ABN AMRO HOLDING N V
Form 425
May 30, 2007

Filed by Fortis SA NV

This communication is filed pursuant to Rule 425 under the Securities Act of 1933, as amended.

Subject Company: ABN AMRO Holding NV

Commission File Number: 001-14624

Date: May 30, 2007

Important Information

In connection with the potential transaction involving ABN AMRO, the Banks expect to file with the US Securities and Exchange Commission (the SEC) a Registration Statement on Form F-4, which will constitute a prospectus, as well as a Tender Offer Statement on Schedule TO and other relevant materials. Such documents, however, are not currently available. INVESTORS ARE URGED TO READ ANY DOCUMENTS REGARDING THE POTENTIAL TRANSACTION IF AND WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors will be able to obtain a copy of such documents without charge, at the SEC s website (http://www.sec.gov) once such documents are filed with the SEC. Copies of such documents may also be obtained from each Bank, without charge, once they are filed with the SEC.

This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This communication is not an offer of securities for sale into the United States. No offering of securities shall be made in the United States except pursuant to registration under the US Securities Act of 1933, as amended, or an exemption therefrom.

Forward-Looking Statements

This communication includes certain forward-looking statements . These statements are based on the current expectations of the Banks and are naturally subject to uncertainty and changes in certain circumstances. Forward-looking statements include any statements related to the benefits or synergies resulting from a transaction with ABN AMRO and, without limitation, statements typically containing words such as intends , expects , anticipates , targets , "plans", estimates and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the presence of a competitive offer for ABN AMRO, satisfaction of any pre-conditions or conditions to the potential transaction, including the receipt of required regulatory and anti-trust approvals, the successful completion of the potential transaction or any subsequent compulsory acquisition procedure, the anticipated benefits of the potential transaction (including anticipated synergies) not being realized, the separation and integration of ABN AMRO and its assets among the Banks and the integration of such businesses and assets by the Banks being materially delayed or more costly or difficult than expected, as well as additional factors, such as changes in economic conditions, changes in the regulatory environment, fluctuations in interest and exchange rates, the outcome of litigation and government actions. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. None of the Banks undertake any obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

The following is a transcript of remarks made during an analyst briefing and question and answer session with Jean-Paul Votron of Fortis, Sir Fred Goodwin of Royal Bank of Scotland and Alfredo Saenz of Santander on May 29, 2007. A webcast of the session was posted on Fortis s website, on May 29, 2007.

SIR FRED GOODWIN (Chief Executive, Royal Bank of Scotland): Good morning everyone, a very warm welcome from me and from Jean-Paul and from Alfredo. Self-evidently we are here this morning to talk to you about this morning s announcement, our proposed offer for ABN Amro, and all of the details which we have published today which we hope will very much put the flesh on the bones of what we have talking about and what s been out there in the market for a little while now.

You are not expected to read that just now (disclaimer slide) it is in the document and it is a sign of the times we all live in. It is important information and so I am required to bring it your attention.

Perhaps even more important information here on this slide, the agenda for this morning. We are going to run through a consortium presentation just now covering the rationale from the consortium s perspective and then a little vignette of what is interesting to each of the individual consortium members. Following on from that there will be separate presentations during the course of day to allow consortium members to explain for themselves what it means for them.

I think one of the features from hereon in is that clearly the benefits of this transaction are clear we hope they are clear! and set out today but they are different for each of the consortium members, so from an IR perspective individual consortium members will be doing their own thing; it will be business as usual from hereon in. But clearly this is a moment in time for the consortium to explain what it s about and I sure there will be others as we going forward.

But most of the effort going forward will be institution buyer, institution to explain the case, to our investors. As you can see from that agenda, there will be more during the course of the day and I am sure there be many more opportunities in the days and weeks ahead as we have the chance to have dialogue with all our investors and as many as wish to.

There has been a lot talked about this transaction already. From our point of view not enough about the core commercial and business rationale of what we are trying to do, and again one of our objectives in the documentation we are putting out today is to try and put that right.

ABN Amro has many good businesses, many attractive franchises and operates in many attractive markets. That is again something that perhaps got a little bit lost in all of the rhetoric that has been around the subject. It is widely spread across many products and many geographies, and that is both a strength and a weakness, and we will come to touch on that a little bit later.

It is clearly highly complex. Some of that is necessary to be the organisation of the type that it is and some we believe is unnecessary and at the core of many of our synergies is making the organisation simpler and less complex than it is at the moment. It is also worth noting is the fact that ABN themselves acknowledge that their current strategy cannot go forward without a partner and without change.

The consortium is well placed to address all of these issues. We believe we have a particularly comprehensive strategic fit between the individual consortium members and the totality of ABN Amro. We have extensive knowledge of all of the main markets in which ABN is operating and I think that brings real strength to the consortium and real credibility not just to the synergies but also to the prospects for the business and our plans for the business going forward.

Equally importantly, we all have proven track records of integration. There will be significant integration activity and beyond integration we all have a strong track record in actually growing businesses. There is no point in getting involved in a transaction like this simply to achieve the synergies, key to it is taking the business forward and growing all the franchises that we are acquiring.

But you will have gather a sense from the proposals and from the numbers that we come on to discuss today that we see substantial opportunities to create value for Shareholders and for customers and for employees.

We believe we can create stronger businesses. ABN has many businesses, some of them strong but the majority not. There are simply too many businesses there to have been invested in adequately over the years; there are too many sub-scale businesses within the Group. The consortium members have the capability and the intention of addressing those issues and building strong businesses within enhanced market presence and growth prospects.

The cost saving opportunities are clear and we will talk more about those later. More importantly though, and in fact crucially, there are plenty of opportunities for sustainable increase in profitability through revenue growth.

We have confined ourselves to synergies which will arise from the transaction. We have not brought in improvement schemes that each of us were thinking about individually and separately, so the numbers we are talking to you about today relate to the deal itself. And we are confident that we create more transaction benefits than any single purchaser of this business could create.

The proposed offer terms: I will not labour these. They are very clear from the document I know from speaking to some of you, you are already there, you have got these.

38.40: we increased the cash proportion since we first announced; we up at just under 80 per cent now. The capital raisings are all fully underwritten I know that was a subject of interest certainly in the media. They are fully underwritten and sub-underwritten.

There are some important pre-conditions to the offer, again you will understand what those are and why those are. They are largely outwith our control at this point but we have the sense that they will be resolved shortly.

