

Sampo Pankki Pohjoismaiset Osakkeet Risk Control Index

Version 1.0

Publication Date: 19 August 2010

Produced By:

The Royal Bank of Scotland plc, Global Banking & Markets

250 Bishopsgate, London EC2M 4AA, United Kingdom

The information contained in this Description is current as of the Publication Date, and is subject to change without notice. The Royal Bank of Scotland plc does not accept responsibility for damages, direct or indirect, caused by any error or omission in this Description.

Readers of this Description should direct their attention to the disclaimer and more detailed description of the limitations of liability of The Royal Bank of Scotland plc set out in Chapter 7 of this Description and to the Risk Factors set forth in Chapter 2 of this Description.

Table of Contents

1.	General Description	3
2.	Risk Factors	5
3.	General Definitions	9
4.	Calculation	13
	4.1 Base Date and Value	13
	4.2 Index Equations.....	13
	4.3 Base Methodology Equations	13
	4.4 Basket Equations	14
	4.5 Basket Determination and Rebalancing.....	16
	4.6 Universe Selection Criteria.....	17
	4.7 Weight Calculation Criteria.....	18
	4.8 Dynamic Participation Criteria.....	18
5.	Publication and Adjustments.....	20
	5.1 Role and Discretion of the Sponsor and Calculation Agent.....	20
	5.2 Calculation Frequency and Dissemination.....	20
	5.3 Corporate Actions and Underlying Changes.....	20
	5.4 Description Update.....	21
	5.5 Corrections	21
	5.6 Disrupted Days.....	21
	5.7 Disruption Event.....	21
	5.8 Index Disruption Fallbacks	22
	5.9 Adjustment Events	23
	5.10 Simulated Operating History	23
	5.11 Termination of Calculation Agency Agreement.....	24
	5.12 Notice	24
6.	Change in Methodology and Termination	25
	6.1 Change in Methodology	25
	6.2 Termination	25
7.	Disclaimer	26
	Appendix: Dividend Bid Level.....	27

1. General Description

This document (the “**Description**”) summarises the methodology and rules used to construct, calculate, and maintain the **Sampo Pankki Pohjoismaiset Osakkeet Risk Control Index** (the “**Index**”, also known as the “**Sampo Bank Nordic Equity Risk Control Index**”). Terms used but not otherwise defined in this Description have the meanings given to them in Chapter 3, entitled “General Definitions”. All persons reading this Description should refer to the Disclaimer set forth in Chapter 7 and the Risk Factors set forth in Chapter 2 and should consider the information in this Description in light of such Disclaimer and Risk Factors.

The Index is calculated and maintained by Standard & Poor's Financial Services LLC, a limited liability company organized under the laws of the state of Delaware (“S&P”) whose principal office is located at 55 Water Street, New York, New York 10041 (the “**Calculation Agent**”), based on this Description developed by The Royal Bank of Scotland plc (the “**Sponsor**”). The Index is a published index which is sponsored by The Royal Bank of Scotland plc (Bloomberg page SMPOPORC Index).

The Index aims to track a notional strategy that applies a risk-stabilisation overlay to a base methodology. The base methodology reflects the performance of an underlying basket of stocks or depository receipts (each a “**Security**” and together the “**Securities**” form the “**Basket**”) following the deduction of a performance adjustment (“**Base Methodology**”). The Basket is rebalanced quarterly.

On each determination date (“**Determination Date**”), defined as the last Calculation Date in the months of May, August, November and February, the Sponsor shall select the Securities for inclusion in the Basket in accordance with the criteria and processes set out in this Description which include (but are not limited) to the following: (a) each Security must be listed on the Copenhagen Stock Exchange, Oslo Stock Exchange or Stockholm Stock Exchange, have an 3-month Average Daily Value Traded greater than EUR 5,000,000 and the Sponsor must be able to hedge its exposure to such Security (“**Qualifying Share**”); (b) each Qualifying Share will be ranked from highest to lowest by its prevailing 3-month Average Daily Value Traded, with the highest rank being allocated to the Qualifying Share with the highest 3-month Average Daily Value Traded, and the lowest rank being allocated to the Qualifying Share with the lowest 3-month Average Daily Value Traded (if 2 or more Qualifying Shares have the same 3-month Average Daily Value Traded, such Qualifying Share will be ranked from highest to lowest according to market capitalisation, with the highest rank being allocated to the Qualifying Share with the highest market capitalisation and the lowest rank being allocated to the Qualifying Share with the lowest market capitalisation); (c) a Basket of up to forty of the highest ranked Qualifying Shares will be selected; and (d) each selected Qualifying Share will be allocated a weight. On the tenth Calculation Date immediately following the Determination Date (“**Rebalancing Date**”), the Basket will contain up to forty of the most liquid listed Securities on the Copenhagen Stock Exchange, Oslo Stock Exchange or Stockholm Stock Exchange as determined on the immediately preceding Determination Date. If there are less than 10 Qualifying Shares which satisfy the above, the Index will cease to be calculated until the next Rebalancing Date on which there are at least 10 such Qualifying Shares.

The performance adjustment is the level of adjustment, applied to the Base Methodology which represents the costs incurred by the Sponsor in linking (and therefore notionally exposing) the Base Methodology to the Basket (“**Performance Adjustment**”). The Performance Adjustment will reduce the level of the Base Methodology and therefore the Index level.

The purpose of the risk-stabilisation overlay is to dynamically adjust exposure to the Base Methodology on a daily basis and such adjustment will be dependant upon on the Maximum Realised Volatility (as defined below) of the Base Methodology.

The “**Maximum Realised Volatility**” is calculated as 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**” herein is specifically a measure of how much the daily returns of the Base Methodology have fluctuated around the average return of the Base Methodology in the past 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 Base Methodology is reduced if the Maximum Realised Volatility of the Base Methodology increases to certain levels. Conversely, exposure to the Base Methodology is increased if the Maximum Realised Volatility of the Base Methodology decreases to certain levels.

The dynamically adjusted exposure (the “**Dynamic Participation**”) provides for the Index to have exposure to the Base Methodology within a range from a minimum of 0% to a maximum of 150%. 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, entitled “Calculation”.

The Index Level shall be calculated daily 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 accordance with Chapters 4 entitled “Calculation” and 5 entitled “Publication and Adjustments” of this Description.

The information contained in this Description is a summary of the methodology and material rules and risks relating to the Index. This information is subject to change. The Sponsor makes no representation or warranty that the Index will achieve its stated objectives.

In some circumstances (see Chapter 5.7 “**Disruption Event**”, Chapter 5.8 “**Index Disruption Fallbacks**” and 5.9 “**Adjustment Events**”), the Sponsor may modify the calculation of the Index without consent and change these rules (with the consent of the Calculation Agent) as described in Chapter 5 entitled “**Publication and Adjustments**”.

The Index is the intellectual property of the Sponsor.

2. Risk Factors

The following list of risk factors does not purport to be a complete enumeration or explanation of all the risks associated with the Index. 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 Index.

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

Instruments related to the Index 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 Index 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 Index and the merits and risks of investing in an instrument related to the Index;
- (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 Index 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 Index, 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 Index and be familiar with the behaviour of the Index, 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

The Index 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 Index 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 Index is based will be successful or that the Index will outperform any alternative algorithm that might be employed.

