conditions, pay an amount determined by reference to the value of the underlying Index.

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 Deed 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 or Clearstream. Any such announcement issued to Euroclear or Clearstream shall be deemed to be effective on the day following its delivery to the clearing agent (and, if delivered to more than one clearing agent, on the date first delivered to a clearing agent).

Clearing and settlement systems

The Securities have been accepted for clearance through Euroclear (its address being 1 Boulevard du Roi Albert II, B-1210 Brussels) and Clearstream, Luxembourg (its address being 42 Avenue JF Kennedy, L-1855 Luxembourg). The International Securities Identification Number is XS0338079709. Transactions will normally be effected for settlement not earlier than three days after the date of the transaction.

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.

Ernst & Young Accountants (of which the "*Registeraccountants*" are members of the "*Koninklijke Nederlands Instituut voor Register Accountants*" (NIVRA)), is a member of the International Federation of Accountants (IFAC).

Securities held in global form

The Securities will initially be held by or on behalf of the clearing systems specified in the Conditions (the "**relevant clearing systems**") in the form of a global Security which will be exchangeable for definitive Securities only in the event of the closure of all relevant clearing systems. For as long as any Securities are represented by a global Security held on behalf of one or more relevant clearing systems, payments of principal, interest (if any) and any other amounts on a global Security will be made through the relevant clearing systems against presentation or surrender (as the case may be) of the relevant global Security. The bearer of the relevant global Security shall be treated by the Issuer and any Paying Agent as the sole holder of the relevant Securities represented by such global Security with respect to the payment of principal, interest (if any) and any other amounts payable in respect of the Securities or any securities deliverable in respect of the Securities.

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

Information on the Offering of the Securities

The subscription period in relation to the offer of the Securities shall commence on 21 April 2008 and end on 30 May 2008. The Securities will be issued on or about 3 June 2008 or any other date as the Issuer in its sole and absolute discretion may decide. The Issuer reserves the right to cancel the issue of Securities should the total amount subscribed for on the Issue Date be less than the Minimum Issue Size. 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 in the Securities shall not be required to pay any expenses to the Issuer in order to purchase the Securities.

Scale- back

The Issuer reserves the right to refuse or accept any subscription, in whole or in part and in its sole and absolute discretion and for any reason, including but not limited to:

- (a) the inability, for any reason, of a notional investor to subscribe for such amount of the Reference Fund Shares as the Issuer determines in its sole and absolute discretion would otherwise be necessary to fulfil its obligations under the Securities; or
- (b) any materially detrimental regulatory consequences arising for the Issuer as a result of any actual investment made by the Issuer in the Reference Fund (in the event that the Issuer in its sole and absolute discretion elects to hedge its exposure in the Reference Fund by so investing).

Minimum Issue Size

The minimum issue size will be EUR 20,000,000 (equivalent to 20,000 Securities).

Information on the Securities

The Issuer will make the Index Value (as defined in the Conditions) (including the historical performance of the Securities) available at www.abnamromarkets.com.

PROSPECTIVE INVESTORS IN THE SECURITIES SHOULD BE AWARE THAT THE REDEMPTION AMOUNT MAY DIFFER SIGNIFICANTLY FROM THE PUBLISHED INDEX VALUE (AS DEFINED IN THE CONDITIONS) AND MAY BE ZERO.

Calculation Agent

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

Material change

There has been no material adverse change in the prospects of Holding (taken as a whole) or the Issuer since 31 December 2007.

Litigation

In several jurisdictions legal proceedings have been initiated against Holding or its group companies whose financial statements have been included in Holding's consolidated annual accounts for the financial year ended 31 December 2007. On the basis of information presently available, neither the

Issuer nor Holding is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Holding are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or Holding.

TERMS AND CONDITIONS OF THE SECURITIES

The below terms and conditions constitute the Conditions of the Securities and will be printed on any Definitive Securities and attached to any Global Security representing the Securities.

Unless otherwise defined elsewhere in these Conditions, defined terms used in these Conditions shall be construed in accordance with "*Condition 21 - Definitions*".

1. FORM, DENOMINATION AND TITLE

The Securities are in bearer form in the denomination of EUR 1,000. Title to the Securities will pass by delivery. The Holders shall (except as otherwise ordered by a court of competent jurisdiction or as required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such Holder.

2. STATUS

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

3. REDEMPTION AND PURCHASE

3.1 Redemption at the option of the Issuer

3.1.1 The Securities may be redeemed at the option of the Issuer in whole or in part, at any time, on an Issuer Redemption Date if in the sole and absolute discretion of the Issuer:

- a) Tax Reasons: the Issuer has or will become obliged to pay additional amounts as provided or referred to in "*Condition 11 - Taxation*" or as a result of any change in, or amendment to, the laws or regulations of any jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date;