We have held back a euro, as you would see, by way of deferring part of the consideration until resolution of the LaSalle issues in one way, shape or form. We think this is the neatest and most straightforward way of addressing the issues which arise, whatever they may be in relationship to LaSalle.

You would have seen that we have been in discussions with Bank of America, those discussions have been amicable and professional but, as we speak, they are not ongoing so we don t know what the outcome of those may or may not be.

But we will certainly welcome the opportunity of a dialogue with ABN Amro and we have an ongoing dialogue with ABN Amro management and we would welcome the opportunity to speak more with Bank of America.

Allocation of the businesses: we will pick this up in more detail later, but again it is interesting when you look at this slide to see what has gone into each business is pretty much what everyone speculated would go into each business.

It is a very logical division of ABN s businesses. There are one or two little wrinkles as you get below the surface but I don t think there is any real need to go through this because it was all I think screamingly obvious why we would split the business up in this way, again one of the compelling attractions of forming a consortium between the particular partners we have.

A little bit at the so-called rump, on this slide. There are some shared assets, there are some shared costs around the Head Office that we as a consortium will deal with collectively, and that will be ongoing. Even after the individual businesses have been separated out we will deal with those collectively in our respective shares until they are put to bed .

Share of consideration, share of profits: just to help those of you who work out numbers in all these things, to see how the business has been split numerically. We will come on in a moment to speak about what s in this for each of the individual consortium members both Jean-Paul and Alfredo can do this much better than I can so I don t propose to labour the individual elements.

But they are very, very clear I think and very, very crisp strategic and business reasons, leaving aside financial reasons, why this is attractive to each of the consortium members.

For Fortis, we will end up with a clear Benelux champion who will be able to continue to build on the strengths of the ABN brand, which are considerable in Holland. They have a very strong private bank with great growth prospects and a strong asset management business again with excellent growth prospects, and Jean-Paul will return to this.

From an RBS perspective, three clear strands. Far and away the most attractive and actually this rather goes against much of the run of play and the run of commentary up until now but the big thing for us is actually the Global Banking & Markets opportunity and I ll come back to talk about that in a little minute as well. That is the single and most important and most substantial attraction from our perspective.

Citizens and LaSalle: not in fact just the obvious Citizens attraction of buying another bank in United States. LaSalle is a very particular type of asset, strong in commercial banking where Citizens historic strengths have been more in retail.

As you have heard me saying at previous Results Presentations it is our intention, and indeed we are as we speak building up our own commercial presence in the United States, so LaSalle and its strong commercial bias would help us significantly in that, if anything the retail parts of LaSalle are of lesser importance and significance to us. There are some very interesting national businesses within LaSalle also.

Last, but by no means least, there are good retail opportunities within the ABN Amro franchise, particularly through Asia. They are not large at this point in time. We wouldn t propose to pursue all of them but they are some interesting options created there, 27 branches in India for instance it is very difficult to get banking licences in India and it is a very attractive entrée into that market.

It clearly accelerates some existing strategic priorities of RBS, to grow our corporate and institutional banking platform outwith the UK to make it more global, to develop a strong platform in US mid-corporate businesses and to expand our presence generally in Asia Pacific. And of course there is an over-riding consideration, it s our objective to grow our business outside of the United Kingdom.

For Santander, again a very crisp and clear rationale, to become Number 3 in Brazil by network, by loans, and significant economies of scale available to Santander in Brazil as a result of this transaction. Great geographic and product complementarity.

Italy: a market Santander has been looking to get into for some time, a good quality franchise in Antonveneta, but one which has got great opportunities for further growth and further synergy as part of the Santander family.

Also a consumer finance business, where Santander has been building up now over the years quite a significant consumer finance presence in Europe and the consumer finance business within ABN Amro would be an easy and natural fit with that business.

What are we going to do? Well, maintaining an orderly process throughout this is paramount. On Day 1 what happens is that a subsidiary of RBS acquires all of ABN Amro full stop! The first priority at that point is to stabilise the business, to stabilise any issues with customers, any issues with employees, to bring as much stability and certainty as we can.

Key to that will be the first 45 day plan, what we do in the first 6 weeks to validate the plans we already have. We have got quite detailed plans in each of the consortium partners as to what we are going to do and it will be our intention to validate all of those, to socialise those within ABN Amro and to start moving forward with the consultations with the employee bodies and regulators.

We have already had consultations with the employee bodies, the Works Council and with the regulators in Holland and elsewhere, but that is an ongoing and continuous process and clearly that will be a key part of the process in the first 45 days. And, of course, even within the first 45 days we will be able to begin to start separating out the business units.

IT systems: in simple terms they go with the businesses that they support. If only it was as easy as that! There will clearly be some central systems that are shared amongst the businesses and actually one of the things which quickly emerged in our discussions with the consortium partners is that might actually be the best thing for them.

We might all be able to enjoy superior economics by carrying on sharing the platforms. In an environment such as ABN s where there is already plenty of outsourcing, off-shoring etc. of IT, it is not a particularly radical development the notion that we might end up sharing some of those IT platforms as not just the simplest way forward but also the most economically rational way forward.

Central functions and shared assets: as I said before, we will maintain a shared economic interest in those and value them and operate them in the most economically rationale and sensible fashion.

A lot has been talked about the complexity of doing what we are proposing to do, of splitting up the group. I offer up a simple schematic now, which those who will be involved in the process will hate me for because it will be nothing like as simple as this. But it is worth remembering that we are making a relatively limited number of incisions or changes.

Most of what RBS is acquiring stays in ABN Amro and doesn t move, so Business Unit North America, Asia, Europe ex-Antonveneta stays put, nothing happens to it, it stays where it is.

There are some discreet parts of the business which will be separated, Banco Real and Antonveneta to Santander; Private Clients and Asset Management to Fortis; LaSalle, hopefully won t go anywhere, and will also stay put. So a relatively simple uncoupling of those businesses.

It leaves us then with just one issue. It is not an easy issue but it is just one issue and it is a separation out of Business Unit Netherlands to Fortis. There is no rush, it is not a race, we will working together collaboratively and co-operatively to drive out the economic benefits.

Fortis will be running the business from the outset and we will work collaboratively to separate it. But in terms of complexity that is the only piece that is faintly out of the ordinary in what we are proposing to do with the ABN Amro Group.

There are many benefits for customers and employees, and I think I will leave it to Jean-Paul and Alfredo and indeed to myself to explain that in the context of our own businesses, but we are very clear in particular around employees, that we are actually creating a platform here which has got better prospects for growth going forward.

