

Edgar Filing: ABN AMRO HOLDING N V - Form 425

ABN AMRO HOLDING N V  
Form 425  
May 29, 2007

Filed by Fortis SA NV

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amended.

Subject Company: ABN AMRO Holding NV

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On May 29, 2007, Fortis, Royal Bank of Scotland and Santander issued the following press release:

**Fortis, RBS and Santander**

**Proposed Offer for ABN AMRO of 38.40 per ABN**

**AMRO Share<sup>1</sup>**

PRESS RELEASE

OVERVIEW OF PROPOSED OFFER

(Details of each Bank's plans are also set out in separate  
announcements accompanying this document)

29 May 2007

*Superior value for ABN AMRO shareholders*

*Significant benefits for customers and employees*

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<sup>1</sup> Proposed Offer for all outstanding ABN AMRO Shares comprising 30.40 in cash plus 0.844 New RBS Shares, including 1.00 in cash to be retained by the Banks pending resolution of the LaSalle Situation, based on the price of RBS Shares of 642.5p at the close of business on 25 May 2007

29 May 2007 Fortis, RBS and Santander (collectively, the Banks ) Offer Superior Value for ABN AMRO Shareholders, Significant Benefits for Customers and Employees

**PROPOSED OFFER VALUES ABN AMRO AT 38.40 PER ABN AMRO SHARE**

**TOTAL VALUE OF 71.1 BILLION, WITH 79% OF CONSIDERATION IN CASH**

**1. Transaction expected to lead to substantial value creation**

ABN AMRO contains good businesses widely spread across a range of attractive markets, but seeks combination with partner

Combined businesses expected to have enhanced market presence and growth prospects with the Banks as partners

Greater and more certain transaction benefits than with a single partner

**2. Banks confirm the terms of their proposed Offer**

30.40 in cash plus 0.844 New RBS Shares for each ABN AMRO Share<sup>2</sup>

Valued at 38.40 per ABN AMRO Share, a 13.7% premium to the value of Barclays' proposed offer

Total value of 71.1 billion; 8.6 billion higher than Barclays' proposed offer

Approximately 79% of the consideration in cash, providing greater certainty of value than Barclays' proposed offer

Proposed Offer not subject to any financing condition, with capital raisings fully underwritten

Proposed Offer conditional, *inter alia*, on result of ABN AMRO shareholder vote on sale of LaSalle

Consideration includes 1.00 in cash to be retained by the Banks pending resolution of the LaSalle Situation

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<sup>1</sup> Based on undiluted number of shares, as set out in Appendix IV, and on the price of RBS Shares of 642.5p at the close of business on 25 May 2007

<sup>2</sup> Including 1.00 in cash to be retained by the Banks pending resolution of the LaSalle Situation

<sup>3</sup> Based on the price of Barclays ordinary shares of 712.5p at the close of business on 24 April 2007, the day before the Banks first announced details of their proposals including a price indication, and on the price of RBS Shares of 642.5p at the close of business on 25 May 2007

<sup>4</sup>

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Based on undiluted number of shares, as set out in Appendix IV, and on the price of Barclays ordinary shares of 712.5p at the close of business on 24 April 2007, the day before the Banks first announced details of their proposals including a price indication, and on the price of RBS Shares of 642.5p at the close of business on 25 May 2007

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**3. Orderly business reorganisation expected to result in stronger businesses**

**Fortis** (33.8% of consideration, 24.0 billion) Will create a market leader in Benelux, while capitalising on the ABN AMRO brand, and extend the international growth potential in Fortis wealth and asset management platforms

**RBS** (38.3% of consideration, 27.2 billion) Will create a strengthened platform for growth outside the UK, leading corporate and institutional bank globally, leading retail and commercial bank in the US and accelerated opportunities in Asia

**Santander** (27.9% of consideration, 19.9 billion) Will create a top 3 bank in Brazil and establish retail presence in the Italian market

RBS will lead the reorganisation, with shared assets being managed for value

**4. Expected benefits for customers and employees**

Customers will gain from enhanced presence, product strengths and distribution capabilities, and increased scale and efficiency