- b) Illegality: it becomes unlawful in any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power for the Issuer to perform any of its obligations in respect of the Securities;
 - c) Hedging: a Hedging Disruption Event occurs;
 - d) Clean-Up Call: the aggregate notional amount of the Securities outstanding is EUR 10,000,000 or less;
 - e) Reference Fund Event: a Reference Fund Event occurs provided however that in making such determination, the Issuer shall consider whether any such event has been or is likely to be rectified to the satisfaction of the Issuer within a period which the Issuer considers reasonable; or
 - f) Suspension Event: if a Suspension Event continues for a period of one year or more.
- 3.1.2 Following the designation of an Issuer Redemption Date, the Issuer shall redeem the Securities on the Issuer Redemption Date and shall pay to the relevant Holders an amount in respect of each such Security equal to the Redemption Amount, such payment to be made on the Redemption Amount Payment Date, subject as provided in "*Condition 7 -Payments*".
- 3.1.3 The Redemption Amount may differ significantly from the published Index Value.
- 3.2 Redemption at the option of a Holder**
- 3.2.1 The Issuer shall, at the option of any Holder, redeem some or all of the Securities held by such Holder on a Holder Redemption Date (as applicable), or as soon as reasonably practicable as determined by the Calculation Agent in its sole and absolute discretion, provided that:
- a) the Issuer must have received a notice from the relevant Holder not less than four calendar months prior to the relevant Holder Redemption Date unless the Issuer, in its sole and absolute discretion, waives such notice period; and
 - b) the minimum number of Securities in respect of which the Issuer has received Holder Redemption Notices is in aggregate equal to or greater than 100 Securities or any other minimum redemption amount which the Reference Fund may from time to time apply in respect of the Reference Fund Shares.
- 3.2.2 In the event that the Issuer has received Holder Redemption Notices in respect of an aggregate amount of less than 100 Securities, such Holder Redemption Notice will lapse (and the Issuer will notify the relevant Holder(s)). Any such Holder will be required to re-submit a further Holder Redemption Notice if it still wishes to redeem any Securities.
- 3.2.3 Following the designation of a Holder Redemption Date, the Issuer shall redeem the relevant Securities on such Holder Redemption Date and shall pay to the relevant Holder(s) an amount in respect of each such Security equal to the Redemption Amount, such payment to be made

on the relevant Redemption Amount Payment Date, subject as provided in "*Condition 7 - Payments*".

- 3.2.4 The Redemption Amount may differ significantly from the published Index Value.

3.3 **Redemption Proceeds Cut-Off Date**

- 3.3.1 If it is not possible, prior to the fifth anniversary of the Issuer Redemption Date or a Holder Redemption Date (such fifth anniversary the "**Redemption Proceeds Cut-Off Date**"), to notionally redeem the entirety, or the relevant proportion, of the Reference Fund Component, the notional realisation proceeds of the Reference Fund Component shall be such notional realisation proceeds as are actually received in respect of the relevant realisation up to the Redemption Proceeds Cut-Off Date. Only those realisation proceeds received on or prior to such Redemption Proceeds Cut-Off Date shall be payable in respect of Securities being redeemed. Any redemption proceeds received thereafter shall become the property of the Issuer. For the avoidance of doubt, if no notional realisation proceeds have been received in respect of a notional realisation before the Redemption Proceeds Cut-Off Date, the notional realisation proceeds of the Reference Fund Component shall be zero and Holders shall cease to have any rights under the Securities.
- 3.3.2 The Issuer makes no representation, warranty or guarantee that a notional realisation of the Reference Fund Component will be possible prior to the Redemption Proceeds Cut-Off Date.
- 3.3.3 On the occurrence of a redemption of Securities before the fifth anniversary of the Issue Date, the Redemption Amount may be reduced by an amount equal to the early redemption penalty of 3.00% imposed by the Reference Fund in respect of any realisation of Reference Fund Shares within the first two years of the notional subscription for any such Reference Fund Shares.

3.4 **Redemption Amount**

- 3.4.1 Under normal circumstances, the Reference Fund will pay an amount (which the Reference Fund estimates at the relevant Redemption Amount Payment Date to be 90% of the proceeds which a notional investor would receive from a notional realisation of the notional investment in the Reference Fund Component (or the relevant proportion thereof) at such Redemption Date) within 60 days of the date upon which Reference Fund Shares are notionally redeemed. The remaining amount, if any, will be paid as soon as reasonably practicable following completion of the audit of the Reference Fund's financial statements relating to the fiscal year in which the redemption occurred. The Reference Fund's fiscal year end is December 31st.
- 3.4.2 For the avoidance of doubt, there may be circumstances in which there is no further payment after the Redemption Amount Payment Date, such that the amount paid on that date may represent full and final payment. These circumstances include, for example, an unfavourable

audit resulting in the Net Asset Value being revised down. The Issuer is not involved in this process and the Issuer takes no responsibility for any such revision.

- 3.4.3 The ability of the Issuer to affect a notional realisation of the Reference Fund Component, and consequently a payment of the Redemption Amount, will be limited by the Redemption Limit operated by the Reference Fund.

3.5 **Redemption Limit**

- 3.5.1 The Issuer shall be entitled to postpone any payments in respect of redemptions of Securities in circumstances where a notional realisation of Reference Fund Shares is restricted.
- 3.5.2 Such restrictions may occur where aggregate requests for redemptions of Reference Fund Shares represent more than 15% of the Net Asset Value. In such circumstances, the Reference Fund may reduce the amount to be redeemed by each redeeming investor such that the redeeming investors will be entitled to redeem, pro rata based upon the size of the redeeming investors' redemption requests, Reference Fund Shares involving an aggregate net asset value equal to 15% of the Net Asset Value. In the event that any redemption request is so reduced, any such outstanding request will be postponed to the next date upon which Reference Fund Shares may be redeemed and every such date thereafter and will be fulfilled in priority to any other redemption requests that have been subsequently received, subject to the 15% limit described above, until such redemption requests have been satisfied.
- 3.5.3 In such circumstances, the Issuer shall postpone any payments in respect of redemptions of Securities in a manner which corresponds with the postponement of the redemption of Reference Fund Shares.

3.6 **Purchase**

The issue price of the Securities (the "**Issue Price**") will be EUR 1,000 per Security. The Issuer or any Affiliate may at any time purchase Securities in the open market or otherwise and at any price. In this Condition 3.6 "**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.