ABN have been cutting jobs for a number of years now in the face of deteriorating financial performance; they have been selling businesses for similar reasons. The platform we are putting forward now will involve job creation and growth going forward, as we have all demonstrated previously in transactions we have completely successfully.

It is our intention to make fair appointments. That seem very innocuous as a sentence there on this slide, but what that means is that decisions as to who gets what job will be made on merit having regard to ABN employees and our own employees. It does not follow from this that all job losses would come from ABN Amro people.

We would anticipate that there will fewer current employees affected by this than there would be under the Barclays proposals and it our firm intention regarding job losses in the Netherlands that we will be able to achieve these through natural turnover, redeployment and voluntary redundancy.

All of the banks have a strong track record of successful integration and successfully delivering or exceeding the delivery of promised benefits, and you are familiar with that already and so I don t need to labour that slide.

You will have seen from the pack that there are very substantial synergies available here. I think one of the particular strengths of the synergy package, if you like, is that they are mainly de-duplication benefits. They re mainly as a result of the fact that we have in-market overlap with the ABN Amro businesses, so I think in terms of risk of delivery they are pretty low.

Integration costs: we ve made I think pretty full allowance at this point for integration costs. I think there is a greater prospect of them being lower than that number than higher, which I think is where you would generally want to pitch estimates of integration cost.

And it won t come as a surprise I guess if we are buying businesses which are attractive, which we feel have got good growth prospects, where we have strong overlap and good cost and revenue synergies, you will be astonished to learn that it produces very attractive financial returns for all of our respective groups of Shareholders, and this is a subject we will return to later.

But there are distinct challenges involved with this transaction but we do believe that the benefits fully justify our involvement.

Next steps: we get a little bit caught up in legal process here and Dutch takeover process. We aim to move just as quickly as we can; the time-table begins now. We move into a phase of pulling documents together.

There are some external events going on in terms of the court and when ABN would call Extraordinary General Meetings of Shareholders that are not under our control, but insofar as anything is under our control it is full steam ahead at this point and we would anticipate that we can complete the transaction by the end of this year.

So, what I would like to do now is hand-over to Jean-Paul, then to me and then to Alfredo and we will go through the detailed rationale for our individual businesses. Thank you.

MR. JEAN-PAUL VOTRON (Chief Executive, Fortis): Thank you, Fred, and good morning, ladies and gentlemen. It is a great pleasure to be here and being able to tell you a little bit about Fortis in the frame of the consortium.

This is clearly a very important deal for our company. On of the basis of 2006 the ABN Amro portion would represents 28 per cent of profits, so it is quite sizeable.

The combination of Fortis and ABN Amro is tremendous. Why? Because clearly fits one of the ambitions for this company, which was to create a diversified source of earnings and strong and addictive streams, and quite clearly you can find that, as an example, through the retail business.

Just on retail, to give you size, we are going to deal with more than 10 million clients, with 2,500 branches mainly located in the Benelux, and this is a tremendous opportunity to work on lots of things which you are all familiar with: unit costs, quality investments in marketing, investment in technology, etc.

By the way, by saying that, it doesn t mean that our focus goes away from the Benelux to less international. We confirm or target 30 per cent of our profit here is a slide by the way internationally as well, so it is a very good combination.

Let me show you a slide, which we are very proud to show. This tells you what the position of Fortis/ABN Amro will be eventually in the

Benelux. The Benelux is an important region, as I said. Why? Because the Benelux enjoys a GDP per capita which is quite attractive and higher than the one of France, for example, Germany or the UK.

It is also one region which in the Eurozone is still growing nicely and higher than the average of the Eurozone, so it does represent quite a tremendous potential; also from an asset pool standpoint it is quite attractive.

As shown on this slide, we like to use this growth square, as you know for the ones who have been following our company. We have talked extensively about growth in the last few years. We have delivered on that quite superior returns and I think this deal has got to be put in the frame of that core strategy with enhanced efficiency.

I have already mentioned that this transaction will accelerate the growth. There are four reasons for that and this can be seen in the bubble chart.

Actually, if you look at what we call the growth engines for the business, you can see that these are going to almost double to 6 billion in terms of revenue. In terms of relative share of the growth engines it will rise from 31 per cent to 37 per cent of total banking revenue, so this is really the future businesses as they can grow.

The competitive position of some of these growth engines, and I mentioned for example private bank, are going to be exceptional, and asset management as well.

And then we just insist again upon the important factor of the Benelux retail franchise where we will have the ability to create a mass business but with a very well defined differentiated service level by client segments and so on investing in, as I said, innovation, marketing, branch distribution, network, etc.

As you have heard, it is our intention to acquire ABN Amro Business Unit in the Netherlands, as we define it, retail bank and commercial banking operations excluding the global markets, also clients and Interbank consumer finance unit. This was already shown by Fred in a previous slide. Clearly we are very happy to strengthen our position in the Netherlands.

The four blocks on the slide speak for themselves, so let me just emphasise a few key messages. As you can read from the rankings, Fortis will become the clear leader in that region. The banking operations in the Netherlands will contribute to about 18 per cent of our profits going forward, which goes back to the point I was saying about sustainability of these earnings.

The business, of course, shows the largest synergy potential, about 38 per cent of the synergies amounting to about 0.5 billion, and this is without taking into account the central cost savings of IT and headquarters.

Finally, and Fred has already mentioned it, we are going to leverage the great value of the brand as well. There has been a lot of equity in that brand and we want to preserve it and leverage it and combine it with our vision of Fortis as well.

Asset management: as you will recall, we have numerous times said that we wanted to beef up the size of our asset management business, which by the way is doing very well because it delivers about 100 million of net profit. By combining these two entities we will be one of the top asset managers in Europe with 314 billion of assets under management and a net profit of 236 million.

The combined entity will dispose of all necessary ingredients to be further successful, being from a product standpoint, being from a present standpoint and extremely important, the discipline of the talent pool. We are also forecasting synergies of about 160 million in asset management.

You are all familiar with the private banking operations of Fortis. We have invested in the last few years a lot in that business. We also combine it with our commercial banking operations so that we can be the bank of the entrepreneur and also for his own business, and it is a very successful combination. We will be the Number 3 private bank in Europe this is very important with more than 220 billion of assets under management.

In this respect, by the way, this is not a new adventure for us because you will remember that Fortis acquired MeesPierson from ABN Amro. We made it a core activity for ourselves, developed it internationally as well and I think it is doing extremely well as we speak.