No recourse to assets

The Index is purely synthetic. The exposure to each Underlying is purely notional and will exist only in the records held by the Sponsor. There are no assets to which any person is entitled or in which any person has any ownership interest or which serve as collateral for any investment product related to the Index. In particular no investor in instruments linked to this Index will have any rights in respect of any Underlying.

Simulated Operating History

The Index will be first calculated on or around the Live Date and therefore lacks historical performance. The Calculation Agent and the Sponsor have retrospectively calculated the closing levels of the Index from the Base Date. However, because the Index will not be calculated before the Live Date, all such retrospective closing levels are simulated and must be considered hypothetical and illustrative only. Simulated data prior to the Base Date may be constructed using certain procedures that may vary from the procedures used to calculate the Index following its establishment, and on the basis of certain assumptions that may not apply in the future. Although these assumptions are considered reasonable or necessary, the variations used in producing simulated historical data from those used to calculate the Index going forward could produce variations in returns of indeterminate direction and amount. The assumptions are as follows:

- i) Any historic non-ordinary dividends have been reinvested at the relevant Dividend Bid Level; and
- ii) The Dividend Bid Levels, Performance Adjustment and Spread Rate used are those as at on the Publication Date.

The actual performance of the Index may be materially different from the results presented in any Simulated Operating History relating to the Index. Past performance should not be considered indicative of future performance.

Future Index 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 Index will be as projected or estimated.

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

Temporary Cessation of the Index

In the event that the Basket contains fewer than the Minimum Number of Underlyings, the Index Level shall be held constant until the immediately following Rebalancing Date on which the Basket contains at least the Minimum Number of Underlyings, and hence this may have a negative impact on the return of the Index.

Termination of the Index

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

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 Index without the consent of or notice to investors in instruments linked to the Index.

Market Risks

The performance of the Index is dependent on the performance of each Underlying in the Basket. As a consequence, investors in financial products, the return on which is linked to the Index, should appreciate that their investment is exposed to the performance of each Underlying.

Equities Risk

Each Underlying is a Security and therefore exposed to (and linked to the performance of) equity

markets. Price movements in each Underlying can be volatile. Prices are affected by a wide range of factors relevant to equities which will affect the level of the Index. Prospective investors should understand that investments in instruments relating to equity markets may be negatively affected by global economic, financial and political developments, in particular those relating to Denmark, Sweden and Norway and that such developments, among other things, may have a material effect on the value of each Underlying and/or the performance of the Index.

Historical performance of each Underlying and the Index should not be considered indicative of future prices.

Fees, Costs and Performance Adjustment

The level of the Index will be reduced by a Performance Adjustment.

The Performance Adjustment means the level of adjustment, applied to the Base Methodology which represents the costs incurred by the Sponsor in linking (and therefore notionally exposing) the Base Methodology to the Basket. The Performance Adjustment shall equal the Interest Rate. The Performance Adjustment will reduce the level of the Base Methodology and therefore the Index Level.

Prospective investors should understand that such cost may have a material effect on the closing level of the Index. For the avoidance of doubt, such cost is not passed on to investors as a payment but will be deducted from the level of the Index in accordance with this Description.

Sponsor/Calculation Agent Discretion

The Index 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 and determinations may adversely affect the performance of the Index. 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 Index 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 Index 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 Index 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 Index 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 Index 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 Index.

Standard & Poor's is the initial Calculation Agent of the Index.

Dynamic Participation and Leverage

The Index is calculated using the Dynamic Participation mechanism which means that the synthetic exposure to the Base Methodology 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 Base Methodology. Leverage has the potential to magnify the gains or losses of the Base Methodology.

Volatility Strategy

Volatility is often used to quantify the risk of an underlying instrument or strategy over a given time period, so that a high volatility indicates a higher risk. The Index is calculated with reference to the historical volatility of the Base Methodology to determine the Dynamic Participation. The impact of any negative performance of the Base Methodology on the performance of the Index may be reduced through the use of the Dynamic Participation. Conversely, the impact of any positive performance of the Base Methodology on the performance of the Index may be reduced by the use of the Dynamic Participation which means that the performance of the Index may be lower than if the Index was directly linked to the performance of the Base Methodology without any Dynamic Participation feature applying.

3. General Definitions

“**Affiliate**” means, in relation to any entity (the **First Entity**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes control means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities, by contract or otherwise. Notwithstanding the foregoing, Affiliates shall not include (i) the UK government or any member or instrumentality thereof, including Her Majesty's Treasury and UK Financial Investments Limited (or any directors, officers, employees or entities thereof) or (ii) any persons or entities controlled by or under common control with the UK government or any member or instrumentality thereof (including Her Majesty's Treasury and UK Financial Investments Limited) and which are not part of The Royal Bank of Scotland Group plc and its subsidiary or subsidiary undertakings (including The Royal Bank of Scotland N.V.);

“**3-month Average Daily Value Traded**” or “**ADV**” means, in respect of any Underlying or Qualifying Share, the average daily value traded of such Underlying or Qualifying Share, determined with reference to the Price Source;

“**Bankruptcy**” means, in respect of any Underlying that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of, or any analogous proceeding affecting, an issuer of an Underlying (a) all of the Securities of that issuer are required to be transferred to a trustee, liquidator or other similar official or (b) holders of the Securities of that issuer become legally prohibited from transferring them;

“**Base Currency**” means the currency in which the Index is denominated, and shall be Euro (“**EUR**”);

“**Base Date**” means the first date on which the Index has a value, and shall be 20 July 2005;

“**Base Methodology**” means the component comprising the Index which reflects the performance of the Basket following the deduction of a Performance Adjustment;

“**Base Methodology Value**” or “**BMV**” means the value of the Base Methodology as determined pursuant to “Base Methodology Equations” in Chapter 4;

“**Base Value**” means the value of the Index on the Base Date, and shall equal 100.0000;

“**Basket**” means, in respect of the Base Methodology, the basket of between 10 and 40 Underlyings, where each Underlying which relates to a specific Qualifying Share (“**Underlying Qualifying Share**”) will be weighted by allocating one or more such Underlying Qualifying Shares to such Underlying in accordance with this Description, which affect the value of the Base Methodology;

“**Basket Value**” or “**BV**” means the value of the Basket as determined pursuant to “Basket Equations” in Chapter 4;

“**Bloomberg Page**” means the Bloomberg page SMPOPORC Index or any successor or replacement page, on which the Index Level shall be published;

“**Calculation Date**” means any day (other than a Saturday or Sunday) that is a Scheduled Trading Day, which is not a Disrupted Day, for each Underlying;

“**Calculation Agency Agreement**” means the agreement between the Sponsor and the Calculation Agent;

“**Calculation Agent**” means the person responsible for calculating the Index, as described in this Description, and as amended, replaced or substituted, from time to time. The initial Calculation Agent is Standard & Poor's Financial Services LLC, a limited liability company organized under the laws of the state of Delaware (“S&P”) whose principal office is located at 55 Water Street, New York, New York 10041 (“**Standard & Poors**”);

“Delisting” means, in respect of any Underlying, the Exchange announces that pursuant to the rules of such Exchange, such Underlying ceases (or will cease), to be listed, traded or publicly quoted on the Exchange for any reason (other than a *Merger Event or Tender Offer*) and is not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union) or another exchange or quotation system located in another country which exchange or quotation system and country is deemed acceptable by the Calculation Agent;