3.7 **Unsold Securities**

Any Securities issued but not settled by the last Business Day in July 2008 (and therefore held by the Issuer) may (at the sole and absolute discretion of the Issuer) be redeemed and cancelled.

3.8 Cancellation

All Securities redeemed pursuant to "*Condition 3.1 - Redemption at the option of the Issuer*" or "*Condition 3.2 - Redemption at the option of a Holder*" shall be cancelled and may not be reissued or resold. All Securities purchased by the Issuer pursuant to "*Condition 3.6 - Purchase*" may (at the sole and absolute discretion of the Issuer) be held, surrendered for cancellation or resold, and Securities so resold shall for all purposes be deemed to form part of the original series of Securities. Rights under the Securities will continue to accrue for the benefit of the then Holder until they are cancelled.

3.9 No other redemption

The Issuer shall not be entitled to redeem the Securities otherwise than as provided in "*Condition 3.1 - Redemption at the option of the Issuer*" or "*Condition 3.2 - Redemption at the option of a Holder*".

3.10 Redemptions subject to Condition 7 (Payments)

The provisions of this "*Condition 3 - Redemption and Purchase*" shall at all times be subject to the provisions of "*Condition 7 - Payments*".

4. SUSPENSION EVENTS

4.1 Notwithstanding any other provision of these Conditions, if the Calculation Agent determines that a Suspension Event has occurred and is continuing on any Calculation Date the Issuer may (but is not obliged to):

- a) postpone the provision or occurrence of any secondary market (as described in "*Condition 6 – Secondary Market*"), Holder Redemption Date, Issuer Redemption Date or the production of any Index Value until as soon as practicable following the end of such Suspension Event and suspend payment of, as the case may be, any payments scheduled to be paid in respect of the Securities; and/or
- b) make its own determination of the Index Value and use such Index Value for the purposes of any calculation made or to be made in respect of the Securities on such Calculation Date.

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

4.3 For the avoidance of doubt, whilst any Suspension Event is ongoing the Calculation Agent may continue with any allocation adjustments which the Calculation Agent, in its sole and absolute discretion, deems necessary. In such circumstances, the Calculation Agent shall make its own determination of the Index Value for the relevant Calculation Date and use such

Index Value for the purposes of any calculation made or to be made in respect of the Securities on such Calculation Date.

5. THE INDEX

5.1 Definition of the Index

The notional index to which the performance of the Securities is linked (the "**Index**") is comprised of:

- a) the Reference Fund Component;
- b) the Cash Component; and
- c) the FX Component.

each an "**Index Component**" and together the "**Index Components**".

5.2 Index Value

The value of the Index (the "**Index Value**") is an amount in EUR per Security as determined by the Calculation Agent in respect of each Calculation Date (or on such other day(s) as may be determined by the Calculation Agent in its sole and absolute discretion) and calculated according to the following formula:

$$I(t) = RFC(t) + CC(t) + FXC(t)$$

where:

$RFC(t)$ = Value of Reference Fund Component on Calculation Date $CD(t)$;

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

$FXC(t)$ = Value of FX Component on Calculation Date $CD(t)$.

The Index Value shall not be less than zero.

- 5.2.1 In these Conditions, a reference to "(t)" is a reference to the position as of a Calculation Date(t) i.e. the formula above refers to the Index Value and the value of each of the Index components on such Calculation Date (such Calculation Date is hereinafter referred to as " $CD(t)$ ").

5.3 Publication of Index Value

- 5.3.1 The Issuer will make the Index Value (including the historical performance of the Securities) available on www.abnamromarkets.com.
- 5.3.2 The Redemption Amount may differ significantly from the published Index Value.

6. SECONDARY MARKET

- 6.1 The Issuer may, in its sole and absolute discretion, offer a secondary market in the Securities.

- 6.2 In the event that the Issuer elects to offer such secondary market, the Issuer shall be entitled to impose such conditions as it, in its sole and absolute discretion, shall deem fit, including but not limited to:
- a) providing a large bid/offer spread determined by the Issuer in its sole and absolute discretion by reference to the Issuer's own appreciation of the risks involved in providing such secondary market;
 - b) normal market conditions prevailing at such date; and
 - c) limiting the number of Securities in respect of which it is prepared to offer such secondary market.
- 6.3 For the avoidance of doubt, the imposition of any of the above conditions may severely limit the availability of any such secondary market and may result in Holders receiving significantly less than they otherwise would have received were they to have elected to redeem their Securities pursuant to the provisions of "*Condition 3.2 - Redemption at the option of a Holder*".
- 6.4 Holders will receive the proceeds from a realisation of their Securities pursuant to this "*Condition 6 - Secondary Market*" within 10 Business Days of the Issuer electing to purchase Securities pursuant to such secondary market facility.

7. PAYMENTS

7.1 **Principal**

Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Securities at the Specified Office of any Paying Agent outside the European Union by transfer to an EUR account (or other account to which EUR may be credited or transferred) maintained by the payee or as otherwise agreed between the Issuer and the Holder.