This is an important slide about synergies. We are projecting 1.3 billion of synergies by 2010. 86 per cent, or more than 1 billion, of these synergies relates to cost efficiency, so it is quite an ambitious plan. They represent 21 per cent of the relevant combined cost base or 28 per cent of ABN Amro s cost base as they will be fundamentally realised within the domestic market place.

The integration costs are estimated to amount to about 1.5 billion and, as Fred has already mentioned, we have a tremendous experience in terms of restructuring and integrating. We have done this for the last 15-16 years in our activities, and very successfully by the way, always with the delivery of the results or better than expected results.

This slide summarises all the financials of the proposed transaction and total consideration of 24 billion equals 10 times the 2007 estimated earnings, including full post-tax benefits it is actually 9.8 times to be precise! Around 60 per cent of the financing will be raised through a rights issue.

Let me also emphasise in respect of our solvency, our objective with the financing mix is to keep the Fortis Bank core Tier 1 ratio at least 5.7 per cent and the Tier 1 at 6.7 per cent immediately after completion in line with our current ratio.

We will deliver an ROI return on investment including the synergies of 11 per cent, and this allows Fortis to accelerate its cash EPS CAGR 2006-2011 by 1 per cent to around 13 per cent.

Let me share with you the social aspect of this deal. This is extremely important, particularly in the Netherlands. The combined forces of Fortis and ABN Amro will amount to about 82,000 employees world-wide and there is an overlap of 6,443 functions. The function overlaps, at the end of this, of ABN Amro will fall under the combined responsibility of the consortium These overlaps are estimated at about 1,100 people on the total Head Office people of 4,438, and Fortis will take its share.

In terms of FTE reduction, I can just highlight the following: that this is representing about 7 per cent a year. If I take the run-rate, and in fact if you take Fortis altogether, we have increased our numbers of FTEs through the years so we think this will be a do-able operation.

It is also the intention of the consortium to create an employment office which will make possible and more easy to take care of all the social aspects of the people and offering the opportunity to move them around the various franchises. We know that people are the greatest asset of any business and, believe me, we are always taking a lot of care in terms of making sure this works in the best possible way.

Let me maybe conclude by saying that we are company which has a commitment to the Dutch stakeholders. We want this to be a win-win situation for all stakeholders by the way, ABN Amro and Fortis, and I think the great movement here is to create a top, leading company in the Netherlands which will give a chance to further the Benelux and expand internationally as we have done as well.

For the employees, we know the country, we have been working there. Our past history goes back 300 years, so we think we have a good understanding of what working in the Netherlands means. We have also a strong commitment to sustainability and to sustained development and social responsibility. Maybe to conclude on that note, it should be known that 25 per cent of our employees in the Netherlands are involving themselves on projects which are of a social nature.

That was my quick overview of Fortis and maybe I can ask Fred to follow?

SIR FRED GOODWIN: Thank you, Jean-Paul. In the same vein as Jean-Paul I would now just like to run through very quickly in a little bit detail the view of the world from the RBS perspective in the businesses that we are acquiring.

As I said a few moments ago, three clear strands of interest for us which by far and away the biggest and most important is the GBM opportunity, bringing it together with ABN Amro Global Wholesale Business is a very material part of what we are talking about; Citizens and LaSalle another obvious element; and the International Retail Businesses. All of them I think are important because they advance existing strands of RBS strategy and bits of RBS strategy which are already well under way.

To the right-hand side of the slide you will see the impact it makes on the proportion of our earnings which come from outside of the UK, but just as importantly the split of earnings from outside of the UK take on a different shape and nature also.

Looking at each of the opportunities in turn, the GBM opportunity: ABN have some very good businesses in this area but, as I was saying earlier, there is a sort of sense to which they are wide and thin and we are tall and deep . We have moved from strengths we had in the United Kingdom. We moved firstly into Europe, then building out in the United States, which is an ongoing activity, and then building out into Asia Pacific.

ABN are already in these places but not with the depth of customer relationship and not with the product range which really we think is necessary to make those businesses successful. So some pretty good complementarity there and pretty good opportunity.

I think this slide captures it very well. Over on the left-hand side it just gives you a sense of our respective league table position and the resulting league table positions of the combined organisations.

Some very clear areas where RBS is much stronger than ABN, some very clear areas where ABN is much stronger than RBS, and some areas where we are both at the races but become very strong in combination, and that to me is one of the key slides in all of this. It is not that the world is all about league table positions, but it just encapsulates the complementarity and synergy which exists within this part of our business.

Just as importantly in the top right of the slide you will see the depth of customer relationships and number of customer relationships and where we respectively have them. We come out of this with Number 1 in the UK, Continental Europe and strong in the United States and strong in Asia Pacific. This is a very, very strong corporate bank which results from this transaction.

As you can see from the mix of its income down at the bottom right there, a well spread organisation, still plenty of room for growth but a very material and substantial business and clearly better than the sum of the parts.

The numbers work too. On this slide, the ABN Amro problem I guess is there for all to see in the column showing its P&L Account. You don t have to make a huge amount of headway into that to get down towards our number to realise there is significant value to be realised, and you can see that down at the bottom of the slide, the proportion of the synergies and transaction benefits which come from this strand of the project.

Citizens and LaSalle: I touched on that earlier too. The big opportunity is to accelerate our strategy of building out into the commercial banking arena within the United States. It is profitable and relatively under-populated in terms of serious competitors. We are already a significant player there. LaSalle would move up right up the rankings in one fell swoop, so it is very attractive.

The retail banking part is attractive too but it is really of a second order of magnitude, a second order of priority, and there are some interesting national businesses which come with it too.

You see in the top left-hand side of this slide that complementarity I was talking about; it is almost precisely the inverse of Citizens in terms of it business mix. The combined business very well balanced between retail and commercial.

You can see on the right-hand side just some of the market shares and some of the underlying activities and you will again see a sense that we complement each other very well. A very clear overlap: this doesn t expand the geographic empire at all in the United States. It is a complete overlap with the Citizens business.

On this slide, the numbers again: a pretty clear story on the P&L side of things. Moving towards the Citizens cost:income ratio gets us some very attractive returns, a very substantial opportunity.

I would just draw your attention to the sale of securities figure. LaSalle has a chunk of mortgage-backed securities which we would be inclined to dispose of as part of this process. There is a slight dis-synergy there; we like the capital generated and we prefer the risk profile without that in the business, but again just to draw your particular attention to that in arriving at the net figure for revenue gains of about 111 million.