“Description” means this document as amended, replaced or substituted, from time to time;

“Determination Date” means the quarterly date falling on the last Calculation Date in each month of May, August, November and February, The Calculation Agent may, with the prior written consent of the Sponsor, determine any Calculation Date to be a Determination Date, and will if required for regulatory or legal reasons declare more frequent Determination Dates as deemed appropriate, acting in good faith;

“Disrupted Day” has the meaning given in Chapter 5 entitled “Publication and Adjustments”;

“Dividend Amount” or **“Div”** means, in respect of each Underlying, the company declared ordinary dividend, notionally receivable in respect of the ex-dividend date which falls on the relevant Calculation Date t for such Underlying (where the ex-dividend date is defined as the first date on which such Underlying trades without entitlement to the latest declared dividend), and determined in the Base Currency with reference to the FX Price Source;

“Dividend Bid Level” or **“DB”** means, in respect of each Underlying, a number (expressed as a percentage of the Dividend Amount) reflecting the dividend receivable, net of any taxes deductible, and determined with respect to the country of tax residence of the issuer of such Underlying in accordance with the Appendix entitled “Appendix: Dividend Bid Level”;

“Dynamic Participation” or **“DP”** means the variable exposure of the Index to the Base Methodology, as determined pursuant to the “Dynamic Participation Criteria” in Chapter 4 entitled “Calculation”;

“Exchange” means, in respect of each Underlying, the exchanges or quotation system or any substitute exchanges or quotation system in which trading of the Underlying principally occurs, as determined by the Sponsor;

“FX Price Source” means the foreign exchange rate, determined with reference to Bloomberg page WMCO, used to convert the relevant amount to the Base Currency (as pursuant to the “Basket Equations” in Chapter 4 entitled “Calculation”) or, if such price source is unavailable, any alternative price source selected by the Sponsor, acting in good faith;

“Hedging Activity” means any trading in: (i) an Underlying; and (ii) financial instruments relating to an Underlying, in each case for the purpose of hedging any obligations incurred by The Royal Bank of Scotland plc and its Affiliates (each such Affiliate, a **“Hedging Entity”** and, together with the Sponsor, **“RBS”**) in connection with the Index;

“Index” means the Sampo Pankki Pohjoismaiset Osakkeet Risk Control Index (also known as the “Sampo Bank Nordic Equity Risk Control Index”), as set out in this Description;

“Index Level” or **“I”** means the value of the Index as determined pursuant to the “Index Equations” in Chapter 4 entitled “Calculation”;

“Interest Rate” means the the EURIBOR 3 Month Rate determined using Bloomberg page EUR003M Index,

“Live Date” means the date on which the level of the Index is first calculated and shall mean 9th September 2010;

“London Business Day” means any day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London;

“Market Capitalisation” means, in respect of any Underlying or Qualifying Share, the value of the issuer of such Underlying or Qualifying Share, calculated by multiplying the number of shares of such Underlying or Qualifying Share by its share price determined with reference to the Price Source;

“Maximum Realised Volatility” or **“MRV”** means the maximum realised historical volatility (measured over a number of Calculation Dates) of the Base Methodology, as determined pursuant to the “Dynamic Participation Criteria” in Chapter 4 entitled “Calculation”;

“Maximum Number of Underlyings” means, in respect of the Basket, the maximum number of Underlyings comprising the Basket, and shall equal 40 Underlyings;

“Merger or Acquisition” means, in respect of any relevant Underlyings, any:

- (a) reclassification or change of such Underlyings that results in a transfer of, or an irrevocable commitment to transfer all such Underlyings outstanding to another entity or person; or
- (b) consolidation, amalgamation, merger or binding share exchange of an issuer of the Underlying with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such issuer is the continuing entity and which does not result in any such reclassification or change of all such Securities outstanding); or
- (c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Securities of the issuer of the Underlying that results in a transfer of or an irrevocable commitment to transfer all such Securities (other than such Securities owned or controlled by such other entity or person); or
- (d) consolidation, amalgamation, merger or binding share exchange of the issuer of the Underlying or its subsidiaries with or into another entity in which the issuer is the continuing entity and which does not result in a reclassification or change of all such Securities outstanding but results in the outstanding Securities (other than Securities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Securities immediately following such event;

“Minimum Number of Underlyings” means, in respect of the Basket, the minimum number of Underlyings comprising the Basket, and shall equal 10 Underlyings;

“Number of Underlyings” or **“M”** means, in respect of a Basket, the prevailing number of Underlyings comprising the Basket which shall be greater than or equal to the Minimum Number of Underlyings and less than or equal to the Maximum Number of Underlyings;

“Performance Adjustment” or **“PA”** means the level of adjustment, applied to the Base Methodology which represents the costs incurred by the Sponsor in linking (and therefore notionally exposing) the Index to the Base Methodology. The Performance Adjustment shall equal the Interest Rate. The Performance Adjustment will reduce the level of the Base Methodology and therefore the Index Level;

“Price Source” means, for each Underlying or Qualifying Share, the relevant Bloomberg page on which the price, level or value (as the case may be) of the Underlying Price, 3-month Average Daily Value Traded or Market Capitalisation is published or, if such source is unavailable, any alternative price source selected by the Sponsor, acting in good faith which may include the selection of a successor or replacement page;

“Publication Date” means the date of publication of this Description and shall be the 19th August 2010;

“Publishing Time” means 16.30 London time on each London Business Day;

“Qualifying Share” means a Security comprising the Universe;

“Quantity of each Underlying” or **“N”** means, in respect of each Underlying, the quantity of Qualifying Shares which relate specifically to the Underlying and therefore represent each Underlying comprising the Basket;

“Realised Volatility” or **“RV”** means the historical realised volatility of the Base Methodology, as determined pursuant to the “Dynamic Participation Criteria” in Chapter 4 entitled “Calculation”;

“Rebalancing Date” means the Calculation Date falling ten Calculation Dates immediately following each Determination Date, from and including the Base Date;

“Rebalancing Period” means the period of time from and including the Valuation Time on a

Rebalancing Date up to and excluding the Valuation Time on the immediately following Rebalancing Date;

“**Related Exchange**” means, in respect of each Underlying, the exchange or quotation system or any substitute exchange or quotation system in which trading of the futures or options contracts linked to the Underlying principally occurs or the exchange or quotation system where trading has a material effect on the overall market for futures or options contracts relating to the Underlying, in each case as determined by the Sponsor;

“**Return**” or “**R**” means the return of the Base Methodology as determined pursuant to the “Index Equations” in Chapter 4 entitled “Calculation”;

“**Scheduled Closing Time**” means, in respect of each Exchange and Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of the Exchange and Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours;

“**Scheduled Trading Day**” means, in respect of each Underlying, a day on which the Exchange and Related Exchange are scheduled to be open for trading during their regular trading sessions;

“**Security**” means a common stock or a depository receipt;

“**Spin-off**” means, in respect of any Underlying, a demerger of a portion of the Underlying to form one or more new Securities;

“**Sponsor**” means The Royal Bank of Scotland plc, located at 250 Bishopsgate, London, EC2M 4AA, or any successor thereto;

“**Underlying**” means, in respect of the Basket, a Qualifying Share comprising the Basket, pursuant to the “Basket Equations” in Chapter 4 entitled “Calculation”;

“**Underlying Price**” or “**UP**” means, in respect of each Underlying, the price of the Underlying determined with reference to the Price Source determined in the Base Currency or converted into the Base Currency with reference to the FX Price Source;

“**Underlying Weight**” or “**uw**” means, in respect of each Underlying, a number (expressed as a percentage of the Basket Value) representing the proportion of the Basket comprised of such Underlying, as detailed in the “Basket Equations” in Chapter 4 entitled “Calculation”;

“**Universe**” means the Qualifying Shares selected in accordance with the “Universe Selection Criteria” in Chapter 4 entitled “Calculation”; and

“**Valuation Time**” means, in respect of a Scheduled Trading Day, the time at which prices for all Underlyings are available on the relevant Price Source, and shall initially be 16.30 London Time, or such other time as the Sponsor may determine and announce to be the Valuation Time for the Index.