7.2 **Payments subject to fiscal laws**

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

7.3 **Payments on Business Days**

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

7.4 **Partial payments**

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

7.5 **Payments in specie**

The Issuer may in its sole and absolute discretion distribute in specie interests in, or Distributions received from, the Reference Fund in lieu of cash payments in effecting any payment due under these Conditions (including but not limited to payments due following a redemption or purchase pursuant to "*Condition 3 - Redemption and Purchase*"), provided that any such distribution shall be subject to:

- a) applicable law;
- b) Holders agreeing to bear any costs of such distribution (if applicable);
- c) Holders agreeing to accept liability for and/or pay any tax, duty, withholding or other similar payment which may arise as a result of the receipt, holding and realisation of such distribution;
- d) the Reference Fund agreeing to any transfer of such distribution (if applicable); and/or
- e) Holders agreeing to accept any outstanding and future liabilities in respect of such distribution (if applicable),

and, for the avoidance of doubt, the Issuer shall be entitled to refuse, in whole or in part, to redeem or purchase Securities and/or distribute amounts owed to Holders pursuant to these Conditions in its sole and absolute discretion if the provisions of this "*Condition 7.5 - Payments in specie*" are not satisfied.

7.6 **Failure to distribute in specie**

7.6.1 In the event that the Issuer, in its sole and absolute discretion, determines that it is unable to make any in specie distribution pursuant to the provisions of "*Condition 7.5 - Payments in specie*", the Issuer shall use reasonable efforts to dispose of such assets and distribute the cash proceeds thereof in accordance with these Conditions.

7.6.2 In the event that the Issuer is unable to dispose of such assets in accordance with the provisions of Condition 7.6.1 within 12 months of the Issuer making the determination described therein, such assets shall be valued at zero and the relevant Holders shall lose any entitlement to any distributions therefrom.

- 7.6.3 The Issuer shall be entitled to appoint, in its sole and absolute discretion, any third party to assist with the disposal of such assets pursuant to the provisions of Condition 8.6.1. Any fees of such agents or other applicable sales charges shall be deductible from the proceeds of sale and shall result in a corresponding reduction in distributions to Holders resulting from such sale.

7.7 Tax costs in connection with payments in specie

All taxes, duties, withholdings, expenses, filings or other similar payments which may arise as a result of the receipt, sale or transfer by the Issuer of the distributions in specie from the Reference Fund and/or the Investment Manager as the case may be (whether from the Index Value, the Redemption Amount or otherwise) shall be deductible from the proceeds of sale and shall result in a corresponding reduction in distributions to Holders resulting from such sale.

8. REBALANCING

- 8.1 The Calculation Agent may, in its sole and absolute discretion, effect a rebalancing of the Index Components in order to:

- a) effect payment of the Security Fee;
- b) notionally re-invest any distributions notionally received from the Reference Fund in connection with the Reference Fund Component into further Reference Fund Shares, thereby increasing the Index's notional allocation to the Reference Fund Component;
- c) reset the Value of the Cash Component to zero; and/or
- d) reset the Value of FX Component to zero.

- 8.2 Such rebalancing will take place by means of an increase or reduction (as applicable) in the Reference Fund Component and a corresponding reduction or increase (as applicable) in the Cash Component or FX Component.

- 8.3 As the net asset value of the Reference Fund Shares remains uncertain at the time of placing a purchase or redemption order, the Calculation Agent will have to rely on estimated prices based on closing prices on the prior day to determine the appropriate allocation. Consequently, there may be occasions where the Securities temporarily hold an allocation differing from that expected. Due to such timing considerations, process requirements and other matters that would, in the opinion of the Calculation Agent, be relevant in relation to the implementation of asset allocation models, the Calculation Agent may need to make appropriate adjustments as it considers necessary, always acting in good faith. For the avoidance of doubt, the Calculation Agent will have the right to place purchase or redemption orders for the Reference Fund Shares, or to trade currencies, at any time or frequency as necessary in order to manage the risk of the Securities. In a crisis, the Calculation Agent has the right to temporarily trade credit instruments, swaps, exchange-traded futures within the

Reference Fund Component, in place of the Reference Fund Shares, to benefit from their liquidity and execution frequency where frequent rebalancing proves necessary.

9. HEDGING DISRUPTION EVENTS

In the event of a Hedging Disruption Event, the Issuer may in its sole and absolute discretion elect to:

- a) redeem the Securities in whole but not in part pursuant to a redemption at the option of the Issuer pursuant to "*Condition 3.1 - Redemption at the option of the Issuer*";
- b) make an adjustment in good faith to the Conditions in order to:
 - i) reduce the size of the Reference Fund Component by an amount (the "**Relevant Proportion**") corresponding to the Hedging Disruption Event; and
 - ii) distribute to the Holders amounts in respect of the Securities in aggregate equal to the amount an investor in the Reference Fund Component would receive on a sale or transfer of the Relevant Proportion of the Reference Fund Component to a third party, as determined by the Calculation Agent in its sole and absolute discretion; and/or
- c) 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.

10. FEES

10.1 Security Fee

- a) The Calculation Agent shall determine the Security Fee on every Calculation Date on an actual/360 basis using the Value of Reference Fund Component on the previous Calculation Date from (but excluding) the Issue Date and shall deduct such amount from the Cash Component on each Calculation Date.
- b) The Security Fee shall cease to accrue in respect of Securities being redeemed with effect from the relevant Holder Redemption Date or Issuer Redemption Date, as the case may be, in respect of such Securities.
- c) The Security Fee is payable to the Issuer.

10.2 Reference Fund Fees

The net asset value per Reference Fund Share is net of any fees disclosed in the Offering Document.

10.3 Rebate

The Issuer has no obligation to invest in the Reference Fund in connection with the Securities. To the extent that the Issuer, in its sole and absolute discretion, elects to hedge its exposure in respect of the Securities by making an actual investment in the Reference Fund, the Issuer will be entitled to seek a rebate from the Investment Manager in respect of the Reference Fund Fees. This rebate will not be passed on to the Holders.

11. 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 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.