They are all based, as all of our synergies are, on quite a number of detailed individual underlying initiatives. It is not that we are going to do one single thing to drive out any of these cost benefits or any of these revenue benefits; they are very well spread and pretty low risk as we perceive them.

The retail businesses: I suppose if I draw your attention straightaway to the bottom left of that slide, we ve assumed nothing in terms of synergies from these businesses. I don t for a minute think that is the case. I think there is very significant growth opportunities here and some very significant revenue opportunities, but at the moment they are pretty *de minimus* in the overall scheme of things.

They make about 88 million profit before tax; they are very much a rag-bag of individual businesses. Some of them individually make more profit than that and you will be able to work out that there are some that don t make a profit, some because they are in a formative stage and some because they shouldn t be there anymore. So, quite a lot of sorting to do around these businesses but some very important individual positions.

I mentioned India. It is difficult to get banking licences in India and to acquire a business which is already profitable and already operating through 27 branches is something worth acquiring.

One of the features of ABN s operations also in this area is that they have deployed money transmission product in most of these areas. Money transmission is an expensive product to deploy. It is probably not the one we would usually deploy first but given that it is deployed it does give a tool that wouldn t otherwise be there and it does gives us something which is both sticky and attractive for retail customers.

I don t think if we are standing here in a year s time that we would be going forward with all of these businesses but I think we would be there with most of them and we would be looking to invest and develop some of the very interesting opportunities which come in some very high growth market places.

Transaction benefits: again you ll see just quite the significance of what we are talking about in CBM, by far the lion s share of the transaction benefits, both of cost and revenue. A whole range of underlying initiatives I am happy to talk about those later and to give you some more sense of granularity around what they are.

Transaction financials: very attractive. We don t look at a lot of transactions in the Group that come forward as attractive as this and as large as this. We have tried to be pretty conservative in pulling our numbers together. We are not shooting the lights out to arrive at these numbers. I think they make good business sense and fully warrant the effort which will be required.

This will be a difficult transaction to land and there will be a lot of hard work required to deliver all of these integration synergies, but we believe these returns fully warrant it from the perspective of our Shareholders.

So thank you very much. And I am now going to hand-over to Alfredo who will walk you through the Santander presentation!

MR. ALFREDO SAENZ (Chief Executive, Santander): Good morning all of you. I would like to explain to you why I think this is an excellent deal for Santander both from a strategic and from a financial point of view. I will start with the strategic rationale.

We are buying assets in markets we like and which we know very well. Within those markets we are acquiring banks with excellent footprints which we think have excellent growth opportunities. We are extremely confident that we can generate value in these markets.

We think we can achieved substantial efficiency improvements and can create stronger businesses which will be better prepared to grow and take advantage of opportunities in their markets. We have a clear vision as to what we need to do to generate that value. We have successfully executed similar integrations in the past.

In Latin America we have integrated large banks in the three major markets: Brazil, Mexico and Chile. In Europe, we are successfully executing the cross-border integration in the UK and we are delivering synergies in excess of the announced targets. Therefore, I think this deal is compelling from the strategic point of view.

However, on top of any strategic considerations the numbers need to add up. We have announced two financial criteria: any deal must be EPS enhancing and must deliver a return on investment in excess of our cost of capital by the third year. This deal comfortably exceeds these hurdles. It is EPS enhancing from the first year and it allows us to reach a return on investment in excess of 12.5 per cent by 2010.

Then we ll discuss the acquisition of each business in more detail. I will start with Brazil, which represents the bulk of ABN Amro s Latin American businesses.

This acquisition will allow us to achieve a step-up in terms of scale. We will have the second largest deposit base in the country and the third largest distribution network.

On top of that we think there is an excellent fit between Santander Banespa and Banco Real from a geographical as well as from a product and client base point of view. We think that by integrating both franchises we can generate significant in-market synergies with limited execution risk.

In summary, this acquisition will allow us to take a qualitative leap not only in terms of size but also in terms of efficiency and growth opportunities. It will give us a footprint quite similar to the one Itaú or Bradesco have in the country.

Let me illustrate some of these points. As you can see from this chart, we will become the third largest bank in terms of distribution network and loans. We will also have the second largest deposit base and the fourth largest revenue base.

We believe that this step-up in size will translate into enhanced economies of scale, stronger commercial muscle and an advantage in distribution in terms of the businesses, in other words, we will have a much stronger competitive position in the country.

Santander Banespa and ABN Real are highly complementary both from the geographical and from the product point of view. Banco Real is strong in Rio de Janeiro and Minas Gerais, two states in which Santander is under-represented in terms of distribution network. At the same time Santander is stronger in regions such as Rio Grande de Sul where Banco Real is under-represented. Overall the combined entity will have a more balanced branch network within the strong markets of the richest regions of the country.

From a product point of view, the fit between the two banks is also very good. Santander Banespa is a stronger in the affluent segments and corporate banking. At the same time ABN Real is stronger in the mass market and in the SME segment. The combined entity would be a more balanced bank from the point of view of its product and client mix and dominate all proven markets in the Brazilian banking sector.

The integration of both banks will allow us to generate synergies in excess of 800 million. We have a clear idea as to what to do. In Brazil alone we have integrated four banks over the past 10 years. Our operations in Brazil are running on the single multi-bank scaleable IT platform which can absorb the migration of a bank such as Real with limited incremental cost and limited disruption.

We have a clear integration time-frame and five clear sources of value which will allow us to achieve the announced synergies. The sources of value are: improvement in standalone efficiency; IT migration; integration of operations; integration of Head Offices; and full merger/network optimisation.

I believe the strategic rationale of the acquisition of Antonveneta is also very strong. We have said in the past that we like the Italian banking system. It is a banking system which offers attractive returns and with segments which are clearly under-developed, such as retail mortgages and all consumer lending. On top of that, there is the potential for efficiency improvements through IT and better practices.

Italy is also a market we know very well, which we have studied for a long time, first through our presence in San Paolo, later through our consumer finance and private banking operations. Therefore, I think we can take a realistic well-founded view of what we can achieve in this market.

Within Italy Antonveneta is a franchise we like. It has an appropriate critical mass to achieve good returns and it has a strong base in some of the richest regions in Italy.

