
FINAL TERMS

FINAL TERMS NO. 6

DATED: 2 SEPTEMBER 2010

STRATEGY EXCHANGE TRADED NOTES WITH A FIXED MATURITY

SERIES	ISIN	ISSUE PRICE
RBS 4 year Risk Stabilised Germany Strategy 100% Capital Protected Exchange Traded Notes	DK0030260518	110%

This document constitutes the Final Terms of each series of the strategy exchange traded notes with a fixed maturity (the "**Securities**" or "**Exchange Traded Notes**") issued by The Royal Bank of Scotland N.V. acting through its London branch (the "**Issuer**") described herein for the purposes of Section 6(3) of the German Securities Prospectus Act (*Wertpapierprospektgesetz*; "**WpPG**"). These Final Terms must be read in conjunction with the base prospectus of the Issuer relating to Exchange Traded Notes and Exchange Traded Commodities with a Fixed Maturity dated 20 May 2010 as approved by the German Federal Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (the "**Base Prospectus**").

The Final Terms and the Base Prospectus must be read in connection with the registration document of RBS Holdings N.V. and The Royal Bank of Scotland N.V. dated 1 July 2010 and as supplemented from time to time (together the "**Registration Document**") which was approved by the competent authority in the Netherlands (*Autoriteit Financiële Markten*) (the "**AFM**") and which is, in relation to the information about RBS Holdings N.V. and The Royal Bank of Scotland N.V., incorporated into the Base Prospectus by reference pursuant to Section 11(1) WpPG, as well as in connection with any supplements to the Base Prospectus approved by the BaFin pursuant to Section 16(1) WpPG (the "**Supplements**").

The applicable terms and conditions of the Securities will be as set out in the general conditions set forth in the General Conditions (the "**General Conditions**") and in the securities-specific product conditions set forth in the Product Conditions (the "**Product Conditions**") as completed, amended or replaced by these Final Terms. The General Conditions and the relevant securities-specific Product Conditions will be attached to any global security representing the relevant tranche of Securities. Complete information on the Issuer and the Securities described herein can only be derived from the Base Prospectus, any Supplements and the Registration Document as well as these Final Terms.

As long as the Securities described in these Final Terms are listed on any stock exchange or offered to the public, copies of the following documents will be available (i) free of charge upon request from the Issuer (The Royal Bank of Scotland Group Investor Relations, 280 Bishopsgate, London EC2M 4RB, United Kingdom, telephone +44 207 672 1758, email investor.relations@rbs.com) and from the office of each Paying Agent as specified in the Final Terms, and (ii) via the Issuer's website www.markets.rbsbank.dk for investors in Denmark and www.markets.rbs.com for all other investors (or any successor website):

- 1) the Registration Document;
- 2) the Base Prospectus and any Supplements; and
- 3) these Final Terms.

The Issuer is responsible for the information contained in these Final Terms.

THE SECURITIES – OVERVIEW

A. GENERAL INFORMATION

Issuer:	The Royal Bank of Scotland N.V., acting through its London branch at 250 Bishopsgate, London EC2M 4AA
Clearing Agents:	VP Securities A/S
Form:	Dematerialised
Pricing Date:	29 September 2010
Issue Date:	8 October 2010
Exercise Date:	13 October 2014
Valuation Date:	Exercise Date
Maturity Date:	The fifth Business Day following the Valuation Date
Exercise:	Automatic exercise on the Exercise Date
Principal Paying Agent:	The Royal Bank of Scotland N.V., London Branch, 250 Bishopsgate, London EC2M 4AA
Paying Agent:	Skandinaviska Enskilda Banken AB (SEB), Copenhagen, Denmark
Calculation Agent:	The Royal Bank of Scotland N.V., London Branch, 250 Bishopsgate, London EC2M 4AA
Collateralisation:	The Securities are collateralised as set out in the Base Prospectus.
Security Trustee:	BNP Paribas Trust Corporation (UK) Limited
Custodian:	JPMorgan Chase Bank, N.A., London Branch

B. SERIES INFORMATION

Series:	RBS 4 year Risk Stabilised Germany Strategy 100% Capital Protected Exchange Traded Notes
Issue Price:	110%
Nominal Amount:	DKK 1,000
Strategy:	Risk Stabilised Germany Strategy (Bloomberg page: RBSBDEE1 <INDEX>)
Cash Amount:	As specified in Product Condition 1
Participation Rate (indicative):	100%
Settlement Currency:	DKK
ISIN:	DK0030260518
WKN:	Not applicable
Other securities identification code:	None

ADDITIONAL INFORMATION

Notification:	The German Federal Financial Supervisory Authority has provided the Austrian Financial Market Authority (<i>FMA</i>) and the Danish Financial Supervisory Authority (<i>Finanstilsynet</i>) with a notification of approval relating to the Base Prospectus and attesting that the Base Prospectus has been drawn up in accordance with the German Securities Prospectus Act (<i>Wertpapierprospektgesetz</i>).
Listing and Admission to Trading:	Nasdaq OMX Copenhagen With effect from: 8 October 2010.
Market Making:	The Issuer intends but is not obliged to maintain a secondary market throughout the life of the Securities on a daily basis, subject to normal market conditions.
Offer:	Public Offer: from (and including) 2 September 2010 Country/Countries: Denmark
Subscription Period:	From (and including) 2 September 2010 to (and including) 24 September 2010 (3 pm CET). The offer period may be extended or shortened.
Publication of Net Asset Value (NAV):	The Issuer intends to publish a daily net asset value (NAV) for the Securities on the Issuer's website via the Issuer's website www.markets.rbsbank.dk for investors in Denmark and www.markets.rbs.com for all other investors (or any successor website).
An indication of the various categories of potential investors to which the Securities are offered:	Retail and institutional investors
Total amount of the offer:	DKK 50,000,000 (indicative). The final total amount for each Series will be determined on 29 September 2010 and notified to the Securityholders in accordance with General Condition 3.
Minimum subscription amount/number:	Not applicable
Maximum subscription amount/number:	Not applicable
Method and time limits for paying up the Securities and for their delivery:	Not applicable

Details of where information on the underlying can be obtained:

Some of the information included herein with respect to the underlying by reference to which payments or, if applicable, delivery under the Securities are determined (the “**Underlying**”) consists of extracts from, or summaries of, publicly available information. Such information can be obtained via the Issuer and on the Issuer's website www.markets.rbsbank.dk for investors in Denmark and www.markets.rbs.com for all other investors (or any successor website). The Issuer accepts responsibility that such information has been correctly reproduced. As far as the Issuer is aware and is able to ascertain from the information published, no facts have been omitted that would lead to the information reproduced herein becoming inaccurate or misleading. No further or other responsibility in respect of such information is accepted by the Issuer. In particular, the Issuer accepts no responsibility with respect to the accuracy or completeness of the information set forth herein concerning the Underlying of the Securities or that there has not occurred any event which would affect the accuracy or completeness of such information. A full copy of the strategy rules will be available for review upon written request at the offices of the Issuer at 250 Bishopsgate, London EC2M 4AA. In order to obtain the strategy rules, an investor may need to give certain non-disclosure representations to the Strategy Sponsor.