Consortium plan creates sustainable platforms for increased long-term job creation and enhanced opportunities for employees

No plans for significant offshoring of jobs

Fewer employees expected to lose their jobs than with Barclays proposals

**5. Banks expected to generate substantial transaction benefits**

Aggregate estimated cost savings of 4.23 billion by the end of 2010

Aggregate estimated profit enhancements from revenue benefits of 1.22 billion by the end of 2010

Benefits well balanced across activities and geographic regions

**6. Banks extensive experience and proven track records reduce integration risk**

Extensive knowledge of markets in which ABN AMRO has major businesses

Strong track records in large scale integration

Projected synergies based on achievable objectives

**7. Value and EPS enhancing for the Banks<sup>2</sup>**

**Fortis:** expected to be 4.3% cash EPS enhancing by the end of 2010, expected return on investment on a cash basis of 11.2% in 2010

**RBS:** expected to be 7.3% adjusted EPS enhancing by the end of 2010, expected return on investment of 13.5% in 2010

**Santander:** expected to be 5.3% EPS enhancing by the end of 2010, expected return on investment of 12.7% in 2010

*Superior value for ABN AMRO shareholders*

*Significant benefits for customers and employees*

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<sup>1</sup> Share of consideration including share of consideration for shared assets, as set out in Section 2, and based on undiluted number of shares, as set out in Appendix IV

<sup>2</sup> Further details are set out in Section 7

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Please also refer to the separate announcements issued by the Banks today.



**FORTIS, RBS AND SANTANDER PROPOSED OFFER FOR ABN AMRO**

**1. Transaction expected to lead to substantial value creation**

ABN AMRO, the Banks believe, contains good businesses and customer franchises widely spread across a range of attractive markets. However, ABN AMRO has acknowledged the opportunity for it to deliver benefits for its customers and employees and generate growth and additional value for its shareholders by combining with a partner and selling parts of the ABN AMRO Group.

Because of the Banks' comprehensive strategic fit with ABN AMRO across its activities, the Banks expect that, following their acquisition of ABN AMRO, they will be able to create stronger businesses with enhanced market presence and growth prospects, leading to substantial value creation and benefits for shareholders, customers and employees.

The Banks have the financial and management resources to invest in and grow ABN AMRO's businesses and have proven records of growing their own businesses. Implementation of the Banks' respective measures to realise projected synergies is expected to enhance profitability and allow the Banks to invest further in customer-facing areas, as they have done in their own businesses. The Banks together expect to deliver benefits for ABN AMRO stakeholders which they believe no single buyer of ABN AMRO could match.

The Banks believe that, because of their collective presence in and understanding of the broad range of markets in which ABN AMRO operates, and because of their proven track records of successful acquisitions and delivery of promised results, their acquisition of ABN AMRO will have lower integration risk than its acquisition by a single buyer.

**2. Banks confirm the terms of their proposed Offer**

The Banks confirm today the terms of their proposed Offer for ABN AMRO. The Banks are convinced that the proposed Offer provides the best outcome for shareholders, employees and other stakeholders of ABN AMRO and would prefer to secure a recommendation by the Boards of ABN AMRO.

The Banks would therefore still welcome the opportunity of agreeing with ABN AMRO and Bank of America a way forward that meets the interests of shareholders, employees and other stakeholders of all parties.

The Banks intend to offer, through their acquisition vehicle RFS Holdings, for each ABN AMRO Share (subject to the pre-conditions set out in Appendix II):

**38.40 per ABN AMRO Share, 13.7% above the value of Barclays proposed offer**

**Comprising 30.40 in cash plus 0.844 New RBS Shares**

Of the proposed Offer amount, 1.00 in cash will be deferred pending resolution of the LaSalle Situation. Further details of this Contingent Consideration are set out in Section 8 below.

Approximately 79% of the proposed Offer consideration will be payable in cash.