Antonveneta represents an excellent platform from which to grow in Italy. It is still under-represented in some segments, which means that it has clear growth opportunities. I also think that by exporting our business model and our IT to Antonveneta we can achieve significant efficiency improvements.

Let me illustrate some of the points I ve just made. This chart gives you a picture of Antonveneta s position in the Italian banking market. As you can see, it has the 7th largest branch network in the country, the 6th largest in the North after taking into account the recently announced M&A transactions. Overall it has a strong presence in its core regions such as Veneto; it has significant potential to grow in the rest of the country.

It has a relatively small presence in some of the richest regions such as Lombardia and Piemonte but this is an excellent opportunity to pursue a strategy of aggressive organic growth, in fact, the current situation with the five largest banking groups in the country undertaking network integration represents a unique opportunity to pursue this kind of strategy.

There are four sources of value generation in Italy:

The first one is the potential to improve Antonveneta s efficiency, in fact, its ratio of administrative and general expenses to total revenues is much higher than our standards in Continental Europe. By implementing our IT system and transferring our own practices and processes we can achieve a clear improvement in this area in a relatively short period of time.

The second one is the potential to improve the commercial performance of Antonveneta in areas in which it is under-represented such as retail mortgages or consumer finance.

The third one is the potential to generate synergies with our global units, such as credit cards or insurance.

And the fourth one is the potential to expand Antonveneta s presence in Italy through an organic expansion, taking advantage of the consolidation process undergoing the Italian market.

On this chart you can see a summary of the synergies. We expect to generate more than 1 billion in synergies, of which 85 per cent are cost synergies. In spite of the fact that we expect this deal to give us access to significant growth opportunities we have decided to be conservative when quantifying revenue synergies.

This slide shows our internal breakdown of the consideration paid. We think this breakdown will be useful for the sake of transparency. As you can see, the total consideration is close to 20 billion. Out of the figures our stake in the combined businesses is valued at 1 billion, therefore, the valuation of our acquired businesses is 18.8 billion. We have assigned 12 billion to Latin America, 6.6 billion to Antonveneta and 210 million to Interbank.

We have communicated two criteria for acquisitions. The first one was that any deal had to be EPS accretive within three years; the second one was that its return on investment had to exceed our cost of capital by Year 3. This acquisition comfortably exceeds our financial hurdles.

In terms of EPS impact the deal will be already positive in the first year and we expect this positive impact to exceed 5 per cent by the third year. I want to make clear this impact does not include any kind of fiscal benefit resulting from the deal and includes full dilution of mandatory convertible shares.

In terms of return on investment, we expect to exceed 12.5 per cent by 2010, well in excess of the cost of capital of our Group. As you can see, each one of the units is expected to comfortably exceed its cost of equity by that year based on the valuation breakdown explained.

Let me sum up now the main transaction financials. As a reminder, we are paying 18.85 billion for the acquired businesses. This represents the total consideration, less the value of our stake in the shared businesses.

We are paying a multiple below 16 times consensus 2007 earnings for the acquired businesses; including 100 per cent of the synergies we are paying a multiple below 10 times consensus 2007 earnings. This is below the multiple at which our stock is currently trading which reflects the value-creation potential of this deal for our Shareholders.

As mentioned earlier, we expect to fund half of the consideration through a rigorous balance sheet optimisation exercise. The rest will be funded through a combination of mandatory convertibles and a rights issue.

After the deal we expect our core Tier 1 to be in the neighbourhood of 5.3 per cent and after the deal we would expect it to trend up towards the current level.

As mentioned earlier, this deal comfortably meets our announced financial hurdles. It is expected to generate a return on investment of about 12.5 per cent in 2010, well in excess of our cost of equity and we also expect the deal to be EPS accretive from the first year, exceeding 5 per cent accretion in 2010. Thank you.

SIR FRED GOODWIN: Thanks Alfredo. I guess that bring us now, ladies and gentlemen, to the point of the proceedings where we are open to any questions from the floor or indeed anyone else who is dialling in. We will try and do the usual procedures with microphones and, if time allows, we try to get around to everyone. But, if we start with Mark!

Mark Thomas: Thanks, it s Mark Thomas of KBW. Two questions if I may, at the group level consortium versus Barclays, the big difference in synergies appears to be in Johnny s area where you ve got both more reverence and more costs. I was just wondering if you could explore in some more detail as to where you think you have the incremental benefits compared to where Barclays would be?

Sir Fred Goodwin: I can t think of anyone better than Johnny to do that one Mark.

Johnny Cameron: I think it s worth comparing it to our experience with NatWest, certainly we ve had very limited due diligence but that interview when I went over there filled me with enormous confidence, particularly about the cost synergies. I think it s about complexity as much as anything else as Fred said, they have a very, very complex organisation with cost allocations all over that place and that s something in particular we d want to address. The places they come from are more back office, they re in IT, obviously IT platform, the financial area, the finance and accounting area, a lot cost synergies there. It s obviously quite convenient next door to here so we can get our hands around quite quickly in terms of the global markets business, there won t be trekking up and down to Canary Wharf and that s a very minor point. On the revenue side I think what I d bring out is what Fred was saying which was we have achieved global leadership in some of the key products in global markets in terms of bonds, in terms of loans, we just moved to number four on foreign exchange and we ve done that on the back of a smaller customer base than ABN AMRO s has got, so they have a much larger customer base, sorry, I should rephrase that, a larger customer base than us which is relatively unexploited so I think in terms of revenue benefits that is what we will be doing. We have got the core products, global leadership and core product that we can bring to that customer base. The third point I d make related to that is the overlap and under lap compared to BarCap it is much neater with us. I think the slide we put up there that Fred showed shows the complementarity and I pick out there for example equity derivatives where we are growing quite fast but we have recognised we are underweight for some time now so in terms of accelerating our progress in that market for example ABN brings a significant product strength so there are some really quite neat product strengths complementary to us that are niche and not core. In the core products we already have global leadership, we have got a much more exciting customer base to aim at.

[Follow-up off microphone]

I don t think I am close enough to what they are saying to compare directly but in terms of revenue to synergies if you look at the some of the surveys that we are not directly allowed to quote, adding clients and clients there are remarkably few client dis-synergies, there is some overlap but I m very comfortable about that.

Sir Fred Goodwin: It is probably worth just adding Johnny we have got our own cost income ratio and your business is much, much lower than BarCap so you are operating off a much lower cost platform to start with so for any given synergy it is worth more on our platform than it is on BarCap s.