Additional Risk Factors:

None

Additional Tax Disclosure:

None

Additional Selling Restrictions:

None

Further Information:

Not applicable

CONDITIONS: GENERAL CONDITIONS

The General Conditions which follow relate to the Securities specified in the Product Conditions and must be read in conjunction with the Product Conditions relating to such Securities. The General Conditions and the Product Conditions together constitute the Conditions of the Securities.

1. DEFINITIONS

Terms in capitals which are not defined in these General Conditions shall have the meanings ascribed to them in the Product Conditions. References to the Conditions shall mean these General Conditions and the Product Conditions applicable to the respective Securities.

2. FORM AND STATUS

- (a) Form. The Securities are issued in dematerialised form and will be registered in the book-entry system of the Clearing Agent. Title to the Securities will pass by transfer between accountholders at the Clearing Agent perfected in accordance with the legislation, rules and regulations applicable to and/or issued by the Clearing Agent that are in force and effect from time to time (the “**Applicable Rules**”). No definitive securities will be issued.
- (b) “**Securityholder**” means a person in whose name a Security is registered in the book-entry system of the Clearing Agent, or any other person recognised as a holder of Securities pursuant to the Applicable Rules.
- (c) Status. The Securities constitute secured and unsubordinated obligations of the Issuer and rank *pari passu* among themselves and with all other present and future secured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

3. NOTICES

All notices under the Conditions shall be published on the Issuer’s website www.markets.rbsbank.dk for investors in Denmark and www.markets.rbs.com for all other investors (or any successor website) and shall become effective upon such publication, unless the relevant notice provides a different date for the effectiveness. Additional publication requirements under mandatory provisions of law or under the rules or regulations of any relevant stock exchange shall remain unaffected.

4. PURCHASES AND FURTHER ISSUES BY THE ISSUER

- (a) Purchases. The Issuer, any affiliate of the Issuer or any third party may purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held, cancelled or reissued or resold.

- (b) Further Issues. The Issuer shall be at liberty from time to time without the consent of the Securityholders or any of them to create and issue further securities on the same terms (except for their respective issue date or issue price) so as to be consolidated with and form a single series with the Securities.

5. MODIFICATIONS

- (a) In the event of manifest typing or calculation errors or similar manifest errors in the Conditions, the Issuer shall be entitled to declare rescission (*Anfechtung*) to the Securityholders. The declaration of rescission shall be made without undue delay upon becoming aware of any such ground for rescission (*Anfechtungsgrund*) and in accordance with General Condition 3.
- (b) The Issuer may combine the declaration of rescission pursuant to General Condition 5(a) with an offer to continue the Securities on the basis of corrected Conditions (the “Offer”). The Offer and the corrected terms shall be notified to the Securityholders together with the declaration of rescission in accordance with General Condition 3. The Offer shall be deemed to be accepted by a Securityholder (and the rescission will not take effect), provided that the Securityholder does not submit within four weeks following the date on which the Offer has become effective in accordance with General Condition 3 a claim to the Principal Paying Agent for the repayment of the issue price of the Securities. The Issuer will inform the Securityholders about this effect in the notice.
- (c) Contradictory or incomplete provisions in the Conditions may be corrected or amended, as the case may be, by the Issuer in its reasonable discretion (*billiges Ermessen*). The Issuer shall only be entitled to make such corrections or amendments pursuant to this General Condition 5(c) which are reasonably acceptable to the Securityholders having regard to the interests of the Issuer and in particular which do not materially adversely affect the legal or financial situation of the Securityholders. Notice of any such correction or amendment will be given to the Securityholders in accordance with General Condition 3.

6. SUBSTITUTION

- (a) Substitution of Issuer. The Issuer may at any time without the consent of the Securityholders substitute for itself as issuer of the Securities with regard to any and all rights, obligations and liabilities under and in connection with the Securities:
 - (i) The Royal Bank of Scotland plc, registered in Scotland under No. 90312, with its registered office at 36 St Andrew Square, Edinburgh EH2 2YB (“**RBS**” or the “**Substitute**”) subject to the Issuer having given at least 30 days’ prior notice of the date of such substitution to the Securityholders in accordance with General Condition 3; or

- (ii) any entity other than RBS (also, the “**Substitute**”), subject to
 - either (x)
 - (A) the Issuer having given at least 30 days’ prior notice of the date of such substitution to the Securityholders in accordance with General Condition 3; and
 - (B) the Issuer or RBS having issued a legal, valid and binding guarantee of the obligations and liabilities of the Substitute under the Securities for the benefit of each and any of the Securityholders;

or (y)

- (A) the Issuer having given at least three months’ prior notice of the date of such substitution to the Securityholders in accordance with General Condition 3; and
- (B) each Securityholder, as of (and including) the date of such notice until (and including) the date of such substitution, being entitled to terminate the Securities held by such Securityholder without any notice period in which event the Issuer will, if and to the extent permitted by the applicable law, pay to such Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination. Any such amount to be paid shall not be less than the present value of the minimum assured return of principal and/or interest, such present value being determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*). Payment will be made to the Securityholder in such manner as shall be notified to the Securityholders in accordance with General Condition 3;

and in each case subject to all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Securities represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and being in full force and effect. In the event of any substitution of the Issuer, any reference in the Conditions to the Issuer shall from such time be construed as a reference to the Substitute.

- (b) Substitution of Office. The Issuer shall have the right upon notice to the Securityholders in accordance with General Condition 3 to change the office through which it is acting and shall specify the date of such change in such notice.

7. 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. 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 Securityholder 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 Securityholder. The Issuer shall have the right, 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.

8. AGENTS

(a) **Principal Paying Agent and Paying Agents.** The Issuer reserves the right at any time to vary or terminate the appointment of any paying agent (the **"Paying Agent"**) and to appoint further or additional Paying Agents, provided that no termination of appointment of the principal paying agent (the **"Principal Paying Agent"**) shall become effective until a replacement Principal Paying 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 a Paying 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 Paying Agent will be given to Securityholders in accordance with General Condition 3. Each Paying 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 Securityholders or any of them.

(b) **Calculation Agent.** 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 Securityholders in accordance with General Condition 3.

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 Securityholders.

9. LIABILITY

With respect to the execution or omission of measures of any kind in relation to the Securities, the Issuer, the Calculation Agent and any Paying Agent shall only be liable in case of culpably

breaching material duties that arise under or in connection with the Conditions or in case of a wilful or gross negligent breach of other duties.

CONDITIONS: PRODUCT CONDITIONS
RELATING TO STRATEGY EXCHANGE TRADED NOTES WITH A FIXED MATURITY

The Product Conditions which follow relate to the Securities and must be read in conjunction with the General Conditions attached to the Product Conditions. The General Conditions and the Product Conditions together constitute the Conditions of the Securities.