The pre-conditions to the proposed Offer include that the Dutch Supreme Court upholds the preliminary ruling of the Dutch Enterprise Chamber that the consummation of the Bank of America Agreement must be approved by ABN AMRO shareholders by the requisite vote at the ABN AMRO EGM. In these circumstances, the proposed Offer will then be conditional upon ABN AMRO shareholders having failed to approve the Bank of America Agreement at that meeting. This is further discussed in Section 8 below. The pre-conditions to the proposed Offer are set out in Appendix II.

The Banks proposed Offer will not be subject to any financing condition or to the disposal of any businesses by any Bank including the ABN AMRO businesses being acquired. On the basis of and subject to the terms and conditions of agreements entered into with each of the Banks, Merrill Lynch, together with certain other major international financial institutions, has undertaken to underwrite the following issues of securities by each of the Banks.

Fortis intends to raise 15 billion of new equity financing via a rights issue and up to 5 billion of new Tier 1 capital, and to release up to 8 billion of capital.<sup>2</sup> Under the terms of the proposed Offer, RBS would issue New RBS Shares with an aggregate value of approximately 15 billion to ABN AMRO shareholders. RBS also intends to raise approximately 6 billion of new non-dilutive Tier 1 capital and to finance the remainder of its share of the consideration through internal resources. Santander intends to raise approximately 9.5-10 billion of new equity financing via a rights issue and mandatorily convertible instruments, amounting to approximately half of its share of the consideration, and to finance the remainder through balance sheet optimisation, including leverage, incremental securitisation and asset disposals.

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<sup>1</sup> Based on the price of Barclays ordinary shares of 712.5p at the close of business on 24 April 2007, the day before the Banks first announced details of their proposals including a price indication, and on the price of RBS Shares of 642.5p at the close of business on 25 May 2007

<sup>2</sup> Including sale of non-core assets, securitisation and other similar transactions

Further information about the proposed Offer, including the terms and conditions to which it is subject, can be found in the Appendices to this announcement. In particular, a summary of the financing for the proposed Offer can be found in Appendix I and further information is included in the separate announcements issued by the Banks today. Further details of the New RBS Shares and the treatment of ABN AMRO's Convertible Financing Preference Shares, Formerly Convertible Preference Shares and Options can also be found in Appendix I.

### **3. Orderly business reorganisation resulting in stronger businesses**

The Banks have entered into an agreement which relates to the proposed Offer for ABN AMRO, their shareholdings in RFS Holdings and the planned reorganisation of ABN AMRO.

RBS will lead the Banks' orderly reorganisation of ABN AMRO and assume the lead responsibility for ensuring that ABN AMRO is managed in compliance with all applicable regulatory requirements from completion of the proposed Offer.

#### ***Objective of reorganisation***

The objective of the orderly reorganisation following completion of the proposed Offer will be to result in the following ownership:

**Fortis:** Business Unit Netherlands (excluding former Dutch wholesale clients, Interbank and DMC Consumer Finance), Business Unit Private Clients globally, Business Unit Asset Management globally

**RBS:** Business Unit North America including LaSalle, Business Unit Global Clients and wholesale clients in the Netherlands (including former Dutch wholesale clients) and Latin America (excluding Brazil), Business Unit Asia (excluding Saudi Hollandi) and Business Unit Europe (excluding Antonveneta)

**Santander:** Business Unit Latin America (excluding wholesale clients outside Brazil), Antonveneta, Interbank and DMC Consumer Finance

**Shared Assets:** Head Office and central functions, private equity portfolio, stakes in Capitalia and Saudi Hollandi, and Prime Bank

**Consideration to be paid and estimated profit**

The following table sets out the share of the consideration to be provided by each Bank and the estimated 2006 profit before tax attributable to the businesses being acquired.

	Consideration*	Share of consideration	Profit before tax**
<b>Fortis</b>	24.0bn	33.8%	1.68bn
<b>RBS</b>	27.2bn	38.3%	1.72bn
<b>Santander</b>	19.9bn	27.9%	1.55bn
<b>Total</b>	71.1bn	100.0%	4.95bn

\* Based on undiluted number of shares, as set out in Appendix IV.