12. PRESCRIPTION

Any Security 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.

13. REPLACEMENT OF CERTIFICATES

If any Security is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office (or such other place of which notice shall have be given to Holders in accordance with "*Condition 18 - Notices*"), subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Securities must be surrendered before replacements will be issued.

14. AGENTS

14.1 **Appointment of 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. 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 "*Condition 18 - Notices*". 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.

14.2 **Calculation Agent**

The Issuer shall undertake the duties of the Calculation Agent in respect of the Securities unless the Issuer decides to appoint a successor Calculation Agent in accordance with the provisions below.

- a) 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 "*Condition 18 - Notices*".
- b) The Calculation 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. Any calculations or determinations in respect of the Securities made by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Holders.
- c) The Calculation Agent may, with the consent of the Issuer (if it is not the Issuer), delegate any of its obligations and functions to a third party as it deems appropriate.

15. **AMENDMENT OF CONDITIONS**

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

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

Any such modification shall be binding on the Holders and, unless the Issuer decides otherwise, any modification shall be notified by the Issuer to the Holders as soon as practicable thereafter in accordance with "*Condition 18 - Notices*".

16. MEETINGS OF HOLDERS

16.1 Convening a Meeting of Holders

The Issuer may convene a meeting of holders ("**Meeting of Holders**" or "**Meeting**") at any time, and shall convene a Meeting of Holders upon the request in writing of Holders holding not less than one-tenth of the aggregate Nominal Amount of the outstanding Securities, and a matter may be voted upon by Holders at any such Meeting in accordance with the following rules:

- a) the relevant Agent shall give notice in writing at least 15 Business Days before the day on which the Meeting is to be held (exclusive of the Business Day on which the notice is given and on the day on which the relevant Meeting is to be held) specifying the date, time and place of the Meeting and setting out the full text of any resolutions to be proposed to the Holders (with a copy to the Issuer);
- b) the Issuer shall nominate an individual (who shall be a Holder) in writing to be chairman of any Meeting (the "**Chairman**");
- c) the Chairman may, with the consent of (and shall if directed by) any Meeting adjourn such Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place;
- d) the quorum at any Meeting shall be at least two voters representing or holding not less than the Relevant Fraction of the aggregate principal amount of the outstanding Securities; provided, however, that, so long as at least the Relevant Fraction of the aggregate principal amount of the outstanding Securities is represented by the Global Note, a single proxy representing the holder thereof shall be deemed to be two voters for the purpose of forming a quorum;
- e) subject to paragraph d) above, any Meeting may be resumed after adjournment for want of a quorum, provided, however, that:
 - i) 10 Business Days written notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be resumed) shall be sufficient; and
 - ii) the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes,and *further provided* that it shall not be necessary to give notice of the resumption of a Meeting which has been adjourned for any other reason;

- f) every matter for Holders to vote upon in a Meeting shall be decided on a poll and is required to be passed by a majority of at least two-thirds of the votes cast;
- g) on a poll, votes may be given either personally or by proxy. An instrument appointing a proxy shall be in writing, executed by or on behalf of the Holder and shall specify details of the relevant Holder, the proxy, the Meeting at which the proxy is appointed to vote on behalf of the Holder and, if applicable, instructions as to how the proxy is to vote at such Meeting;
- h) every person representing or holding Securities (including any proxy) shall have on a poll, one vote in respect of each Note represented or held by him, provided that, in the event of a voting tie, the Chairman shall have a casting vote;
- i) a Meeting shall have power, without prejudice to any other powers conferred on it or any other person:
 - i) to approve any proposal by the Issuer for any modification, abrogation, variation or compromise or any of the Conditions; and
 - ii) to authorise the relevant Agent or any other person to execute all documents and do all things necessary to give effect to or required to be given by any resolution;
- j) a resolution shall be binding upon all Holders, whether or not present at such Meeting, and each of the Holders shall be bound to give effect to it accordingly. Notice of the result of every note on a resolution shall be given to the Holders (with a copy to the Issuer) within 10 Business Days of the conclusion of the Meeting; and
- k) a resolution in writing signed by or on behalf of Holders representing not less than three-quarters of the aggregate Nominal Amount of the outstanding Securities shall take effect as if it were an extraordinary resolution ("**Extraordinary Resolution**").
- l) In addition, a resolution in writing signed by or on behalf of all Holders who for the time being are entitled to receive notice of a meeting of Holders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.
- m) The Issuer shall not be entitled to vote in respect of any Security it may hold from time to time.

17. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Holders, create and issue further certificates having the same terms and conditions as the Securities in all respects so as to form a single series with the Securities.

18. NOTICES

- 18.1 Unless otherwise specified, announcements to Holders will be valid if delivered by the Issuer to the Clearing Agent(s) with an instruction from the Issuer to the Clearing Agent(s) to communicate such announcement to the Holders.
- 18.2 Any such announcement issued pursuant to Condition 18.1 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 day following the date first delivered to a Clearing Agent).
19. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**
No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999.
20. **GOVERNING LAW AND JURISDICTION**
- 20.1 **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.
- 20.2 **English courts**
The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or connected with the Securities.
- 20.3 **Appropriate forum**
The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- 20.4 **Rights of the Holders to take proceedings outside England**
"Condition 20.2 - English courts" is for the benefit of the Holders only. As a result, nothing in this *"Condition 20 -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.
- 20.5 **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., acting through its London Branch at 250 Bishopsgate, London EC2M 4AA or at any address of the ABN AMRO Bank N.V. in Great Britain at which service of process may be served on it in accordance with Part XXIII of the Companies Act 1985. Nothing in this paragraph shall affect the right of any Holder to serve process in any

other manner permitted by law. This "*Condition 20.5 - Service of Process*" applies to Proceedings in England and to Proceedings elsewhere.