1. DEFINITIONS

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

“**Calculation Agent**” means The Royal Bank of Scotland N.V., London Branch, subject to a replacement pursuant to General Condition 8;

“**Cash Amount**” means, subject to an adjustment in accordance with Product Condition 4, an amount calculated by the Calculation Agent in accordance with the following formula, less Expenses (if any):

$$\text{Nominal Amount} \times \{1 + \text{Participation Rate} \times \text{Max}(\text{Strategy Performance}; 0)\},$$

Where:

“**Participation Rate**” means a participation rate which will be determined by the Issuer in its reasonable discretion (*billiges Ermessen*) on or around the Pricing Date and notified to the Securityholders in accordance with General Condition 3. The indicative Participation Rate is specified as such in the definition of the Series. In the event that the Participation Rate will be less than the Minimum Participation Rate specified as such in the definition of the Series, the Issuer will cancel the offer of the Securities prior to the Issue Date; and

“**Strategy Performance**” means (Final Reference Price / Initial Reference Price -1).

The Cash Amount shall not be less than zero and shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards, if necessary;

“**Clearing Agent**” means VP Securities A/S and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Securityholders in accordance with General Condition 3 (each a “**Clearing Agent**” and together the “**Clearing Agents**”);

“**Custodian**” means JPMorgan Chase Bank, N.A., London Branch or any successor custodian appointed by the Issuer pursuant to the Security Trust Deed;

“**Default Paying Agent**” means BNP Securities Services, Frankfurt Branch;

“Emerging Market Disruption Event” means each event specified in Product Condition 3;

“Event of Default” means the occurrence of an Event of Default as defined in clause 10 of the Security Trust Deed;

“Exchange” means each exchange or quotation system from which the Strategy Sponsor takes the prices of the Strategy Components to compute the Strategy or any successor to such exchange or quotation system;

“Exercise Date” means the date specified as such in the definition of the Series or, if this day is not a Business Day, the first succeeding Business Day;

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

“Final Reference Price” means, subject to Product Conditions 3 and 4, the arithmetic average of the Reference Prices on each of the Valuation Dates 5 to 17;

“Initial Reference Price” means the arithmetic average of the Reference Prices on each of Valuation Dates 1 to 4, subject to an adjustment in accordance with Product Condition 4;

“Issue Date” means the date specified as such in the definition of the Series;

“Issuer” means The Royal Bank of Scotland N.V., a bank incorporated in The Netherlands with its statutory seat in Amsterdam acting through its branch in London;

“Market Disruption Event” means each event specified in Product Condition 3;

“Maturity Date” means the fifth Business Day following the later of (i) the final Valuation Date and (ii) the date of delivery of the Certification pursuant to Product Condition 2;

“Nominal Amount” means the amount specified as such in the definition of the Series;

“Paying Agent” means Skandinaviska Enskilda Banken AB (SEB), Copenhagen, Denmark, and shall include any other Paying Agent appointed pursuant to the provisions of General Condition 8 as well as the Principal Paying Agent;

“Payment Day” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange and foreign exchange currency deposits) in the principal financial centre for the Settlement Currency or, if the Settlement Currency is Euro, any day on which the Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) is open;

“Pricing Date” means the date specified as such in the definition of the Series. In the event the Issuer determines that due to adverse market conditions a commercially reasonable pricing (the **“Pricing”**) is not possible on such day, the Pricing Date shall be postponed to

such day on which the Issuer determines that a Pricing is possible. Each and any of the Issuer's determinations with respect to the Pricing Date shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3;

"Principal Paying Agent" means The Royal Bank of Scotland N.V., London Branch, 250 Bishopsgate, London EC2M 4AA, subject to a replacement pursuant to General Condition 8;

"Reference Price" means, with respect to any day (a **"Reference Day"**), an amount (which shall be deemed to be a monetary value in the Underlying Currency) equal to the level of the Strategy published on the page specified in the definition of Strategy in the definition of the Series (or on a page replacing such page) at or about the Valuation Time on such Reference Day without regard to any subsequently published correction or (if no such level is published and no Market Disruption Event and no Emerging Market Disruption Event has occurred and is continuing) an amount corresponding to the level determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*) as the level of the Strategy at or about the Valuation Time on such Reference Day and notified to the Securityholders in accordance with General Condition 3. If a Market Disruption Event or an Emerging Market Disruption Event occurs on any Reference Day other than on a Valuation Date, Product Condition 3 shall apply accordingly with respect to such Reference Day;

"Related Exchange" means each options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the Strategy Components are traded;

"Relevant Number of Trading Days" means the number of Trading Days specified as such in the definition of the Series;

"Securities" means Series of Strategy Exchange Traded Notes with a Fixed Maturity specified herein, collateralised in accordance with the Security Trust Deed and each such security a **"Security"**. References to the terms **"Securities"** and **"Security"** shall be construed severally with respect to each Series specified herein;

"Security Trust Deed" means the debenture and security trust deed dated 18 February 2010 entered into, among others, the Issuer, the Security Trustee, the Default Paying Agent and the Custodian, as amended, supplemented or novated from time to time before the Issue Date. The Security Trust Deed is incorporated by reference into the Product Conditions and forms an integral part of the Product Conditions. The Security Trust Deed sets out the arrangements in relation to the creation and maintenance of security for the Issuer's obligations under or in respect of the Securities. A copy of the Security Trust Deed is set forth in the base prospectus dated 20 May 2010 relating to the issuance of exchange traded notes and exchange traded commodities with a fixed maturity as supplemented pursuant to Section 16(1) the German Securities Prospectus Act (*Wertpapierprospektgesetz*);

“Security Trustee” means BNP Paribas Trust Corporation (UK) Limited or any successor security trustee appointed by the Issuer pursuant to the Security Trust Deed;

“Securityholder” has the meaning given in General Condition 2;

“Series” means the series of Securities set out below:

RBS 4 year Risk Stabilised Germany Strategy 100% Capital Protected Exchange Traded Notes ISIN: DK0030260518

Exercise Date:	13 October 2014;
Issue Date:	8 October 2010;
Minimum Participation Rate:	90%;
Nominal Amount:	DKK 1,000;
Participation Rate (indicative):	100%;
Pricing Date:	29 September 2010;
Relevant Number of Trading Days:	5, or, in the event of an Emerging Market Disruption Event, 180;
Settlement Currency:	DKK;
Strategy:	Risk Stabilised Germany Strategy (Bloomberg page: RBSBDEE1 Index);
Valuation Dates:	11 October 2010 (“Valuation Date 1”);
	12 October 2010 (“Valuation Date 2”);
	13 October 2010 (“Valuation Date 3”);
	14 October 2010 (“Valuation Date 4”);
	14 October 2013 (“Valuation Date 5”);
	12 November 2013 (“Valuation Date 6”);
	12 December 2013 (“Valuation Date 7”);
	13 January 2014 (“Valuation Date 8”);
	12 February 2014 (“Valuation Date 9”);
	12 March 2014 (“Valuation Date 10”);
	14 April 2014 (“Valuation Date 11”);
	12 May 2014 (“Valuation Date 12”);
	12 June 2014 (“Valuation Date 13”);
	14 July 2014 (“Valuation Date 14”);
	12 August 2014 (“Valuation Date 15”);
	12 September 2014 (“Valuation Date 16”);
	12 October 2014 (“Valuation Date 17”);