Interpretation

As used in this Description, except where otherwise indicated:

- (A) in relation to any Calculation Date, “**t**” (or “**i**”) means the relevant Calculation Date and, in respect of that Calculation Date, references to “**t**” (or “**i**”) plus or minus a specified number i.e. “**t+1**” (or “**i+1**”), “**t+2**” (or “**i+2**”), or “**t-1**” (or “**i-1**”) shall be to the Calculation Date falling that specified number of Calculation Dates after or before, as the case may be, the Calculation Date to which “**t**” (or “**i**”) relates;
- (B) words used in the singular tense should be interpreted to include the plural tense and vice versa;
- (C) any use of the word "including" will not be limited by the words that follow; and
- (D) the headings in this Description do not affect its interpretation.

4. Calculation

This chapter outlines the key steps in constructing and calculating the Index, with special attention to the relevant formulae.

4.1 Base Date and Value

Base Date	Base Currency	Base Value
20 July 2005	EUR	100.0000

4.2 Index Equations

Subject to Chapter 5 entitled “Publication and Adjustments”, on each Calculation Date the Index shall consist of the Base Methodology, the exposure to which shall depend upon the Dynamic Participation Criteria (as described below in Chapter 4.8 entitled “Dynamic Participation Criteria”) determined two Calculation Dates immediately preceding such Calculation Date.

The level of the Index (“**Index Level**”) will be determined in accordance with the following formula at the Valuation Time on each Calculation Date t

$$I_t = I_{t-1} \times (1 + DP_{t-2} \times R_t)$$

where

I_t is the Index Level determined at the Valuation Time on Calculation Date t ;

I_{t-1} is the Index Level determined at the Valuation Time on the Calculation Date immediately preceding Calculation Date t ;

DP_{t-2} is the “**Dynamic Participation**” determined at the Valuation Time on the Calculation Date that is 2 Calculation Dates immediately preceding Calculation Date t , as described below in Chapter 4.8 entitled “Dynamic Participation Criteria”;

R_t is the “**Return**” determined at the Valuation Time on Calculation Date t and shall equal:

$$R_t = \frac{BMV_t}{BMV_{t-1}} - 1$$

where

BMV_t is the value of the Base Methodology (“**Base Methodology Value**”) determined at the Valuation Time on Calculation Date t , as described below in Chapter 4.3 entitled “Base Methodology Equations”; and

BMV_{t-1} is the Base Methodology Value determined at the Valuation Time on the Calculation Date immediately preceding Calculation Date t .

4.3 Base Methodology Equations

At any time, the Base Methodology shall consist of the Basket.

The Base Methodology Value for the Base Methodology will be determined in accordance with the following formula at the Valuation Time on each Calculation Date t :

On the Base Date, the Base Methodology Value shall equal 100, $BMV_0 = 100$.

On any subsequent Calculation Date t:

$$BMV_t = BMV_{t-1} \times \left(\frac{BV_t}{BV_{t-1}} - PA_{t-1} \times \frac{DC_{t-1,t}}{360} \right)$$

where:

BV_t is the value of the Basket (“**Basket Value**”) determined at the Valuation Time on Calculation Date t in accordance with Chapter 4.4 entitled “Basket Equations”;

BV_{t-1} is the Basket Value determined at the Valuation Time on the Calculation Date immediately preceding Calculation Date t;

DC_{t-1,t} is the “**Day Count**” and means the number of calendar days, from and including Calculation Date t-1 to but excluding Calculation Date t; and

PA_{t-1} means the “**Performance Adjustment**” and shall equal the Interest Rate;

Interest Rate means EURIBOR 3 Month rate specified as a percentage on Calculation Date t-1, determined at the Valuation Time using Bloomberg page EUR003M Index. If on Calculation Date t-1 the EURIBOR 3 Month Rate is not available on the Bloomberg page mentioned above, then the Sponsor shall determine the EURIBOR 3 Month Rate with reference to such sources and on such day as it deems appropriate, acting in good faith;

For the purpose of any determinations requiring Base Methodology Values prior to the Live Date and the Base Date, these shall be calculated in accordance with the methodology described in this Chapter 4.3.

4.4 Basket Equations

At any time, the Basket shall consist of between 10 and 40 Underlyings. The number, identity and weight of such Underlyings in the Basket shall be determined on the relevant Determination Date and selected for inclusion in the Basket at the Valuation Time on the immediately following Rebalancing Date, where such selection will create a weighted basket of Underlyings. The number, identity and weight of the Underlyings will under normal market conditions apply during the Rebalancing Period and shall all be determined in accordance with Chapter 4.5, entitled “Basket Determination and Rebalancing”, Chapter 4.6, entitled “Universe Selection Criteria”, and Chapter 4.7, entitled “Weight Calculation Criteria”.

The “**Maximum Number of Underlyings**” shall equal 40 Underlyings, and the “**Minimum Number of Underlyings**” shall equal 10 Underlyings.

On the Rebalancing Date r 14th June 2010 immediately preceding the Publication Date, the Basket will consist of:

Underlying, u	BBG Ticker	Primary Exchange	Weight, uw_r^u
STATOIL ASA	STL NO Equity	Oslo	7.84%
ERICSSON LM-B SHS	ERICB SS Equity	Stockholm	6.44%
HENNES & MAURITZ AB-B SHS	HMB SS Equity	Stockholm	4.30%
YARA INTERNATIONAL ASA	YAR NO Equity	Oslo	4.09%
SEADRILL LTD	SDRL NO Equity	Oslo	3.88%