\*\* Excludes 0.05 billion of profit before tax relating to central functions and shared assets. These estimates are based on the 2006 Annual Report & Accounts of ABN AMRO adjusted for certain restructuring costs and other one-off or non-recurring items and on the estimates of the Banks. As the reorganisation of the ABN AMRO Group as set out above does not correspond precisely to the Business Unit definitions in ABN AMRO's 2006 Annual Report & Accounts, these estimates are not audited and may not be accurate. Any inaccuracies may, in limited circumstances, following completion of the proposed Offer, be addressed in accordance with the terms of the arrangements between the Banks, but will not affect the terms of the proposed Offer. Further details on the calculation of these figures are set out in Appendix IV.

**Management and reorganisation**

Immediately upon completion of the proposed Offer, ABN AMRO will become a subsidiary undertaking of RBS, owned jointly by the Banks through RFS Holdings. Immediately following completion, the structure and operation of ABN AMRO will remain unchanged. A limited number of senior appointments will be made by the Banks to the Managing Board and the Group Business Committee. The Banks' immediate priority will be to ensure that the organisation continues to provide high quality service to its customers and to meet all regulatory requirements.

During the first 45 days after completion of the proposed Offer, the Banks will work with the management of ABN AMRO to verify and expand the information received from, and assumptions made on the basis of, the limited due diligence access granted before completion. Within 45 days of completion of the proposed Offer, the Banks intend to have validated a base-lined plan for the achievement of synergies and for the separation and transfer of the ABN AMRO businesses to the respective Banks. This plan will form the basis for continued consultation with employee bodies and regulators with whom there have already been extensive discussions as part of an ongoing process. Implementation of the plan will begin only when the necessary approvals have been received.

The Banks intend that, as an interim step towards the separation of the ABN AMRO businesses, ABN AMRO will be reorganised into three units containing the businesses that will ultimately be transferred to the respective Banks. A fourth unit will contain shared assets regarded as non-strategic.

Thereafter, as soon as reasonably practicable, certain businesses which can readily be separated will be legally transferred to the respective Banks. Fortis and RBS will work together to separate the Netherlands retail and commercial banking operations from the global wholesale banking operations. The former will be transferred to Fortis while the latter will be owned by RBS. The separation and transfer of businesses will be subject to regulatory approval and appropriate consultation processes with employees, employee representatives and other stakeholders.

IT systems will in general be separated and transferred with the businesses they support. However, the Banks will take advantage of opportunities to create greater economic value by sharing platforms.

During the reorganisation, the Banks will retain a shared economic interest in all central functions (including Head Office functions) that provide support to ABN AMRO Group businesses. The Banks will also retain shared economic interests in certain assets and liabilities of ABN AMRO which the Banks regard as non-strategic. These include ABN AMRO's private equity portfolio, its stakes in Capitalia and Saudi Hollandi, and Prime Bank. These are expected to be disposed of over a period of time with a view to maximising value.

The Banks believe that the structure they intend to implement following completion of the proposed Offer will strengthen the ABN AMRO businesses and not expose them, their capital or their customers to any additional risk.

The Banks believe that holders of ABN AMRO's debt securities will, in general, benefit from the expected positive impact of the transaction on ABN AMRO's credit profile.

At the outset, the entire portfolio of ABN AMRO derivative transactions will be managed to ensure that all the derivative risk management needs of the component ABN AMRO businesses are satisfied. In time, there will be an orderly migration of transactions to the appropriate trading entities in line with normal novation or assignment processes. RBS, through its integration of NatWest, has demonstrated its ability to successfully manage these processes.