“Settlement Currency” means the currency specified as such in the definition of the Series;

“Strategy” means the strategy specified as such in the definition of the Series and more particularly described in the Appendix attached hereto, subject to an adjustment in accordance with Product Condition 4. A full copy of the strategy rules will be available for review upon written request at the offices of the Issuer at 250 Bishopsgate, London EC2M 4AA. In order to obtain the strategy rules, an investor may need to give certain non-disclosure representations to the Strategy Sponsor;

“Strategy Components” means the securities or other financial instruments that comprise the basket as specified in the strategy rules attached to the Product Conditions, subject to an adjustment in accordance with Product Condition 4;

“Strategy Sponsor” means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Strategy and (b) announces (directly or through an agent) the level of the Strategy on a regular basis during each Trading Day and references to the Strategy Sponsor shall include any successor Strategy sponsor pursuant to Product Condition 4;

“Trading Day” means any day on which the Strategy Sponsor should calculate and announce the closing level of the Strategy according to its rules;

“Valuation Date” means each of the Valuation Dates specified as such in the definition of Series. If such day is not a Trading Day, the Valuation Date shall be the first succeeding Trading Day. The Valuation Date shall be subject to a postponement in accordance with Product Condition 3; and

“Valuation Time” means the time with reference to which the Strategy Sponsor calculates the closing level of the Strategy, or such other time as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) and notify to the Securityholders in accordance with General Condition 3.

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

2. RIGHTS AND PROCEDURES

- (a) Securityholder’s Right. The Issuer, subject to an early termination, hereby grants the holder of each Security the right to demand payment of the Cash Amount on the Maturity Date upon automatic exercise in accordance with Product Condition 2(b), provided that a certification (a **“Certification”**) has been delivered to the Principal Paying Agent in accordance with Product Condition 2(d).
- (b) Automatic Exercise. The Securities shall be deemed to be automatically exercised on the Exercise Date.
- (c) Interest Accrual. No interest shall accrue if the payment of the Cash Amount is postponed due to a Market Disruption Event or an Emerging Market Disruption Event.
- (d) Certification. The form of the Certification may be obtained during normal business hours from the specified office of each Paying Agent.

A Certification shall:

- (i) certify that neither the person delivering the Certification nor any person on whose behalf the Certification is being delivered is a U.S. person or a person within the United States. As used herein, **“U.S. person”** means (A) an individual who is a resident or a citizen of the United States; (B) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal

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

- (ii) authorise the production of such Certification in any applicable administrative or legal proceedings.
- (e) Settlement. The Issuer shall pay the Cash Amount for each Security with respect to which a Certification has been delivered to the Clearing Agent for credit to the account of the Securityholder.
- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.

3. MARKET DISRUPTION

- (a) If in the determination of the Calculation Agent a Market Disruption Event or an Emerging Market Disruption Event has occurred on the Valuation Date then the Valuation Date shall be the first succeeding Trading Day on which the Calculation Agent determines that there is no Market Disruption Event or no Emerging Market Disruption Event, unless the Calculation Agent determines that there is a Market Disruption Event or an Emerging Market Disruption Event occurring on each of the Relevant Number of Trading Days immediately following the original date which (but for the Market Disruption Event or the Emerging Market Disruption Event) would have been the Valuation Date. In that case (i) the last day of the Relevant Number of Trading Days shall be deemed to be the Valuation Date (regardless of the Market Disruption Event or the Emerging Market Disruption Event); and (ii) the Calculation Agent shall determine the relevant Reference Price. If a Market Disruption Event or

an Emerging Market Disruption Event constitutes also an adjustment event in accordance with Product Condition 4 and the Calculation Agent makes an adjustment in accordance with Product Condition 4, the provisions relating to the Market Disruption or the Emerging Market Disruption shall not be applicable with respect to this event as of the effective date of the adjustment.

(b) **“Market Disruption Event”** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the country in which any Exchange or any Related Exchange is located; or
- (ii) Trading Limitation. The occurrence or existence on any Trading Day during the one hour period that ends at the official close of trading on any Exchange or any Related Exchange of any suspension of or limitation imposed on trading (by reason of movements in price reaching or exceeding limits permitted by the relevant exchange or otherwise) on any Exchange(s) in Strategy Components that comprise 20 per cent or more of the level of the Strategy (as determined by the Calculation Agent) if, in the determination of the Calculation Agent, such suspension or limitation is material. For the purpose of determining whether such suspension or limitation is material, if trading in a Strategy Component is suspended or limited at that time, then the relevant percentage contribution of that Strategy Component to the level of the Strategy shall be based on a comparison of (x) the portion of the level of the Strategy attributable to that Strategy Component relative to (y) the overall level of the Strategy, in each case immediately before that suspension or limitation,

In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of any Exchange or Related Exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by any Exchange or Related Exchange may, if so determined by the Calculation Agent, constitute a Market Disruption Event.

(c) **“Emerging Market Disruption Event”** means:

- (i) Moratorium. A general moratorium is declared with respect to banking activities in the principal financial centre of the Relevant Currency (as defined below); or
- (ii) Exchange Rate Source Disruption. It becomes impossible to obtain the Relevant Currency Exchange Rate (as defined below), if relevant, on any relevant date in the inter-bank market; or

- (iii) Governmental Default. With respect to any security issued by, any indebtedness for money borrowed by, or any guarantee given by any Governmental Authority (as defined below), there occurs a default, event of default or other similar condition or event (howsoever described) including, but not limited to, (A) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) with respect to any such security, indebtedness for money borrowed or guarantee, (B) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee, or (C) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due with respect to any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee; or
- (iv) Inconvertibility/Non-transferability. The occurrence of any event which (A) generally makes it impossible to convert the currencies in the Relevant Currency Exchange Rate (if relevant) through customary legal channels for conducting such conversion in the principal financial centre of the Relevant Currency or (B) generally makes it impossible to deliver the Relevant Currency from accounts in the country of the principal financial centre of the Relevant Currency to accounts outside such country or the Relevant Currency between accounts in such country or to a party that is a non-resident of such country; or
- (v) Nationalisation. Any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer (or any of its affiliates) of all or substantially all of its assets in the country of the principal financial centre of the Relevant Currency; or
- (vi) Illiquidity. It is impossible to obtain a firm quote for the Relevant Currency Exchange Rate (if relevant) for an amount which the Issuer determines to be necessary to discharge its obligations under the Securities; or
- (vii) Change in Law. A change in law in the country of the principal financial centre of the Relevant Currency which may affect the ownership in and/or the transferability of the Relevant Currency; or
- (viii) Imposition of Tax/Levy. The imposition of any tax and/or levy with punitive character in the country of the principal financial centre of the Relevant

Currency with respect to (A) any transactions (including derivatives transactions) related to the Relevant Currency, or any transactions denominated in the Relevant Currency related to the Strategy or any Strategy Component (the “**Relevant Transactions**”); or (B) accounts in which the Relevant Transactions are held or are permitted to be held; or (C) any interest income received from Relevant Transactions; or (D) any capital gains resulting from Relevant Transactions; or

- (ix) Unavailability of Settlement Currency. The unavailability of the Settlement Currency in the country of the principal financial centre of the Relevant Currency; or
- (x) Other Events. Any other event similar to any of the above, which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities.