VOLVO AB-B SHS	VOLVB SS Equity	Stockholm	3.76%
NORDEA BANK AB	NDA SS Equity	Stockholm	3.61%
SANDVIK AB	SAND SS Equity	Stockholm	3.20%
VESTAS WIND SYSTEMS A/S	VWS DC Equity	Copenhagen	3.12%
SWEDBANK AB - A SHARES	SWEDA SS Equity	Stockholm	2.90%
NOVO NORDISK A/S-B	NOVOB DC Equity	Copenhagen	2.84%
ATLAS COPCO AB-A SHS	ATCOA SS Equity	Stockholm	2.75%
TELENOR ASA	TEL NO Equity	Oslo	2.61%
BOLIDEN AB	BOL SS Equity	Stockholm	2.57%
NORSK HYDRO ASA	NHY NO Equity	Oslo	2.56%
SKF AB-B SHARES	SKFB SS Equity	Stockholm	2.52%
TELIASONERA AB	TLSN SS Equity	Stockholm	2.48%
DNB NOR ASA	DNBNOR NO Equity	Oslo	2.41%
SKANDINAVISKA ENSKILDA BAN-A	SEBA SS Equity	Stockholm	2.40%
ASTRAZENECA PLC	AZN SS Equity	Stockholm	2.38%
A P MOLLER - MAERSK A/S - B	MAERSKB DC Equity	Copenhagen	2.33%
SVENSKA HANDELSBANKEN-A SHS	SHBA SS Equity	Stockholm	2.22%
ELECTROLUX AB-SER B	ELUXB SS Equity	Stockholm	2.21%
ABB LTD-REG	ABB SS Equity	Stockholm	2.09%
PETROLEUM GEO-SERVICES	PGS NO Equity	Oslo	1.73%
ASSA ABLOY AB-B	ASSAB SS Equity	Stockholm	1.73%
SSAB AB-A SHARES	SSABA SS Equity	Stockholm	1.67%
SVENSKA CELLULOSA AB-B SHS	SCAB SS Equity	Stockholm	1.64%
RENEWABLE ENERGY CORP ASA	REC NO Equity	Oslo	1.44%
CARLSBERG AS-B	CARLB DC Equity	Copenhagen	1.41%
AUTOLIV INC-SWED DEP RECEIPT	ALIV SS Equity	Stockholm	1.39%
ROYAL CARIBBEAN CRUISES LTD	RCL NO Equity	Oslo	1.38%
INVESTOR AB-B SHS	INVEB SS Equity	Stockholm	1.34%
FLSMIDTH & CO A/S	FLS DC Equity	Copenhagen	1.31%
SKANSKA AB-B SHS	SKAB SS Equity	Stockholm	1.30%
AKER SOLUTIONS ASA	AKSO NO Equity	Oslo	1.29%
FRONTLINE LTD	FRO NO Equity	Oslo	1.27%
ACERGY SA	ACY NO Equity	Oslo	1.25%
ALFA LAVAL AB	ALFA SS Equity	Stockholm	1.18%
TELE2 AB-B SHS	TEL2B SS Equity	Stockholm	1.15%

The Basket Value for the Basket and all other determinations will be determined in accordance with the following formula at the Valuation Time on each Calculation Date t:

On the Base Date, the Basket value shall equal 100, $BV_0 = 100$.

On any subsequent Calculation Date t:

$$BV_t = BV_{t-1} \times \left(\frac{\sum_{u=1}^{M_t} N_t^u \times UP_t^u + \text{SumDiv}_t}{\sum_{u=1}^{M_t} N_{t-1}^u \times UP_{t-1}^u} \right)$$

where:

“ M_t ” is the Number of Underlyings comprising the Basket at the Valuation Time on Calculation Date t ;

“ UP_t^u ” means the Underlying Price for Underlying u determined at the Valuation Time on Calculation Date t ;

“ UP_{t-1}^u ” means the Underlying Price for Underlying u determined at the Valuation Time on the Calculation Date immediately preceding Calculation Date t ;

“ N_t^u ” is the Quantity of each Underlying u comprising the Basket, and determined in accordance with the following formula at the Valuation Time on each Calculation Date t , and subject to any Interim Event as described in Chapter 5.3, entitled “Corporate Actions and Underlying Changes”:

$$N_t^u = N_{t-1}^u$$

“ N_{t-1}^u ” is the Quantity of each Underlying u determined at the Valuation Time on the Calculation Date immediately preceding such Calculation Date t . If Calculation Date $t-1$ is a Rebalancing Date, N_{t-1}^u shall mean the Quantity of each Underlying u determined on the Determination Date and effected on such Rebalancing Date, pursuant to Chapter 4.5, entitled “Basket Determination and Rebalancing”;

“ SumDiv_t ” means the sum of any company declared ordinary dividends, net of any taxes, notionally receivable in respect of the ex-dividend date that falls on such Calculation Date t for each Underlying (where the ex-dividend date is defined as the first date on which the Underlying trades without entitlement to the latest declared dividend) and determined pursuant to the following formula:

$$\text{SumDiv}_t = \sum_{u=1}^{M_t} N_{t-1}^u \times DB_t^u \times \text{Div}_t^u$$

“ Div_t^u ” is the relevant “**Dividend Amount**” receivable in respect of Underlying u on Calculation Date t , determined in the Base Currency or converted into the Base Currency with reference to the FX Price Source; and

“ DB_t^u ” is the relevant percentage “**Dividend Bid Level**” reflecting the dividend receivable, net of any taxes deductible, in respect of Underlying u on Calculation Date t , determined pursuant to the Appendix entitled “Appendix: Dividend Bid Level”.

For the purpose of any determinations requiring Basket Values prior to the Base Date, these shall be calculated in accordance with the methodology described in this Chapter 4.4.

4.5 Basket Determination and Rebalancing

At the Valuation Time on each Determination Date d (immediately before each Rebalancing Date r):

- A universe of Qualifying Shares (the “**Universe**”) shall be selected in accordance with the “Universe Selection Criteria” described in Chapter 4.6 entitled “Universe Selection Criteria”;
- Each Qualifying Share in the Universe shall be ranked from highest to lowest according to its prevailing 3-month Average Daily Value Traded, with the highest rank being allocated to the Qualifying Share with the highest 3-month Average Daily Value Traded, and the lowest rank being allocated to the Qualifying Share with the lowest 3-month Average Daily Value Traded. In event that 2 or more Qualifying Shares have the same 3-month Average Daily Value Traded, such Qualifying Shares shall be ranked from highest to lowest according to Market Capitalisation, with the highest rank being allocated to the Qualifying Share with the highest

Market Capitalisation and the lowest rank being allocated to the Qualifying Share with the lowest Market Capitalisation;

- The Basket shall be selected and shall comprise the Number of Underlyings (M) which are the highest ranked Qualifying Shares subject to the Maximum Number of Underlyings and the Minimum Number of Underlyings;
- Each selected Qualifying Share (an **Underlying**) shall be apportioned an Underlying Weight in accordance with Chapter 4.7, entitled “Weight Calculation Criteria”.

(together the “**Basket Criteria**”) such Basket being effective during the Rebalancing Period subject to Chapter 5 entitled “Publication and Adjustments”.

If on a Calculation Date the Number of Underlyings is less than the Minimum Number of Underlyings, then (i) the Index will cease to be calculated on such Calculation Date and shall recommence on the next following Rebalancing Date on which the Basket contains at least the Minimum Number of Underlyings; (ii) the level of the Index, Base Methodology and Basket will be held constant from such Calculation Date until the next following Rebalancing Date on which the Basket contains at least the Minimum Number of Underlyings.

At the Valuation Time on the Calculation Date immediately preceding each Rebalancing Date r (the **Transition Date**):

- the Quantity of each Underlying, N_r^u , held in the Basket is calculated by multiplying (a) its Underlying Weight, as determined on the Determination Date d , (b) by the Basket Value, and dividing such value by the Underlying Price of such Underlying;
- the Basket will be notionally sold (the **old Basket**);
- the next Basket (the **new Basket**) is then notionally purchased such that the new Basket Value after the Valuation Time on Transition Date equals the old Basket Value at the Valuation Time on the Transition Date.