Mark Thomas: The second question and I appreciate that this will be very commercially sensitive really fits around the exposure to LaSalle. Clearly you have said that if need be you would continue the contract if a floor is put on the loss, you have got this retained 1 euro per share. Is all of the LaSalle a Royal Bank issue or is it going to be spread across the syndicate and would you invite us to view that as being a cap, the maximum exposure the syndicate would be willing to take on LaSalle or is there an element which the syndicate would bear on top?

Sir Fred Goodwin: I think you have kind of started off down the right track Mark in saying that there s a commercial sensitivity around all of this but let me try and address it as best I can. It is a consortium matter, we are talking about consortium transaction and the consortium is bidding for the whole of the group and the consortium is seeking to acquire LaSalle as part of that and that is what we are here today talking about. There are a variety of ways that could come about and we would expect and hope that a consensual way forward could be found as we have acknowledged there have been discussions with Bank of America, those have been amicable and professional but they have not produced a transaction and they are not as we speak ongoing but it would be our hope to find a consensual way forward through all of this. The 1 deferred consideration fee certainly highlights and flags the LaSalle issue and it flags an intention of behalf the consortium not to import this issue to our own shareholders. But as to where and how it plays out beyond that I think you are right, it probably is a bit commercially sensitive at this point, but I think the 1 gives us head room to resolve this in a sensible fashion.

Jean Piandere: Jean Piandere from KBW, I had a question regarding the extrication or the separation of the Dutch business from ABN AMRO, perhaps if you could expand a bit more on the challenges there? Is it the IT, is it commercial, is it the client base and what are the steps you are taking you are taking to resolve that and what is the attitude of the Dutch Central Bank?

Sir Fred Goodwin: Jean-Paul, do you want to open it, I don t know if Mark wants to add anything?

Jean-Paul Votron: This a very important question and certainly something we have extensively discussed also with the Dutch regulatory because it s one of the complexities of this deal but believe me there has been a lot of work and hundreds of pages written about the subject and the way we can do this. The first priority of the consortium is to guarantee the continuity of business and no deterioration of client satisfaction and so on, so our first responsibility and we are committed to do that is to make sure we guarantee that continuity that will give us also more time to actually understand all the complexity which we are dealing with. Having said that we have a pretty good view that this is doable and that this will happen in the timeframe which we are quite by the way also flexible to consider which can be anything up to three years to make sure that we do this in an orderly fashion delivering on this plan. There will be more time specifically on operations matters if you want to keep your question also for that time.

Sir Fred Goodwin: You and I Jean-Paul have invested a lot of time with the regulators and it s very much built around nothing happens on day one other than we take ownership and then we move forward in a way that the regulator is happy with but also just as importantly that we are happy with. It is important to get the right tone an the right momentum in the business at the outset and that is a priority, making sure the customers are happy and the staff are happy is priority number one and we only move forward on that.

Jean-Paul Votron: If I can add one thing, one of our missions is also to look at how we can work on standard platforms for example going forward which can help multiple businesses create more economies of scale and more product quality and services qualities as well, so it is a plan of investing in quality together with what we just said.

Sir Fred Goodwin: Mark, is there anything you want to add on that?

Mark Fisher: Thanks. I think the IT systems piece because we have decided jointly that where we find things which are deeply integrated we really want to invest in those and use them as a shared platform particularly for international payments, that s attractive to RBS, it s attractive to Fortis so actually there s not a huge challenge of separation of those complex things, so the real hard work is actually going to be the legal piece of carving off from the diagram you saw earlier, creating that view in the Netherlands as an entity that can be legally defined and moved across to Fortis where currently it s integrated into the ABN structure. The final piece to say that the tempo of this will also be to do with the works council consultation as well as the regulator, so that s the key regulator of the deal, the timing regulation of the deal is to make sure the we actually move forward in a way that actually works for the regulator and the work force, so we think it s eminently doable. It s a lot of work rather than very highly complex.

Sir Fred Goodwin: Thanks Mark. We will go to the person there and then we will go up the back.

Questioner: Three questions if I may, first one if you can give a bit more detail about the purpose of this 1 deferral i.e. what is the meaning of this 1 if you have to pay let s assume that you reach some kind of agreement with Bank of America and you have to pay some kind of settlement with Bank of America, this settlement will be taken out from this 1 i.e. your offer will be decreased if you have to pay a settlement, that s question number one. Then question number two, what about completion? If you have a rough idea of when completion can be if we assume that the Supreme Court in the Netherlands is going to rule something by the end of June, beginning of July as they say they intend to, when do you think they will reach completion and when do you think shareholders will receive their money? Question number three related to the disposal of assets, have you already agreed the sale of these assets to third parties or fourth parties and specifically relating to Capitalia, if you keep the shares of Capitalia for the time being you will receive Unicredit shares at some point and I guess that you are not very interested in holding Unicredit shares right now so what are your plans regarding the Capitalia shares?

Sir Fred Goodwin: Ok, maybe if I take a swing at that I don t know if my colleagues will join in. You partly answered your own question the purpose of the 1 there. It is important to remember the bid that we are making today and we made all those weeks ago and the interest we expressed right at the outset before anyone had sold anything was for the acquisition for the entire ABN AMRO Group and the bid we tabled at 38.40 was for the acquisition of the entire ABN AMRO Group and we are quite happy to pay 38.40 for the entire ABN AMRO Group. If to acquire the entire ABN AMRO there has to be some settlement with Bank of America whether it be in settlement of litigation or in some other arrangement that is come to, then it will be first and foremost settled out of the 1, it goes back to Mark s question so it s not something we wish to import to our own shareholders the deal would have changed in that situation. As far as completion is concerned I guess we have an inherent advantage with completion, because our deal can begin now and doesn t have to wait for the LaSalle deal to complete as the Barclays deal does then we have an inherent advantage in terms of being able to complete the transaction quickly. That said there are formal steps and processes which you will all be familiar with which would take us to our estimate of Q4 of this year before we could get to completion and the payment, I don t know if anyone wants to add anything on that? On the disposal of assets and in particular Capitalia, again one of the areas the consortium very quickly reached interest on was which is the assets that we did want and the assets that we didn t want and we all agreed that we didn t want the Capitalia stake and it went into the rump. Events have subsequently moved on in relation to Capitalia but it remains our view that none of us want to own Capitalia directly or Unicredito shares instead so we will seek to liquidate that holding as expeditiously as we can, but we have not at this point entered into any agreements with anyone to sell it. It is not our asset to sell. Shall we go to Robert and then the person sitting next to you Robert?