#### ***Outcome of reorganisation***

The reorganisation will allow each Bank to enhance the ABN AMRO businesses that it acquires and achieve significantly strengthened positions in its markets, leading to greater opportunities for growth in those markets. In summary:

**Fortis:**

Creation of a top European financial institution with:

- More than 80,000 employees worldwide
- Total banking and insurance net profit of more than 5.5 billion (among the top five in the Eurozone)
- 2,500 retail branches and 145 business centres across Europe

Unique opportunity to strengthen Benelux core competencies:

- Creates a market leader, with more than 10 million customers in the Benelux region alone
- Benelux #1 in retail and commercial banking
- Superior customer reach and skills in commercial banking, such as leasing and factoring
- Capitalising on both ABN AMRO's and Fortis' brands in the Netherlands

Extension of international wealth management growth engine:

- 3rd largest European private bank with more than 200 billion AUM
- One integrated network and a large European and Asian footprint
- A dedicated, broad and differentiated service offering for high net worth and ultra high net worth clients

Expansion of asset management growth platform:

- Top tier European asset manager with more than 300 billion AUM globally
- Benefiting from a larger geographic footprint and enhanced offering to third-party distributors
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The combined product range expected to reach top quartile position across many asset classes and achieve scale in core growth products

### **RBS:**

Strengthens RBS's platform for growth outside UK

Accelerates RBS's existing plans for growth in US and Asia

RBS Global Banking & Markets and ABN AMRO Global Wholesale Businesses:

- Leading corporate and institutional banking and markets business, with global reach and capability
- Well diversified by customer, product and geography
- Complementary product strengths and customer franchises
- Top 5 across broad range of corporate banking products
- Benefits from cash management and trade finance platform
- #1 in UK and Europe, #5 in US and Asia (excluding Japan), by client numbers

Citizens and LaSalle:

- Complementary retail and commercial businesses
- Enhanced distribution of Global Banking & Markets products in US
- Excellent geographic fit in large and attractive market
- RBS America 5th largest banking business in US by assets

RBS and ABN AMRO International Retail Businesses in Asia and Middle East:

- Enhanced and extended opportunities for growth, particularly in credit cards and affluent banking

**Santander:**

Brazil:

- Creates a top 3 bank by network and loans, benefiting from enhanced economies of scale
- High geographical and product complementarity between both franchises (Banco Real and Santander Banespa)
- High degree of value creation through in-market synergies
- Low integration risk; Santander Banespa's fully scaleable IT system is prepared for the migration of Banco Real

Italy:

- Antonveneta is a strong franchise in an attractive market
- Efficiency improvements from the migration to Partenon, Santander's proprietary IT system
- Potential to improve commercial performance (e.g. mortgage lending, consumer finance, retail mutual funds)
- Good platform from which to grow organically

Interbank and DMC (consumer finance in the Netherlands):

- Full integration into Santander Consumer Finance, which is already present in 14 European countries including the Netherlands

**4. Expected benefits for customers and employees**

The Banks expect that the stronger businesses created by combining ABN AMRO's businesses with their own complementary operations will generate benefits for customers. The enhanced presence, product strengths and distribution capabilities of these strengthened businesses are expected to deliver benefits to customers, who will also gain from the increased scale and efficiency of the businesses that serve them. The business reorganisation will be handled in an orderly fashion designed to ensure continuity of customer service. A key principle of the implementation plan agreed among the Banks is that there should be minimal disruption to customer-facing activities.

The Banks believe that the stronger businesses resulting from the transaction will also create sustainable platforms for increased job creation and enhanced opportunities for employees. The Banks' track records in this regard are excellent, demonstrating organic growth in employment built on strong business foundations.

The realisation of the expected transaction benefits will entail some initial reduction in staff, not all of which will be in ABN AMRO. The Banks have no plans, however, to increase the number of off-shored jobs significantly. As a result, the Banks expect that fewer employees will be affected than under the Barclays proposal.



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The Banks intend to retain the best talent through a fair appointment process based on merit and competencies. The Banks are committed to continue working with works councils, trade unions and other representative bodies to agree the most constructive approach. Existing Social Plans and Collective Labour Agreements will be honoured.

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The Banks also intend to create significant numbers of new positions in the Netherlands, through investment in a number of significant businesses. Within the Netherlands and other appropriate territories, an employment office will be created to identify redeployment opportunities for staff across the operations of the Banks. The Banks' firm intention is that any job losses in the Netherlands will be accommodated through natural turnover, redeployment and voluntary redundancy.