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

“**Relevant Currency**” means the Settlement Currency, the lawful currency in which the Strategy or any Strategy Component is denominated from time to time, or the lawful currency of the country in which an Exchange is located, provided that the Relevant Currency shall not include any lawful currency that is a Standard Currency (as defined below).

“**Relevant Currency Exchange Rate**” means each rate of exchange between the Relevant Currency and the Settlement Currency.

“**Standard Currency**” means the lawful currency of Australia, Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Luxembourg, Malta, The Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States.

- (d) Each and any of the Calculation Agent’s determinations under this Product Condition 3 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

4. ADJUSTMENTS

- (a) If the Strategy is (A) not calculated and announced by the Strategy Sponsor but is calculated and announced by a successor to the Strategy Sponsor (the “**Successor Sponsor**”) acceptable as determined by the Calculation Agent; or (B) replaced by a

successor strategy using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Strategy, then (in either case) the Strategy will be deemed to be the Strategy so calculated and announced by such Successor Sponsor or that successor strategy, as the case may be.

- (b) If (A) on or prior to the Valuation Date the Strategy Sponsor or, if applicable, the Successor Sponsor, makes a material change in the formula for, or the method of, calculating the Strategy or in any other way materially modifies the Strategy (other than a modification prescribed in that formula or method to maintain the Strategy in the event of changes in Strategy Components and other routine events); or (B) on the Valuation Date the Strategy Sponsor or, if applicable, the Successor Sponsor fails to calculate and/or announce the Strategy, then (in either case) the Calculation Agent shall determine the relevant Reference Price using, in lieu of an announced level for the Strategy on the Valuation Date the level for the Strategy as determined by the Calculation Agent in accordance with the formula for and method of calculating the Strategy last in effect prior to the change or failure, but using only those Strategy Components that comprised the Strategy immediately prior to the change or failure (other than those Strategy Components that have since ceased to be listed on the relevant Exchange or any other exchange on which the Strategy Components are listed) or, in the case of a material modification of the Strategy only, the Calculation Agent shall deem such modified Strategy to be the Strategy so calculated and announced or shall terminate the Securities by giving notice in accordance with General Condition 3.
- (c) If, at any time, any event which is material to the calculation of the Strategy occurs and the Strategy Sponsor or, if applicable, the Successor Sponsor has (as determined by the Calculation Agent) not made an appropriate adjustment to the level of the Strategy in order to account fully for such event, notwithstanding that the rules announced or applied by the Strategy Sponsor or, if applicable, the Successor Sponsor pertaining to the Strategy have been applied, the Calculation Agent shall make an adjustment to the level of the Strategy. Where the Strategy Components consist of shares, the occurrence of one of the following events may trigger such an adjustment in accordance with this Product Condition 4(c): (A) a distribution or dividend to existing holders of the shares of (i) shares; or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of the shares equally or proportionately with such payments to holders of shares or (iii) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price; (B) a free distribution or dividend of any shares to existing holders by way of bonus, capitalisation or similar issue; (C) an extraordinary dividend; (D) any cash dividends declared on the shares at a time when the relevant issuer has not previously declared

or paid dividends on such shares for the prior four quarterly periods; (E) any non-cash dividends declared on the shares at a time when the relevant issuer has not previously declared or paid dividends on such shares for the prior four quarterly periods; (F) any other extraordinary cash or non-cash dividend on, or distribution with respect to, the shares which is, by its terms or declared intent, declared and paid outside the normal operations or normal dividend procedures of the relevant issuer, provided that, in all cases, the related ex-dividend date occurs during the period from and including the Issue Date up to but excluding the Valuation Date; (G) a distribution of cash dividends on the shares equal to or greater than 8 per cent per annum of the then current market value of the shares; (H) any other similar event having dilutive or concentrative effect on the theoretical value of the shares.

- (d) If in the determination of the Calculation Agent any other event has occurred which could make it impracticable or impossible for the Issuer to perform its obligations with respect to the Securities, the Calculation Agent may make adjustments to the Conditions.
- (e) Each and any of the Calculation Agent's determinations and adjustments under this Product Condition 4 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

5. EARLY TERMINATION AND EVENT OF DEFAULT TERMINATION

The Issuer shall have the right to terminate the Securities if it has determined in its reasonable discretion (*billiges Ermessen*) that its performance thereunder is or will become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (the "**Applicable Law**"). In such circumstances the Issuer shall, however, if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer in its reasonable discretion (*billiges Ermessen*) as the fair market value of the Security immediately prior to such termination (ignoring such illegality) less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the "**Early Termination Amount**"). The Early Termination Amount shall be notified to the Securityholders by the Issuer in accordance with General Condition 3. The Issuer shall pay the Early Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder.

- (c) Event of Default Termination. Upon the occurrence of an Event of Default, the Securities will terminate automatically and the Security Trustee will give notice to the

Securityholders via the relevant Clearing Agents. In case of an Event of Default the Security Trustee shall make available the proceeds of the sale or other disposal of the Collateral in accordance with clause 11 of the Security Trust Deed to the Default Paying Agent for distribution to the Securityholders via the relevant Clearing Agents in accordance with clause 14 of the Security Trust Deed. Each Securityholder's right to claim from the Issuer payment of any difference between such distribution and the fair market value of the Security as of the date of the Event of Default shall remain unaffected.

6. HEDGING DISRUPTION

- (a) Hedging Disruption Event. A “**Hedging Disruption Event**” shall occur if any of the following or a similar event occurs:
- (i) any material illiquidity in the market with respect to (A) the Strategy or any Strategy Components or (B) instruments related to the Strategy or any Strategy Components used by the Issuer to hedge entirely or in part its obligations under the Securities; or
 - (ii) a change in any Applicable Law (including, without limitation, any tax law) or in the interpretation of any Applicable Law by any court, regulatory authority or other authority with competent jurisdiction under the Applicable Law (including any action taken by a taxing authority) having an impact on the Securities or on a transaction to hedge entirely or in part the obligations of the Issuer under the Securities (a “**Relevant Hedging Transaction**”); or
 - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any Relevant Hedging Transaction; or
 - (iv) the general unavailability of: (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (b) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
- (i) terminate the Securities. In such circumstances the Issuer shall if and to the extent permitted by the Applicable Law, pay to each Securityholder with respect to each Security held by such Securityholder an amount determined by the Issuer as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any transaction entered into in order to hedge entirely or in part its obligations under the Securities (the “**Hedging Disruption Termination Amount**”); however, any such amount to be paid shall not be less than the present value of the

minimum assured return of principal and/or interest, such present value being determined by the Calculation Agent. The Issuer shall pay the Hedging Disruption Termination Amount for each Security to the Clearing Agent for credit to the account of the Securityholder;

- (ii) make an adjustment to the composition of the Strategy or replace the Strategy by another strategy;
 - (iii) make any other adjustment to the Conditions in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event. Any such adjustment will in no way affect the Issuer's obligations to make payment to the Securityholders not less than the minimum assured return of principal and/or interest.
- (c) Each and any of the Calculation Agent's and the Issuer's determinations and adjustments under this Product Condition 6 shall be made exercising reasonable discretion (*billiges Ermessen*) and be notified to the Securityholders in accordance with General Condition 3.