21. DEFINITIONS

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

"1 month EURIBOR" means, in respect of any Calculation Date, the rate for 1-month deposits in EUR as appearing at 1100 hours (London time) on such date on Bloomberg page EUR001M Index provided, however, that such rate does not appear on such page the Calculation Agent shall determine 1-month EURIBOR in its sole and absolute discretion;

"Administrator" means the administrator of the Reference Fund being SEI Global Services, Inc. or its assigns and successors;

"Business Day" for the purposes of these Conditions means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in George Town (Cayman Islands), London and New York and which is also a TARGET (Trans-European Automated Real-time Gross settlement Express Transfer System) settlement day;

"Calculation Agent" means ABN AMRO Bank N.V., acting through its London Branch, or its successors or assigns. It is currently expected that the business unit in ABN AMRO Bank N.V. responsible for the performance of calculation agent functions in respect of the Securities will be acquired by RBS plc or an affiliate thereof;

"Calculation Date" means the last Business Day of each month, and such other days as may be selected by the Calculation Agent in its sole and absolute discretion, in the period from and including the Issue Date up to and including the date upon which no further Securities are outstanding;

"Cash Component" means the component of the Index to which a notional cash balance (whether positive, zero or negative) is allocated per Security;

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

"Clearstream" means Clearstream Banking, société anonyme;

"Current Spread" means 0.50% per annum provided that if, in respect of any Calculation Date (CD(t)), the Value of Cash Component as at CD(t) is zero or has a positive value, the Current Spread for CD(t) shall be -0.10% (minus 0.10%);

"Distribution" means any distribution of capital or income actually received by the Issuer from the Reference Fund in respect of the Reference Fund Shares (net of any deductions made by the Reference Fund in respect of any applicable withholding taxes) and **"Distributions"** shall be interpreted accordingly;

"EUR", "Euro" and "€" each mean the single currency of the participating Member States of the European Union;

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

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

"Extraordinary Resolution" has the meaning given in *"Condition 16.1 – Convening a meeting of Holders"*;

"FX Component" means the component of the Index representing a notional allocation to a series of foreign exchange cash and forward transactions hedging the USD price of the Reference Fund forward against the Settlement Currency;

"Global Note" means a temporary global note or a permanent global note;

"Hedging Disruption Event" means any circumstances which the Issuer, in its sole and absolute discretion, 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:

- a) 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
- b) 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
- c) a material decline in the creditworthiness of a party with whom the Issuer has entered into any such Relevant Hedging Transaction;
- d) the general unavailability of:
 - i) market participants who will agree to enter into a Relevant Hedging Transaction; or
 - ii) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms; or
- e) any restrictions imposed by the Bank Holding Company Act of 1956 or any similar or successor legislation or regulations made thereunder which affects the Issuer's ability to hedge the transaction.

"Holder Redemption Date" means the Calculation Date falling in March, June, September and December of each year with the first Holder Redemption Date being September 2008;

"Index" has the meaning given in *"Condition 5 – The Index"*;

"Index Component" has the meaning given in *"Condition 5 – The Index"*;

"Index Value" has the meaning given in *"Condition 5.2 – Index Value"*;

"Investment Manager" means the investment manager of the Reference Fund being Yorkville Advisors, LLC or its assigns or successors;

"Issue Date" means 3 June 2008 (unless extended at the sole and absolute discretion of the Issuer without prior notice to investors);

"Issue Price" has the meaning given in *"Condition 3.6 – Purchase"*;

"Issuer" means ABN AMRO Bank N.V., acting through its London Branch of 250 Bishopsgate, London, EC2M 4AA, or its successors or assigns, it is currently expected that the business unit in ABN AMRO Bank N.V., responsible for the issuance process will be acquired by RBS plc or an affiliate thereof;

"Issuer Redemption Date" means such Business Day as the Issuer shall in its sole and absolute discretion designate, upon giving not less than 10 Business Days' notice to the Holders (which notice shall be irrevocable);

"Market Disruption Event" means the occurrence of any of the following:

- a) a general moratorium occurs in respect of banking activities in the country of any relevant currency;
- b) a market crash or crisis occurs, or any major exchanges are closed in an emergency in any relevant country;
- c) a price source disruption, including the failure to be able to obtain a rate of exchange between any relevant currency and the Settlement Currency;
- d) a governmental default with respect to indebtedness for money borrowed or guaranteed by the country of the principal financial centre of a relevant currency;
- e) the inconvertibility or non-transferrability - de facto or de jures - of the relevant currency;
- f) the nationalisation in the country of the principal financial centre of the relevant currency;
- g) the illiquidity of the relevant currency;
- h) any change in law in the country of the principal financial centre of any relevant currency which may affect the ownership in and/or the transferability of that currency;
- i) the imposition of any tax and/or levy with punitive character which is imposed in any relevant country; or
- j) the unavailability of the Settlement Currency;

"Net Asset Value" means the net asset value of the Reference Fund;

"Nominal Amount" means EUR 1,000 per Security;

"Offering Document" means the Confidential Private Placement Memorandum of the Reference Fund dated January 2008;

"Potential Reference Fund Event" means the occurrence of any of the following:

- a) the Reference Fund or the Reference Master Fund ceases to exist or trade or a petition is made for the winding up, dissolution, or liquidation of the Reference Fund or the Reference Master Fund;
- b) the Investment Manager or the investment manager of the Reference Master Fund, or the general partner of the Reference Master Fund, ceases to exist or trade or a petition is made for the winding up, dissolution, or liquidation of such person;
- c) the Issuer determines in its sole and absolute discretion that a notional investor would for any reason be unable to subscribe for or realise such amount of Reference Fund Shares as the Issuer determines in its sole and absolute discretion would be necessary to fulfill its obligations under the Securities;
- d) the implementation of any material change to the terms and conditions of the Reference Fund or the Reference Master Fund, as detailed in constitutive document of the Reference Fund or the Reference Master Fund, or any other document, which, in the sole and absolute discretion of the Issuer, is of a material nature including but not limited to:
 - i) a change in the risk profile of the Reference Fund or the Reference Master Fund;
 - ii) a change in the voting rights associated with the Reference Fund Shares; or
 - iii) an alteration to the investment objectives of the Reference Fund or the Reference Master Fund;
- e) the breach of or material deviation from the investment objectives of the Reference Fund or the Reference Master Fund;
- f) any of the senior personnel cease to hold the same or substantially the same position within either the Investment Manager, the investment manager of the Reference Master Fund, or the general partner of the Reference Master Fund as each held as of the Issue Date unless, in the sole and absolute discretion of the Issuer, the relevant replacement is one or more individuals who are reputable and suitably experienced in their field and satisfy the compliance, due diligence and other control procedures of the Issuer;
- g) the Reference Fund, the Investment Manager or their appointed agents fail to calculate the net asset value of the Reference Fund Shares within such period as the Calculation Agent, in its sole and absolute discretion, deems reasonable;
- h) the Reference Fund, the Investment Manager or their agents fail for any reason to communicate to the Issuer any information which it has agreed to provide within the time frame stipulated;

- i) the activities of the Reference Fund, the Reference Master Fund, the Investment Manager, the investment manager of the Reference Master Fund, the general partner of the Reference Master Fund, the Administrator of the Reference Fund and/or Master Reference Fund, as the case may be, and/or the key personnel of any of the foregoing are placed under review by their regulators for reasons of wrongdoing, breach of any rule or regulation or other similar reason or has any relevant license withdrawn or has any regulatory approval or registration revoked or removed for whatever reason;
- j) the compulsory redemption of the Reference Fund Shares or the cancellation of the limited partnership interests in the Reference Master Fund for any reason at any time following the Issue Date;
- k) the Investment Manager, the investment manager of the Reference Master Fund, the general partner of the Reference Master Fund and/or the key personnel of any of the foregoing are replaced unless, in the sole and absolute discretion of the Issuer, the relevant replacement is one or more individuals who, or corporate entities which, are reputable and suitably experienced in their field and satisfy the compliance, due diligence and other control procedures of the Issuer;
- l) any agreement, whether by way of side letter or otherwise, in respect of any hedging arrangement entered into by the Issuer, between:
 - i) the Issuer; and
 - ii) the Reference Fund, the Reference Master Fund, the Investment Manager, the investment manager of the Reference Master Fund or the general partner of the Reference Master Fund,
 which the Calculation Agent is advised, to its reasonable satisfaction, to be unenforceable;
- m) any other event which, in the sole and absolute discretion of the Issuer, has an analogous effect to any of the events specified above;

"Rebalancing" means a rebalancing of the respective allocations to the Index Components in accordance with the provisions of *"Condition 8 - Rebalancing"*;

"Redemption Amount" means an amount in EUR per Security, determined by the Calculation Agent in its sole and absolute discretion, equal to the Index Value as at the relevant Issuer Redemption Date or Holder Redemption Date, as the case may be, adjusted to reflect the actual proceeds which a notional investor would receive from a notional realisation of the notional investment in the Reference Fund Component (or the relevant proportion thereof) at such Issuer Redemption Date or Holder Redemption Date, as the case may be, less:

- a) (in respect of a redemption pursuant to *"Condition 3.2 - Redemption at the option of a Holder"* only) the Redemption Fee;

- b) any reasonable Expenses and costs incurred in effecting any such notional realisation (including for the avoidance of doubt the reasonable hypothetical fees of any agent or advisors employed for the purposes of effecting such notional realisation); and
- c) the Expenses to the Issuer of unwinding its hedging arrangements in respect of the Securities, if any;

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

"Redemption Fee" means 1.0% of the Redemption Amount and only applies in respect of Holder Redemptions on or prior to the first anniversary of the Issue Date. The Redemption Fee will be determined by the Calculation Agent and is payable to the Issuer;

"Redemption Limit" has the meaning given in "*Condition 3.5 – Redemption Limit*";

"Reference Fund" means YA Offshore Global Investments, Ltd. (Bloomberg: CORCAPO KY Equity);

"Reference Fund Component" means the Index's notional exposure per Security to the performance of the Reference Fund Shares;

"Reference Fund Fees" means certain fees and expenses as charged by the Reference Fund, including but not limited to:

- a) Management Fee: the Investment Manager will receive a management fee equal to 2% per annum, calculated as a percentage of the Net Asset Value; and
- b) Incentive Fee: the Investment Manager will receive an incentive fee equal to 20% of the increase in the Net Asset Value above a previous highwater mark;

which fees may be charged in accordance with the Offering Document.