4.6 Universe Selection Criteria

To qualify for inclusion in the Universe, each Security must satisfy the following criteria at the Valuation Time on each Determination Date (a “**Qualifying Share**”):

- each Security must be of a company with a listing on the Copenhagen Stock Exchange, Oslo Stock Exchange or Stockholm Stock Exchange;
- each Security must have an 3-month Average Daily Value Traded greater than EUR 5,000,000 (or currency equivalent);
- each Security of issuer Danske Bank A/S or any entity controlled, directly or indirectly by Danske Bank A/S shall be excluded;
- the selection of the Security as an Underlying in the Basket must not give rise to any Technical Constraint;
- if more than one class of Security of the same issuing company is available for selection as a Qualifying Share, then the class of Security of the issuing company which has a higher 3-month Average Daily Value Traded shall be eligible as a Qualifying Share,

together the “**Universe Selection Criteria**”

If, having used reasonable efforts, the Calculation Agent determines, acting in good faith, that it cannot evaluate the 3-month Average Daily Value Traded for a Security, the Calculation Agent may determine not to select the Security as a Qualifying Share on the basis that it does not meet the Universe Selection Criteria.

4.7 Weight Calculation Criteria

On each Determination Date d , each Underlying shall be allocated an Underlying Weight in the Basket, such weight being applied at the Valuation Time on the immediately following Rebalancing Date r to but excluding the Valuation Time on the immediately following Rebalancing Date. Such Underlying Weight on Rebalancing Date r (uw_r^u) in respect of each Underlying u , shall be proportional to the prevailing 3-month Average Daily Value Traded on Determination Date d (“ ADV_d^u ”), and subject to a maximum of 10%, with weights in excess of 10% being redistributed pro rata amongst the other Underlyings, such that the weights sum to 100%, in accordance with the following formulae. As an example, in a Basket comprising 40 Underlyings, if one Underlying would have an uncapped Underlying Weight above 10%, such as 12%, the amount above 10%, i.e. 2%, shall be re-allocated pro-rata amongst the other 39 Underlyings .

$$uw_r^u = \min\left(10\%, \frac{ADV_d^u}{\text{Sum}ADV_d}\right)$$

where: $\text{Sum}ADV_d = \sum_{u=1}^{M_d} ADV_d^u$; and

“ M_d ” is the Number of Underlyings comprising the Basket determined on the Determination Date d and effected on the immediately following Rebalancing Date r .

4.8 Dynamic Participation Criteria

At any time, the Dynamic Participation is a function of the maximum realised historical volatility (“**Maximum Realised Volatility**”) of the Base Methodology, determined over the below specified number of Calculation Dates.

The Dynamic Participation for the Base Methodology will be determined in accordance with the following formula and table at the Valuation Time on each Calculation Date t (“ DP_t ”), and will be determined by the Lower Boundary i (“ $LB\{i\}$ ”) and Upper Boundary i (“ $UB\{i\}$ ”) that the Maximum Realised Volatility (“ MRV_t ”) falls between. For the avoidance of doubt, the unrounded calculated value of MRV shall be used to determine DP_t , while DP_t shall be rounded to two decimal places.

$$LB\{i\} \leq MRV_t < UB\{i\}$$

Table for the Base Methodology:

i	Lower Boundary i , $LB\{i\}$	Upper Boundary i , $UB\{i\}$	Dynamic Participation, DP_t
1	0.00%	8.00%	150.00%
2	8.00%	12.00%	100.00%
3	12.00%	20.00%	60.00%
4	20.00%	30.00%	40.00%
5	30.00%	40.00%	30.00%
6	40.00%	50.00%	24.00%
7	50.00%	70.00%	17.14%
8	70.00%	90.00%	13.33%
9	90.00%	120.00%	10.00%
10	120.00%	∞ (infinity)	0.00%

For example,

if $MRV_t = 10.00\%$, then $DP_t = 100.00\%$;

if $MRV_t = 30.00\%$, then MRV_t falls on the Lower Boundary 5, and hence $DP_t = 30.00\%$; and

if $MRV_t = 40.00\%$, then MRV_t falls on the Lower Boundary 6, and hence DP_t shall equal 24.00%.

Both the Lower Boundary and Upper Boundary may change at the Sponsor's sole and absolute discretion, if required.

The Maximum Realised Volatility for the Base Methodology will be determined in accordance with the following formula on each Calculation Date t , and shall be the maximum Realised Volatility observed over 5 Calculation Dates, including such Calculation Date t and the preceding 4 Calculation Dates (each being a Calculation Date i).

$$MRV_t = \max_{t-4 \leq i \leq t} [RV_i]$$

where:

RV_i is the historical realised volatility ("**Realised Volatility**") of the Base Methodology determined on Calculation Date i , and calculated using the Base Methodology Value for such Calculation Date i and the immediately preceding 20 Calculation Dates, and shall equal:

$$RV_i = \sqrt{\frac{252 \times \sum_{j=0}^{19} \left[\ln \left(\frac{BMV_{i-j}}{BMV_{i-j-1}} \right) - \frac{1}{20} \sum_{k=0}^{19} \ln \left(\frac{BMV_{i-k}}{BMV_{i-k-1}} \right) \right]^2}{19}}$$

where:

BMV_{i-j} is the Base Methodology Value determined on the Calculation Date $i-j$, where j represents the j th Calculation Date immediately preceding such Calculation Date i ;

BMV_{i-j-1} is the Base Methodology Value determined on the Calculation Date immediately preceding Calculation Date $i-j$;

BMV_{i-k} is the Base Methodology Value determined on the Calculation Date $i-k$, where k represents the k th Calculation Date immediately preceding such Calculation Date i ; and

BMV_{i-k-1} is the Base Methodology Value determined on the Calculation Date immediately preceding Calculation Date $i-k$.

5. Publication and Adjustments

5.1 Role and Discretion of the Sponsor and Calculation Agent

The Calculation Agent is appointed by the Sponsor pursuant to the terms of the Calculation Agency Agreement. Pursuant to the Calculation Agency Agreement, the Calculation Agent has agreed to provide services to the Sponsor regarding the calculation of the Index. In calculating and determining the value of the Index, the Calculation Agent will refer to the methodology described above and the application of such methodology shall be conclusive and binding.

The Index confers on the Sponsor and/or the Calculation Agent, as applicable, discretion in making certain determinations and calculations from time to time (see Chapter 5.5 “**Corrections**”, Chapter 5.6 “**Disrupted Days**”, Chapter 5.7 “**Disruption Event**”, Chapter 5.8 “**Index Disruption Fallbacks**”, 5.9 “**Adjustment Events**” and 5.11 “**Termination of Calculation Agency Agreement**”). In certain circumstances described below (see Chapter 5.8 “**Index Disruption Fallbacks**” and Chapter 5.9 “**Adjustment Events**”), the Sponsor has discretion to modify this Description with the consent of the Calculation Agent. Any such determinations and calculations made by the Sponsor and/or the Calculation Agent, as applicable, will be made in good faith by reference to such factors as the Sponsor and/or the Calculation Agent, as applicable, deem appropriate at such time. Any such determination by the Sponsor and/or the Calculation Agent, as applicable, will be, in the absence of manifest error, final, conclusive and binding.

5.2 Calculation Frequency and Dissemination

The Index Level determined in respect of any Calculation Date will be published by the Publishing Time on the next day that is a London Business Day.