7. RESIGNATION OR TERMINATION OF APPOINTMENT OF SECURITY TRUSTEE OR CUSTODIAN

- (a) Security Trustee. The Issuer shall give notice of any resignation or termination of appointment of the Security Trustee as well as of the appointment of a successor Security Trustee pursuant to clause 16.1 of the Security Trust Deed to the Securityholders in accordance with General Condition 3 no later than the effective day of such event.
- (b) Custodian. The Issuer shall give notice of any resignation or termination of appointment of the Custodian paragraph to clause 11 of Schedule 5 to the Security Trust Deed to the Securityholders in accordance with General Condition 3 no later than 30 days prior to the effective day of such resignation or termination. Furthermore, it shall give notice to the Securityholders in accordance with General Condition 3 of the appointment of a successor Custodian immediately following appointment thereof, no later than the effective day of such appointment. If a successor Custodian has not been appointed in accordance with paragraph 11 of Schedule 5 to the Security Trust Deed no later than the effective day of the resignation or termination of appointment of the previous Custodian, each Securityholder shall be entitled to terminate its Securities in whole or in part by delivery of a termination notice in accordance with Product Condition 7 (c) and (d) (the "**Termination Notice**") to the Principal Paying Agent (the "**Custodian Related Termination Right**") within the period commencing on the effective day (including) of the resignation or termination of appointment of the Custodian and ending on the 30th day (including) following the day on which the Issuer has given notice to the

Securityholders in accordance with General Condition 3 that no Custodian has been appointed in accordance with paragraph 11 of Schedule 5 to the Security Trust Deed. The Custodian Related Termination Right shall cease to exist if a successor Custodian has been appointed in accordance with paragraph 11 of Schedule 5 to the Security Trust Deed prior to the Termination Notice being delivered to the Principal Paying Agent by the Securityholder. In case of a valid exercise of the Custodian Related Termination Right by the Securityholder, the Issuer shall pay the fair market value of the Security immediately prior to the effectiveness of the resignation or termination of appointment of the Custodian, as the case may be, for each Security with respect to which a Termination Notice has been delivered (the “**Custodian Related Termination Amount**”) to the account specified in the relevant Termination Notice. Any such amount to be paid shall not be less than the present value of the minimum assured return of principal and/or interest, such present value being determined by the Calculation Agent in its reasonable discretion (*billiges Ermessen*).

- (c) The form of the Termination Notice may be obtained during normal business hours from the specified office of each Paying Agent.

A Termination Notice shall:

- (i) specify the number of Securities to which it relates;
 - (ii) specify the number of the account relating to the Securities to be debited;
 - (iii) irrevocably instruct and authorise the Principal Paying Agent to debit such account with such Securities;
 - (iv) specify the number of the account to be credited with the Custodian Related Termination Amount (if any) for such Securities;
 - (v) certify that neither the person delivering the Termination Notice nor any person on whose behalf the Termination Notice is being delivered is a U.S. person (as defined in Product Condition 2 (d)(i)) or a person within the United States.; and
 - (vi) authorise the production of such Termination Notice in any applicable administrative or legal proceedings.
- (d) Verification. With respect to each Termination Notice, the relevant Securityholder must provide evidence to the Principal Paying Agent of its holding of the respective Securities.
- (e) Determinations. Subject as set out below, failure properly to complete a Termination Notice in the manner set out above or failure to deliver the Termination Notice in the time specified in this Product Condition 7 shall result in such notice being treated as null and void. The Principal Paying Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that a Termination Notice is

incomplete. If such Termination Notice is subsequently completely corrected, it shall be deemed to be a new Termination Notice submitted at the time such correction is delivered to the Principal Paying Agent.

- (f) Payment Day. If the date for payment of any amount with respect to the Securities is not a Payment Day, the Securityholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment with respect to such delay.

8. LANGUAGE

The English language of the Conditions shall be binding. Any translations are merely intended for information purposes.

9. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Securityholder, on giving notice to the Securityholders in accordance with General Condition 3 elect any or all of the following with effect from the Adjustment Date specified in such notice:
 - (i) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such Settlement Currency shall be deemed to be an amount of Euro converted from the original Settlement Currency into Euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments with respect to the Securities shall be made solely in Euro as though references in the Securities to the Settlement Currency were to Euro;
 - (ii) where the Conditions contain a rate of exchange or any amount in the Conditions is expressed in a National Currency Unit (the “**Original Currency**”) of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted into Euro at the Established Rate; and
 - (iii) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in Euro.
- (b) Adjustment to Conditions. The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 3 make such adjustments to the Conditions as the Issuer may determine in its reasonable discretion (*billiges Ermessen*) to be appropriate to account for the effect of the third

stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.

- (c) Euro Conversion Costs. Notwithstanding Product Condition 9(a) and/or Product Condition 9(b), none of the Issuer, the Calculation Agent nor any Paying Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (d) Definitions Relating to European Economic and Monetary Union. In this Product Condition, the following expressions have the meanings set out below.

“Adjustment Date” means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency or, as the case may be, the Settlement Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

“Established Rate” means the rate for the conversion of the Original Currency or, as the case may be, the Settlement Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

“National Currency Unit” means the unit of the currency of a country as those units are defined on the day before the country first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty; and

“Treaty” means the treaty establishing the European Community, as amended.