#### 5. Banks expected to generate substantial transaction benefits

The Banks believe that the inclusion within their groups of ABN AMRO's businesses will create substantial value for shareholders through cost savings and revenue benefits.

In 2006, ABN AMRO's cost:income ratio was 69.6%, compared to 61.2% for Fortis Bank, 42.1% for RBS and 48.5% for Santander. The Banks believe that the combinations of complementary and overlapping businesses will enable substantial de-duplication cost savings.

In aggregate, it is expected that cost savings will reach approximately 4.23 billion by the end of 2010. The cost savings expected to be achieved by each Bank and the anticipated integration costs are as follows:

	Cost savings per annum	Integration costs
<b>Fortis</b>	1.15bn	1.54bn
<b>RBS</b>	2.01bn	3.84bn
<b>Santander</b>	0.86bn	1.00bn
<b>Shared Assets</b>	0.21bn	0.43bn
<b>Total</b>	4.23bn	6.81bn

Whilst the clear cost-saving opportunities underpin the potential value creation, the Banks also believe that there are considerable opportunities for them to create sustainable increases in profitable revenue growth.

The Banks believe that limited scale and resources, combined with a lack of focus, have made it difficult for ABN AMRO to take advantage of the many growth opportunities across its broad range of attractive but widely-spread franchises, products and geographies. The combination of complementary businesses and capabilities will create additional opportunities for growth which are not available to ABN AMRO alone, or to any single buyer. The Banks have the resources to capitalise on these opportunities for growth.

It is estimated that the aggregate revenue benefits identified by the Banks, net of associated costs and bad debts, before tax, will be approximately 1.22 billion by the end of 2010, split as follows:

	Profit from revenue benefits per annum
<b>Fortis</b>	0.19bn
<b>RBS</b>	0.85bn
<b>Santander</b>	0.18bn
<b>Total</b>	1.22bn

The details of the anticipated cost savings and revenue benefits as they apply to each of the businesses to be acquired by the Banks are set out in each Bank's separate announcement.

The figures set out above are preliminary and are based on assumptions the Banks believe to be conservative.

#### 6. Banks' extensive experience and proven track records reduce integration risk

The Banks, collectively, have extensive experience in, and understanding of, ABN AMRO's major businesses and geographies. By concentrating on their respective areas of expertise and by dividing the integration tasks among themselves, the Banks expect to reduce significantly overall integration risk relative to a single buyer with limited experience across ABN AMRO's activities and a limited track record in large scale integrations.

Each of the Banks has a strong track record of successful integrations of acquired businesses, including delivery of promised transaction benefits. Benefits promised and delivered in the Banks' previous largest transactions are set out below:

	Transaction	Total promised	Total delivered
<b>Fortis</b>	Generale Bank	675m	861m (+28%)
<b>RBS</b>	NatWest	£ 1,420m	£ 2,030m (+43%)
<b>Santander</b>	Abbey National	300m*	425m (+42%)

\* Promised by end of second year after completion of the transaction

In the acquisition of ABN AMRO by the Banks, the Banks believe their projected synergies are based on achievable objectives. Most of the estimated transaction benefits are expected to result from cost savings which are based on conservative estimates that are in line with past achievements. The Banks expect that a substantial proportion of the cost savings estimated by the Banks will result from de-duplication of overlapping activities. They are not dependent on aspirations to achieve top quartile cost:income ratios or on a substantial off-shoring of functions.

**7. Value and EPS enhancing for the Banks**

***Fortis***

Allowing for the acquisition of the relevant ABN AMRO businesses, Fortis Bank's Tier 1 capital ratio is expected to be close to 6.7% immediately after the transaction.

Based on Fortis's forecasts for business growth and transaction benefits, the acquisition is expected to lead to 4.3% accretion in cash earnings per share in 2010 and to produce a return on investment on a cash basis of 11.2%<sup>2</sup> in 2010.

***RBS***

Allowing for the acquisition of the relevant ABN AMRO businesses, RBS's Tier 1 capital ratio is expected to be approximately 7.2% at the end of 2007.