The Index Level will be disseminated by the Calculation Agent on Bloomberg page SMPOPORC Index (“**Bloomberg Page**”). On any day where the Index is not calculated, such as a Disrupted Day or otherwise, no value for the Index will be published on the Bloomberg Page in respect of such day, subject to the provisions set out below.

5.3 Corporate Actions and Underlying Changes

Changes to the Underlyings comprising the Basket may occur between Rebalancing Dates if a specific corporate event or corporate action has occurred in respect of one or more Underlyings (an “**Interim Event**”). When an Interim Event happens, the Calculation Agent shall follow the prevailing Interim Event methodology as published by Standard & Poors (www.standardandpoors.com) and as amended from time to time for the purpose of accounting for the Interim Events. For the avoidance of doubt if an Interim Event results in the removal of an Underlying its weighting shall be allocated pro rata amongst the remaining Underlyings.

If on a Calculation Date an Interim Event results in the Number of Underlyings falling below the Minimum Number of Underlyings, then the Index will cease to be calculated on such Calculation Date and shall recommence as soon as the Minimum Number of Underlyings are available at the next following Rebalancing Date.

5.4 Description Update

Upon each occurrence of an update to this Description, a new version of the Description will be created. The most recent version of the Description shall be deemed to be in force from the date of such update and replace in its entirety the preceding version such that in the event of any conflict between the preceding version and the most recent version, the most recent version shall prevail.

5.5 Corrections

In the event that the Calculation Agent or the Sponsor determines that a material error has occurred in the calculation of the Index, the Calculation Agent, having consulted, or having been consulted by, the Sponsor, will endeavour to correct such error on a date agreed by the Sponsor (a “**Correction**”). If a Correction occurs, the Sponsor shall determine in good faith whether the Correction shall apply retrospectively or from the relevant date forward.

5.6 Disrupted Days

If, in the opinion of the Sponsor, a Disrupted Day has occurred on any Scheduled Trading Day, the Index Level will be calculated and published by the Calculation Agent on the first succeeding Scheduled Trading Day which is not a Disrupted Day, as determined by the Sponsor in good faith, subject to the Index Disruption Fallbacks below.

For the purpose of this Description:

“**Disrupted Day**” means any Scheduled Trading Day on which: (i) the Exchange or Related Exchange fails to open for trading during its regular trading session; or (ii) a Disruption Event, Adjustment Event or Technical Constraints Event has occurred;

“**Technical Constraints Event**” means any event causing a Technical Constraint to occur;

“**Technical Constraints**” means in relation to any Underlying, circumstances where the Sponsor determines that it cannot adequately hedge any of its exposure, including reducing, increasing and maintaining, such exposure in respect of such Underlying as a result of market, compliance, internal risk limits, regulatory, reporting or reputational reasons or due to any local regulations which would require it to make a take-over bid.

5.7 Disruption Event

The occurrence of any of the following events shall constitute a Disruption Event unless the Sponsor determines that such event is not sufficiently material to constitute a Disruption Event.

- **Underlying Market Disruption Event.** A market disruption event, howsoever defined, in respect of any Underlying, as determined by the Sponsor; or
- **Price Source Disruption.** It becomes impossible to obtain a price in respect of any Underlying on any Scheduled Trading Day; or
- **Change in Law.** On or after the Publication Date (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Sponsor determines that (i) it has become illegal to hold, acquire or dispose of hedging positions in relation to any Hedging Activity or (ii) the Sponsor will incur a materially increased cost in performing its obligations in relation to the Index (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Sponsor and/or any of its Affiliates); or

- **Repatriation Limitations.** Limitations on the repatriation of invested capital in the jurisdiction of the principal financial centre of any Underlying are announced or imposed; or
- **Custodial Event.** Any event, regarding the maintenance of portfolio securities and cash with sub-custodians and securities depositories in the jurisdiction of any Underlying, occurs which deprives the Sponsor (or any of its Affiliates) of all or substantially all of its assets in the jurisdiction of the principal financial centre of the components of such Underlying; or
- **Hedging Disruption.** The Sponsor and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Sponsor deems necessary to hedge the exposure or other price risk of the Sponsor in performing its obligations with respect to the Index, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s); or
- **Material Event.** The occurrence or existence of (A) a Trading Disruption; (B) an Exchange Disruption at any time during the one hour period that ends at the Valuation Time in respect of any Related Exchange; or (C) an Early Closure.

For the purpose of this Description:

“Early Closure” means the closure on any Scheduled Trading Day of the Exchange or Related Exchange in respect of any Underlying or the Index prior to its Scheduled Closing Time unless such earlier closing is announced by the Exchange or Related Exchange, as the case may be, at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on the Exchange or Related Exchange, as the case may be, on such Scheduled Trading Day; and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange, as the case may be, system for execution on such Scheduled Trading Day;

“Exchange Disruption” means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for, any Underlying, including, but not limited to, for the purpose of hedging any obligations in connection with the Index; and

“Trading Disruption” means (1) any suspension of or limitation imposed on trading by the Exchange or Related Exchange, as the case may be, or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or Related Exchange, as the case may be, or otherwise: (i) relating to any Underlying or the Index or (ii) in futures, options contracts or any other derivatives contracts relating to any Underlying or the Index on the Related Exchange.

5.8 Index Disruption Fallbacks

If (i) a Disruption Event persists for each of the 5 Scheduled Trading Days immediately following the original Scheduled Trading Day that is a Disrupted Day or (ii) if the Sponsor determines that (a) there is a discontinuation in the publication of any Underlying (b) the use of any Underlying in the Index is prohibited, or (c) in any other way any Underlying is materially modified (other than a previously prescribed modification to the Underlying), or (iii) any Underlying is terminated, then the Sponsor shall determine in consultation with the Calculation Agent what actions it may take, which includes, but not be limited to, the following (each an **“Index Disruption Fallback”**):

- (i) select an alternative underlying;
- (ii) calculate a substitute level for the Index based on but not restricted to the last published level of the Underlying and such Underlying level may be zero;
- (iii) accept the closing level of the Underlying published on any alternative price source;
- (iv) adjust, amend or otherwise alter the Description in accordance with the adjustment provisions below under *Adjustments Events* below; or
- (v) permanently cease to calculate and disseminate the Index.

5.9 Adjustment Events

This Description, and each of the clauses herein, may be adjusted, amended, deleted or otherwise altered by the Sponsor, acting in good faith (with the consent of the Calculation Agent) at any time, on such date as the Sponsor shall designate. These adjustments (each an “**Adjustment Event**”) may include, but are not limited to, adjustments in respect of the following:

- (a) *Illegality*: any adjustments required because it has become unlawful in any applicable jurisdiction for the Sponsor to sell or purchase any security, or to maintain any position linked to any Underlying (which includes, but is not limited to, where it becomes or is reasonably likely to become unlawful); or
- (b) *UCITS*: any adjustments made to the Index to ensure that the Index complies with the requirements of the Council Directive of 20 December 1985 on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (No 85/611/EEC) as amended from time to time and supplemented in similar laws or regulations for financial indices; or
- (c) *Calculation Agent*: any adjustments required as a result of the Calculation Agent ceasing or advising it will cease, for any reason, to calculate the Index; or
- (d) *Clarification*: any adjustments required for clarification or for minor or technical reasons including (without limitation) to correct any manifest or proven error or to cure, correct or supplement any ambiguity or defective provision contained in this Description; or
- (e) *Frequency of calculations*: if the Sponsor determines that the frequency of calculations should be amended; or
- (f) *Hedging Activity*: if the Sponsor determines that any Hedging Activity will distort the performance of the Index, the Sponsor may modify the Description to ensure that the Index continues to meet its objectives; or
- (g) *Integrity*: such other adjustments as are necessary to ensure the integrity of the Index; or
- (h) *Alteration of the Underlying*: any alteration or adjustment required to be made to effect adjustments or Interim Events to any Underlying; or
- (i) *Change in economic circumstances*: any adjustments required to reflect a change in economic circumstances of notionally having exposure to the Underlying; or
- (j) *Index Disruption Fallback*: an Index Disruption Fallback specified in Chapter 5.8 entitled “Index Disruption Fallbacks” has occurred.