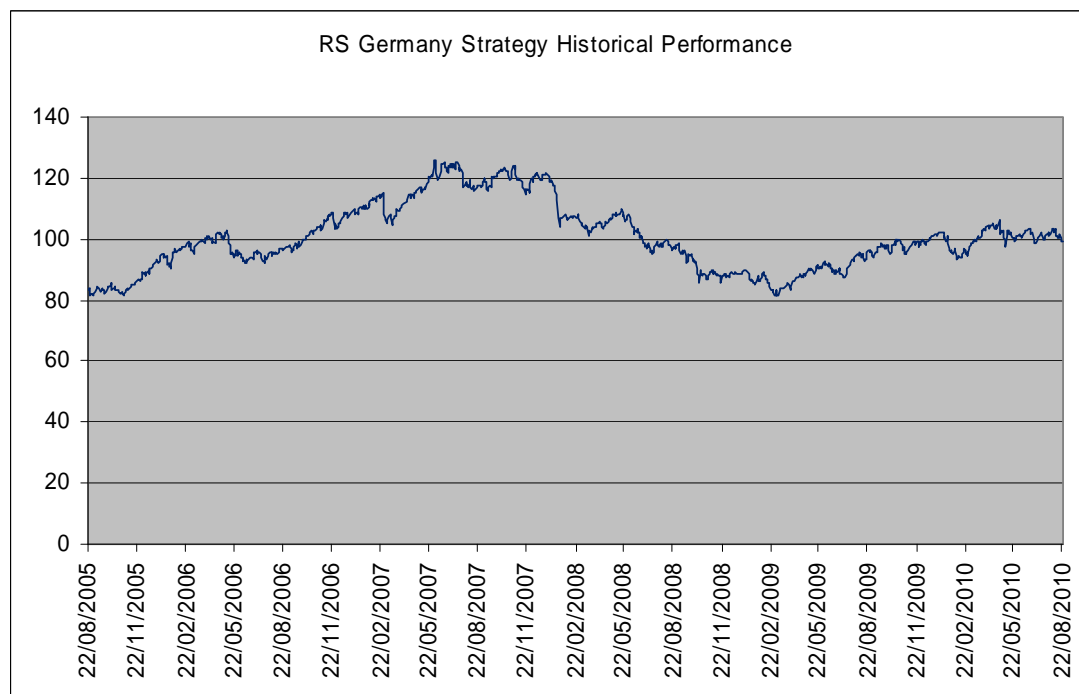
10. APPLICABLE LAW, PLACE OF PERFORMANCE AND PLACE OF JURISDICTION

- (a) Applicable Law. The Conditions, other than the Security Trust Deed, are governed by and shall be construed in accordance with the laws of the Federal Republic of Germany. The Security Trust Deed is governed by and shall be construed in accordance with English law.
- (b) Place of Performance. Place of performance shall be Frankfurt am Main, Germany.
- (c) Place of Jurisdiction. To the extent legally possible, the regional court (*Landgericht*) of Frankfurt am Main, Germany shall have jurisdiction to settle any dispute arising from or in connection with the Securities.

11. SEVERABILITY

Should any provision of the Conditions be or become wholly or partly invalid, the remaining provisions shall remain valid. The invalid provision shall be replaced by a valid provision which reflects the economic purpose of the invalid provision as far as legally possible.

Risk Stabilised Germany Strategy



*Source: Bloomberg, Future Value Consultants Limited, The Royal Bank of Scotland plc
Past performance is not indicative of future performance.*

The figures below are examples of potential returns and are for illustrative purposes only.

4Y ETN Germany Strategy

Issue Price	Nominal Amount	Invested amount	Product performance	Participation rate	Product yield	Returned amount	Yearly yield
110.00%	DKK 1,000	DKK 1,100	25.00%	100%	13.64%	DKK 1,250.00	3.25%
110.00%	DKK 1,000	DKK 1,100	10.00%	100%	0.00%	DKK 1,100.00	0.00%
110.00%	DKK 1,000	DKK 1,100	-25.00%	100%	-9.09%	DKK 1,000.00	-2.35%
110.00%	DKK 1,000	DKK 1,100	25.00%	90%	11.36%	DKK 1,225.00	2.73%
110.00%	DKK 1,000	DKK 1,100	11.11%	90%	0.00%	DKK 1,100.00	0.00%
110.00%	DKK 1,000	DKK 1,100	-25.00%	90%	-9.09%	DKK 1,000.00	-2.35%

Appendix: Strategy Description

Risk Stabilised Germany Strategy (EUR)

Version 1.0

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Produced by:

The Royal Bank of Scotland plc, Global Banking & Markets

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This description summarises the methodology and rules used to construct, calculate, and maintain the **Risk Stabilised Germany Strategy (EUR)** (the “**Strategy**”). Terms used but not otherwise defined in this document have the meanings given to them in the strategy rules. All persons reading this document should refer to the Disclaimer set forth in Chapter 7 of the strategy rules and the Risk Factors set forth in Chapter 2 of the strategy rules and should consider the information in this document in light of such Disclaimer and Risk Factors.

The Strategy is calculated and maintained by Future Value Consultants Limited (“**FVC**” or the “**Calculation Agent**”) based on the strategy rules developed by The Royal Bank of Scotland plc (the “**Sponsor**”).

The Strategy aims to track a notional strategy that applies a risk-stabilisation overlay to a base methodology. The base methodology reflects the performance of the Excess Return Germany 30 Strategy (EUR) (“**Underlying**”), a published index which is sponsored by The Royal Bank of Scotland plc (Bloomberg code RBSEDE1 Index).

The purpose of the risk-stabilisation overlay is to dynamically adjust exposure to the Underlying based on the Maximum Realised Volatility (as defined below) of the Underlying.

The “**Maximum Realised Volatility**” is calculated by taking the maximum Realised Volatility (as defined below) over 5 consecutive Calculation Dates which are used as reference observation dates (each, an “**Observation Date**”). The “**Realised Volatility**” is a measure of how much the daily returns of the Underlying have fluctuated around their average over a defined time period. The time period is taken to be twenty (20) Calculation Dates and the average is calculated as the arithmetic mean.

Exposure to the Underlying is reduced if the Maximum Realised Volatility of the Underlying increases to certain levels. Conversely, exposure to the Underlying is increased if the Maximum Realised Volatility of the Underlying decreases to certain levels.

The dynamically adjusted exposure (the “**Dynamic Participation**”) provides for the Strategy to have exposure to the Underlying within a range from a minimum of 0% to a maximum of 150.00%. The Dynamic Participation is thus determined according to the range that the Maximum Realised Volatility falls within. The ranges of the Maximum Realised Volatility and the corresponding dynamic participation values are described in Chapter 4 of the strategy rules, entitled “**Calculation**”.

The Strategy Level shall be calculated at the Valuation Time on each Scheduled Trading Day, which is not a Disrupted Day for the Underlying (each such day being a “**Calculation Date**”).

In some circumstances (see Chapter 5.6 “**Disruption Event**”, Chapter 5.7 “**Strategy Disruption Fallbacks**” and 5.8 “**Adjustment Events**” of the strategy rules), the Sponsor may modify the calculation of the Strategy without consent and change these rules (with the consent of the Calculation Agent) as described in Chapter 5 of the strategy rules.

The Strategy is the intellectual property of the Sponsor.

The following list of risk factors does not purport to be a complete enumeration or explanation of all the risks associated with the Strategy. All persons should seek such advice as they consider necessary from their professional advisors, legal, tax or otherwise, in connection with any investment in an instrument linked to in the Strategy.

An investment in an instrument related to the Strategy may not be a suitable investment for all investors.