Based on RBS's forecasts for business growth and transaction benefits, the acquisition is expected to lead to 7.3% accretion in adjusted earnings per share in 2010 and to produce a return on investment of 13.5%<sup>2</sup> in 2010.

***Santander***

Allowing for the acquisition of the relevant ABN AMRO businesses, Santander's Tier 1 capital ratio is expected to be in excess of 7% at the end of 2007, assuming that there is a full consolidation of acquired businesses by end 2007.

Based on Santander's forecasts for business growth and transaction benefits, the acquisition is expected to lead to 5.3% accretion in earnings per share in 2010 and to produce a return on investment of 12.7%<sup>5</sup> in 2010.

**8. LaSalle**

The pre-conditions to the proposed Offer include that the Dutch Supreme Court upholds the preliminary ruling of the Dutch Enterprise Chamber to the effect that the consummation of the Bank of America Agreement must be approved by ABN AMRO shareholders by the requisite vote at the ABN AMRO EGM. In these circumstances, the proposed Offer will then be conditional upon ABN AMRO shareholders having failed to approve the Bank of America Agreement at that meeting.

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<sup>1</sup> Adjusted for purchased intangibles amortisation

<sup>2</sup> Return on investment defined as profit after tax plus post-tax transaction benefits over consideration plus post-tax integration costs. Adjusted for purchased intangibles amortisation

<sup>3</sup> On a pro forma proportional consolidated basis Tier 1 ratio is 7.1%

<sup>4</sup> Adjusted for purchased intangibles amortisation and integration costs

<sup>5</sup> Expected 2010 earnings (including synergies) divided by consideration for ABN AMRO businesses plus NPV of amortisation of Antonveneta acquired intangibles

Given that the Banks cannot be sure of the timing of the Dutch Supreme Court ruling or of the ABN AMRO EGM (for example, the ABN AMRO EGM could be held before the Dutch Supreme Court has made its ruling), the ABN AMRO EGM vote is also a pre-condition to the proposed Offer. The Banks also reserve the right to make their proposed Offer conditional on the Dutch Supreme Court upholding the preliminary ruling of the Dutch Enterprise Chamber if the Banks wish to make the proposed Offer and post Offer documentation to ABN AMRO shareholders before the Dutch Supreme Court has issued its decision.

The pre-conditions and conditions to the proposed Offer are set out in Appendices II and III respectively.

The Banks have held amicable discussions with Bank of America. These have not resulted in agreement. The Banks would still welcome the opportunity of agreeing with ABN AMRO and Bank of America a way forward that meets the interests of shareholders, employees and other stakeholders of all parties.

However, in light of the uncertainty surrounding the LaSalle Situation, payment of 1.00 of the cash consideration offered in respect of each ABN AMRO Share will be deferred (the Contingent Consideration ).

From the Contingent Consideration will be deducted 95% of all costs (including damages) incurred by the Banks, ABN AMRO, or any of their respective affiliates associated with or resulting from settling, paying damages relating to, or insuring against, the LaSalle Situation, or otherwise in connection with any agreement with Bank of America. The Contingent Consideration, less such deductions, plus (from completion of the proposed Offer and subject to any required regulatory approval) interest on the balance less deductions, will be paid following a final and binding settlement of, or a final non-appealable court judgement in relation to, the LaSalle Situation, or following the outstanding issues with Bank of America being resolved. The Contingent Consideration will be paid in cash to ABN AMRO shareholders whose shares are exchanged in the proposed Offer. However, if the total of such deductions is greater than or equal to the Contingent Consideration, no Contingent Consideration will be paid, and any costs exceeding the Contingent Consideration will be borne by the Banks.

If the LaSalle Situation is still outstanding following completion of the proposed Offer, and depending on the Banks' assessment of the situation at the time, the Banks reserve the right to continue with the sale of LaSalle to Bank of America on the terms of the Bank of America Agreement. In this unlikely situation, the Contingent Consideration would not be paid to ABN AMRO shareholders.

Further details of the Contingent Consideration will be set out in the Offer documentation.