"Reference Fund Event" means a Potential Reference Fund Event which the Issuer determines, in its sole and absolute discretion, to be sufficiently material as to constitute a Reference Fund Event. In making such determination, the Issuer shall consider whether any such event has been or is likely to be rectified to the satisfaction of the Issuer within a period which the Issuer considers reasonable;

"Reference Fund Shares" means the Class L shares in the Reference Fund;

"Reference Master Fund" means YA Global Investments, L.P. The Reference Fund invests substantially all its assets, as a feeder vehicle in a master-feeder structure, in the Reference Master Fund;

"Relevant Fraction" means:

- a) for voting on any Extraordinary Resolution other than one relating to a Reserved Matter, one more than half; and

- b) for voting on any Extraordinary Resolution relating to a Reserved Matter, three quarters;

provided, however, that, in the case of a Meeting which has resumed after adjournment for want of a quorum it means:

- a) for all business other than voting on an Extraordinary Resolution relating to a Reserved Matter, the fraction of the aggregate principal amount of the outstanding Securities represented or held by the voters actually present at the Meeting; and
- b) for voting on any Extraordinary Resolution relating to a Reserved Matter, one quarter;

"Reserved Matter" means any proposal to change any date fixed for payment of principal in respect of the Securities, to reduce the amount of principal payable on any date in respect of the Securities, to alter the method of calculating the amount of any payment in respect of the Securities or the date for any such payment, to change the currency of payments under the Securities, to modify the provisions of the Instrument or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution. A Reserved Matter may only be sanctioned by an Extraordinary Resolution passed at a meeting of Holders. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Holders, whether present or not.

"Security Fee" means an amount equal to 0.50% per annum of the Value of Reference Fund Component. The Security Fee will be determined by the Calculation Agent, is payable to the Issuer, and will be notionally deducted from the Cash Component on each Calculation Date;

"Securities" means 25,000 Open-Ended FX Hedged Securities linked to a notional investment in YA Offshore Global Investments Ltd, and each a **"Security"**;

"Settlement Currency" means EUR;

"Specified Office" means in relation to any Agent:

- a) ABN AMRO Bank N.V., Kemelstede 2, P.O. Box 3200, 4800 DE Breda, The Netherlands; or
- b) any such other office as the Agent may specify to the Issuer from time to time;

"Suspension Event" means the Calculation Agent, in its sole and absolute discretion, may declare a Suspension Event upon the occurrence of:

- a) a Market Disruption Event;
- b) a Hedging Disruption Event; or
- c) a Potential Reference Fund Event;

"Value of Cash Component" or **"CC(t)"** means an amount in EUR per Security, determined by the Calculation Agent on each Calculation Date, in accordance with the following formula:

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

where:

CC(t-1) = Value of Cash Component on the preceding Calculation Date; and

CCA(t) = Value of Cash Component Adjustment on such Calculation Date;

"Value of Cash Component Adjustment" or **"CCA(t)"** means an amount in EUR per Security, determined by the Calculation Agent on each Calculation Date, in accordance with the following formula:

$$CCA = CC(t-1) * (1 \text{ month EURIBOR}(t-1) + \text{Current Spread}) * ((\text{the number of calendar days from the immediately preceding Calculation Date to such Calculation Date})/360) - MF(t) + AC(t)$$

where:

CC(t-1) = Value of Cash Component on the preceding Calculation Date;

MF(t) = Value of Certificate Fee Accrual on such Calculation Date; and

AC(t) = the notional costs and/or proceeds of any adjustment to the Reference Fund Component, including but not limited to:

- a) the notional costs and/or proceeds of any adjustment to the Reference Fund Component associated with a Rebalancing of the Index on such Calculation Date;
- b) any funding costs incurred by a notional investor in respect of the initial investment in, or a Rebalancing of, the Index, or incurred by the Issuer in respect of redemptions of Securities;
- c) Distributions notionally received from the Reference Fund in connection with the Reference Fund Component;
- d) funding and interest on the FX Component; and
- e) taxes and other costs as described in *"Condition 7.7 – Tax costs in connection with payments in specie"*;

"Value of FX Component" or **"FXC(t)"** means an amount in EUR per Security, determined by the Calculation Agent on each Calculation Date, taking into account:

- a) Open FX Forward Position: active FX management of the variation of the price of the Index in USD using cash positions and/or one month forward sales of USD into EUR, the amount of USD being sold being equal to the one month forward value of the product of the number of Reference Fund Shares notionally allocated to the Reference Fund Component and the prevailing USD price of the Index. The position may be rolled on a monthly basis at prevailing FX forward rates; and
- b) Realised EUR P&L: accrued EUR P&L from closed FX forward positions plus EUR funding. The accrued P&L may be positive or negative at any given time and funding will be charged or credited as appropriate at 1 month EURIBOR;

"Value of Reference Fund Component" or **"RFC(t)"** means an amount in EUR per Security,

determined by the Calculation Agent on each Calculation Date, in accordance with the following formula:

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

where:

A(t) = the net asset value per Reference Fund Share on the relevant Calculation Date, as published by the Administrator, converted into the Settlement Currency at the prevailing FX spot rate at such time determined by the Calculation Agent; and

NA(t)= the number of Reference Fund Shares notionally allocated per Security to the Reference Fund Component on CD(t), being the NA(t-1), plus or minus any adjustment to the number of Reference Fund Shares notionally allocated to the Reference Fund Component on CD(t) as a consequence of:

- a) the notional realisation of some or all (as applicable) of the Reference Fund Component in connection with a redemption of Securities; and
- b) a Rebalancing of the Index.

The Value of Reference Fund Component shall be net of the Reference Fund Fees; and

"Value of Security Fee Accrual" or **"MF(t)"** means an amount in EUR per Security, determined by the Calculation Agent on each Calculation Date, being the accrued amount of the Security Fee from the immediately preceding Calculation Date to such Calculation Date.