5.10 Simulated Operating History

The Index will be first calculated on or around the Live Date.

Therefore any historical information in respect of the performance of the Index prior to the Live Date shall be a simulated history (“**Simulated Operating History**”). The Calculation Agent and the Sponsor have retrospectively calculated the Index Levels based upon historical data relating to the prices of the Underlyings obtained from the Price Source prior to the Live Date. The assumptions are as follows:

- i) Any historic non-ordinary dividends have been reinvested at the relevant Dividend Bid Level; and

- ii) The Dividend Bid Levels, Performance Adjustment and Spread Rate used are those as at the Publication Date.

The Simulated Operating History may be published on the Bloomberg Page on or around the Publication Date.

Although the Sponsor will obtain information for inclusion in or for use in the calculation of the Simulated Operating History from sources which the Sponsor considers reliable, the Sponsor will not independently verify such information and does not guarantee the accuracy and/or the completeness of the Simulated Operating History or any data included therein.

5.11 Termination of Calculation Agency Agreement

If on any Scheduled Trading Day the Calculation Agent is (i) for any reason, other than a such day being a Disrupted Day, unable to calculate the Index; or (ii) in material breach of any provision of the Calculation Agency Agreement, as determined by the Sponsor in good faith, the Sponsor may, in accordance with the terms of the Calculation Agency Agreement, terminate the appointment of the Calculation Agent (a “**Calculation Agent Termination Event**”).

On the occurrence of a Calculation Agent Termination Event, the Sponsor may, in its sole and absolute discretion:

- appoint a replacement Calculation Agent; or
- cease the calculation of the Index in the event a replacement Calculation Agent cannot be appointed within 5 Scheduled Trading Days, unless the Sponsor decides to extend such period. Any suspension of calculation of the Index while a new Calculation Agent is appointed will be treated as if a Disrupted Day was occurring; or
- choose to act as Calculation Agent itself and continue to publish the Index Level on the Bloomberg page on an ongoing basis or for as long as it deems necessary until a new independent Calculation Agent is appointed.

Notwithstanding the above, the Sponsor may, in its sole and absolute discretion, at any time and without notice, terminate the Index and proceed to ask the Calculation Agent to cease the calculation and dissemination of the Index.

5.12 Notice

The Sponsor may, with the prior consent of the Calculation Agent, publish notices relating to the Index as it determines necessary, but is under no obligation to publish any particular notice. Such notices may be published on the Bloomberg Page.

6. Change in Methodology and Termination

6.1 Change in Methodology

No assurance can be given that fiscal, market, regulatory, juridical, financial or other circumstances (including, but not limited to, any changes to or any suspension or termination of any components for which values will be determined in relation to the Index) will not arise that would, in the determination of the Sponsor, necessitate or make desirable a modification of or change to the methodology of the Index and the Sponsor shall be entitled, acting in good faith, to make any such modification or change to the Description, with the consent of the Calculation Agent (see Chapter 5.9 “**Adjustment Events**”).

Any change or modification to the methodology may be outside the technology employed by the Calculation Agent and thus, the Calculation Agent may not be able to calculate the Index, in which event the Sponsor may, in its sole and absolute discretion, appoint a successor Calculation Agent (see Chapter 5.11 “**Termination of Calculation Agency Agreement**”).

6.2 Termination

The Sponsor may at any time and without notice, terminate and proceed to ask the Calculation Agent to cease the calculation and dissemination of the Index.

7. Disclaimer

Although the Sponsor will obtain information for inclusion in or for use in the calculation of the Index from sources which the Sponsor considers reliable, the Sponsor will not independently verify such information and does not guarantee the accuracy and/or the completeness of the Index or any data included therein. The Sponsor is under no obligation to advise any person of any error in the Index (but may do so in its sole and absolute discretion). References to any Underlying are included only to describe each Underlying upon which the Index is based. The Index is not in any way sponsored, endorsed or promoted by the issuer of any Underlying. Any information in this Description with respect to the Index is based on publicly available information and neither the Sponsor nor the Calculation Agent make any representation or warranty as to the accuracy or completeness of such information.

The Sponsor makes no express or implied representations or warranties concerning (i) the accuracy or completeness of this Description, (ii) whether or not the Index may achieve any particular level or meet or correlate with any particular objective or (iii) the fitness for any purpose of the Index or accuracy or completeness of this Description. The Royal Bank of Scotland plc and its Affiliates shall have no liability to any person for the quality, accuracy, or completeness of the information in this Description or for any delays, omissions or interruptions in delivery of any information relating to the Index. The Royal Bank of Scotland plc shall have no liability to any person in respect of any determination, amendment, modification, adjustment or termination in respect of the Index. The Royal Bank of Scotland plc makes no warranty or representation, express or implied in connection with the Index or the purposes for which it is used, and shall not have liability for any losses or expenses incurred in connection with the Index, this Description or any instrument linked to the Index.

Neither the Sponsor nor any of its Affiliates accept legal liability to any person in connection with (i) this Description and (ii) its publication and dissemination of the Index.

Nothing in this Chapter 7 will:

- (i) exclude or restrict any obligation the Sponsor may have to any recipient of this Description, nor any liability the Sponsor may incur to any such recipient, under the Financial Services and Markets Act 2000, or the regulatory regime thereunder; or
- (ii) exclude or restrict, to an extent prohibited by law, any duty or liability the Sponsor may have to any recipient of this Description.

The Royal Bank of Scotland plc owns intellectual property rights in the Index and in this Description, which has been supplied by the Sponsor. Any use of any such intellectual property rights must be with the consent of The Royal Bank of Scotland plc.

Appendix: Dividend Bid Level

Dividend Bid Level prevailing on the Publication Date.

The below levels are determined by the Calculation Agent, and may be updated from time to time in accordance with the tax rates which apply to non-resident institutions, based in Luxembourg, that do not benefit from double taxation treaties (sourced from Ernst & Young's Worldwide Corporate Tax Guide and the Economic Intelligence Unit)

Country of tax residence	Dividend Bid Level
Australia	70.00%
Austria	75.00%
Belgium	75.00%
Canada	75.00%
Czech Republic	85.00%
Denmark	72.00%
Finland	72.00%
France	75.00%
Germany	75.00%
Indonesia	80.00%
Ireland	80.00%
Italy	73.00%
Japan	80.00%
Luxembourg	85.00%
Netherlands	85.00%
Norway	75.00%
Portugal	80.00%
Russia	85.00%
South Korea	72.50%
Spain	81.00%
Sweden	70.00%
Switzerland	65.00%
Taiwan	75.00%
United Kingdom	100.00%
United States	70.00%