Instruments related to the Strategy are complex financial instruments and such instruments may be purchased as a way for you to incur particular market exposures or seek enhanced yield with an appropriate addition of risk to your overall portfolio. You should not invest in complex financial

instruments unless you have the expertise to evaluate how such an instrument may perform under changing conditions, the resulting effects on the value of such instrument and the impact this investment will have on your overall investment portfolio.

You must determine the suitability of an investment in an instrument related to the Strategy in light of your own circumstances, in particular, you should:

- (i) have sufficient knowledge and experience to make an evaluation of an investment in an instrument related to the Strategy and the merits and risks of investing in an instrument related to the Strategy;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of your particular financial situation, an investment in an instrument related to the Strategy and the impact such investment will have on your overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in an instrument related to the Strategy, including the risk of loss of such investment and any currency risk where the return, if any, on your investment is payable in one or more currencies, or where the currency for principal or premium or return, if any, on your investment is different from your currency;
- (iv) understand the terms of the investment in an instrument related to the Strategy and be familiar with the behaviour of the Strategy, and the components thereof and financial markets generally; and
- (v) be able to evaluate possible scenarios for economic, interest rate and other factors that may affect your investment and your ability to bear the applicable risks.

Proprietary and Rules-Based Trading Strategy

The Strategy follows a notional rules-based proprietary trading algorithm that operates on the basis of pre-determined rules. Accordingly, potential investors in financial products which are linked to the performance of the Strategy should determine whether those rules as summarised in this description are appropriate in light of their individual circumstances and investment objectives.

No assurance can be given that the algorithm on which the Strategy is based will be successful or that the Strategy will outperform any alternative algorithm that might be employed.

Synthetic Underlying

The Strategy is purely synthetic. The exposure to the Underlying is purely notional and will exist only in the records held by the Sponsor. In particular no investor in instruments linked to this Strategy will have any rights in respect of any components of the Underlying.

Future Strategy Performance

No assurance can be given that the algorithms employed by the Calculation Agent and/or the Sponsor will be successful or that the return on the Strategy will be as projected or estimated.

There can be no assurance that the Strategy will generate positive returns or outperform any benchmark index or alternative index.

Termination of the Strategy

The Calculation Agent is under no obligation to continue the calculation, publication and dissemination of the Strategy. The Strategy may be terminated at any time by the Sponsor. Should the Strategy cease to exist, this may have a negative impact on the return on any investment in an instrument related to the Strategy.

Amendment or Modification to the Description

This description may be amended, modified or adjusted from time to time by the Calculation Agent and/or the Sponsor, as applicable. Any such amendment may have an adverse effect on the level of the Strategy without the consent of or notice to investors in instruments linked to the Strategy.

Market Risks

The performance of the Strategy is dependent on the performance of the Underlying, which depends upon the performance of its relevant components. The components of the underlying are futures contracts in respect of equity markets. As a consequence, investors in financial products, the return on which is linked to the Strategy, should appreciate that their investment is exposed to the performance of the components of the Underlying and thus, exposed to equity markets.

Equities Risk

The Strategy is exposed to equity markets through the Underlying. Prospective investors should understand that investments in instruments relating to equity markets may be negatively affected by global economic, financial and political developments and that such developments, among other things, may have a material effect on the value of the Underlying and/or the performance of the Strategy.

Roll Return

The Strategy has a long only exposure to futures contracts which means that the direction of the Strategy performance (which can either be a positive or negative direction) will coincide with the direction of the performance of the futures contract. Additionally, the Strategy shall be exposed to roll return. As each current front month contract approaches expiry, it needs to be 'rolled' into the near front month contract. This involves selling the current front month contract and simultaneously purchasing the near front month contract. The roll return is the difference between the price at which the current front month contract is sold and the near front month contract is bought. The roll return will be negative if the near front month contract has a higher price than the current front month contract, which means the number of the near front month contracts bought shall be lower than the amount of current front month contracts sold. Conversely, the roll return will be positive if the near front month contract has a lower price than the current front month contract, and number of the near front month contracts bought shall be higher than the amount of current front month contracts sold.

Sponsor/Calculation Agent Discretion

The Strategy confers on the Calculation Agent and/or the Sponsor, as applicable, discretion in making certain determinations, calculations and corrections from time to time. Although any such determinations, calculations and corrections must be made by the Calculation Agent and/or the Sponsor in good faith, the exercise of such discretion in the making of calculations, determinations and corrections may adversely affect the performance of the Strategy. The Sponsor shall determine in good faith whether any such correction shall apply retrospectively or from the relevant date forward.

Potential Conflicts of Interest

Potential conflicts of interest may exist in the structure and operation of the Strategy and the course of the normal business activities of the Calculation Agent and/or the Sponsor and any of their respective affiliates or subsidiaries or their respective directors, officers, employees, representatives, delegates or agents (each a "**person**" for the purposes of this description).

During the course of their normal business, each person may enter into or promote, offer or sell transactions or investments (structured or otherwise) linked to the Strategy and/or any of the notional

trading positions. In addition, any person may have, or may have had, interests or positions, or may buy, sell or otherwise trade positions in or relating to the Strategy or any of the notional trading positions, or may invest or engage in transactions with other entities, or on behalf of such entities relating to any of these items. Such activity may or may not have an impact on the Strategy Level but all investors reading this description should be aware that a conflict of interest could arise where anyone is acting in more than one capacity, and such conflict may have an impact, positive or negative on the Strategy Level. Neither the Calculation Agent nor the Sponsor nor any other person has any duty to consider the circumstances of any entities when participating in such transactions or to conduct themselves in a manner that is favourable to anyone with exposure to the Strategy.

FVC is the initial calculation agent of the Strategy.

The Royal Bank of Scotland plc or one of its Affiliates may be the sponsor or calculation agent of the Underlying or the components of the Underlying. The rules governing the Underlying or components of the Underlying may permit certain discretions or determinations to be made by the calculation agent or sponsor. In those circumstances, The Royal Bank of Scotland plc or one of its Affiliates may make determinations with respect to the Underlying or the components of the Underlying (in line with the rules thereof) which can affect (positively or negatively) the Strategy Level.

Dynamic Participation and Leverage

The Strategy is calculated using the Dynamic Participation mechanism which means that the synthetic exposure to the Underlying may be greater than, equal to or less than 100 per cent. (up to a maximum of 150 per cent. and a minimum of 0 per cent.), and the use of the Dynamic Participation may therefore leverage returns of the Underlying. Leverage has the potential to magnify the gains or losses of the Underlying.

Volatility Strategy

Volatility is a measure of how much an investment has deviated from its average over a defined time. Historical trends have shown that generally, volatility and performance have an inverse relationship: market increases tend to be steady (low volatility) while market falls tend to be 'short and sharp' (high volatility). The Strategy has an automatic feature that aims to protect against some of the inherent volatility exhibited by the Underlying by reducing exposure to the Underlying in times of high volatility. In periods of higher market volatility the reduction in exposure to the Underlying may cushion the effect of market falls but constrain the benefit of market rises. The historic relationship between performance and volatility may not continue and this may have an impact on the performance of the Index.