Robert Law: Robert Law of Lehman, two questions if I may. Firstly could you comment on the thinking behind the increase in the cash proportion of the consideration from the original indication and secondly could you update us if possible on any timing or progress in filings with the Dutch Central Bank?

Sir Fred Goodwin: Ok, I will look to Jean-Paul on the second question, you are closer to the detail of that than me. Increasing the cash, simply the cash was there to do it with Robert. It has always been sort of an RBS philosophy to pay as much with cash because that s far less expensive and works better for our shareholders than paying with equity, so we indicated at the time of the initial bid that from a consortium perspective it would be at least 70% cash as we have spent more time and we have had access to a limited due diligence and as we have worked to refine our plans more we could easily reach the levels we have reached and you saw the figures on the capital ratio so it just makes more sense to pay cash than issue equity and that s a pretty standard assumption I guess. Jean-Paul?

Jean-Paul Votron: As far as the Dutch Central Bank I would like to expand that to all regulators, we will enter into a period where we will have to intensively work with all regulators concerned so this

41

is not just the Dutch Central Bank but the one thing that I want to add to that, we had intensive contacts with the Belgium regulators as far as Fortis is concerned, we regulated from Belgium and the Netherlands and the Dutch regulators. Their questions were related mainly to the financing of the operation because they control Fortis as well as the operating model I think they were satisfied with the financial piece because it has all been underwritten so as the operating model we spent time Fred and myself and Mark visited them as well to make sure they understood what we just explained in terms of unbundling some of these operations but more fundamentally giving them comfort in terms of the great quality of continuity of business going forward as well as we explained.

Robert Law: Are there any fixed formal timings that you can make us aware of in terms of discussion with the regulators?

Jean-Paul Votron: No, they are ongoing as we start now. After this meeting I am sure I will have a chance to see them again and Fred as well. One of the important decisions we took which by the way which pleased the Dutch regulator was to have one responsibility well identified in the way that we would move forward. This has justified the decision to ask RBS to lead this whole transaction as well so that they have one counter part which they can identify for its responsibility.

Sir Fred Goodwin: The FSA will be the lead regulator Robert of the whole transaction, we are well advanced in arrangements and the FSA themselves have set up a number of mechanisms for liaising with the other country regulators who are involved so the process is well advanced but still has got some important stages to go through.

Nick Holmes : Nick Holmes at Lehman, two more questions for Jean-Paul please, the first one is you mention 5-8 billion of disposals that you are considering as part of the funding package. I wondered could you tell us a little bit more about which businesses these might be, for example might they mainly be on the insurance side and related to that question are you factoring in these disposals when you estimate that EPS accretion will be 4% by 2010? Then second question is the famous target of 30% outside Benelux by 09, I wasn t quite clear whether that is being kept or going to be amended?

Jean-Paul Votron: Thank you for asking the second question so I can clarify what I said maybe too quickly in my presentation. We are committed to the 30% in 2010 outside of Benelux and we don t change that commitment, actually I you look at the assets we are considering asset management and private bank have pretty much an international profile. Furthermore we will keep on developing our retail business as we do in countries like Germany, Poland, our commercial banking activities in Europe and then selectively what we do on the merchant banking side in Asia and North America, example the energy commodity and transportation segments, so unchanged in that respect. The second, or the first part of your question, the 5-8, it is a combination if the assets which we would get from the rump which Fred has been explaining. It is a number of participation identified as non-core, non-strategic for the future of Fortis and there is an element of securitisation as well so balance sheet optimisation and that s about what contains this 5-8 so there is no decision to leave any big business segments at Fortis, we committed to what we do by the way, we committed to insurance as well as to our bank business and nothing changes here.

Nick Holmes: So just to clarify that there is no intention to sell any insurance businesses?

Jean-Paul Votron: There is no intention to sell any insurance business to achieve this plan in terms of real infrastructure of businesses, maybe intentions related to joint ventures or whatever we may consider, but that s not part of this full explanation.

Nick Holmes: Thanks.

Paulo Laragne: Paulo Laragne, Morgan Stanley. Three questions, the first is on cost savings. You are targeting 4.2 billion excluding LaSalle, cost cutting is around 3.6 billion which is only 800 million more cost savings than Barclays. Only in the Netherlands and in Brazil you are targeting 1.8 billion cost savings which tells me that it looks like you are more conservative than Barclays in the cost cutting potential because due to the overlap I would say you could achieve more than 1.5 billion more than the cost savings of Barclays, so the question is: do you think you have room once you have more information to increase your cost savings targets or do you think the targets of Barclays are too aggressive? That s the first question. The second question

Sir Fred Goodwin: I m on my best behaviour today!

Paulo Laragne: Second question is which prices are you assuming in Fortis and in Santander in the capital increases in the calculations of the EPS enhancement you have announced? The third, overall the deal is around 5% accretive in EPS for the three banks. The ROI is 12%, way above the cost of equity. Would you say you have room to increase the bid, the price offer for ABN AMRO still meeting your own targets as banks in acquisition terms, in acquisitions in terms of ROI, EPS and so on?

Sir Fred Goodwin: Ok, we ll share those out. I think the ones about the price of capital issuance we ll definitely have Alfredo and Jean-Paul. On the cost savings front I think the most important thing when you re looking at a transaction like this is to make your own estimates on cost savings. One of the reasons that we are able to put up a slide like the one we put up about the savings that we promised and then the actual delivery that we ve each achieved is that you need to think about these things carefully and plan them carefully. There s no point in just standing up and going we ll save this many million or that many million . It s important to build them up from the ground up and we indicated in our various presentations the number of underlying initiatives which are behind all of these. It s no accident that the organisation sitting here have the track record that they ve got in integration and being able to deliver the benefits. It s very important to all of us to preserve that track record and preserve that reputation and so I m standing here and saying before you today in putting up cost savings numbers, the numbers that we ve worked on and we ve delivered and we believe are reasonable for what we are going to do with the business, what others say they can account for and they have to explain that we are very comfortable with what we ve done and I think our track record would speak to the fact that we are inherently conservative in how we go about these things. If I understood what you said correctly that there s 4.2 billion excluding LaSalle, it s 4.2 billion including LaSalle in terms of cost savings. The figures that are shown on slide 16 have got LaSalle s figures in them, so that s our position. I don t know if you want to add anything on that?

Jean-Paul Votron: Just on the synergies side because a big chunk effects the Netherlands, it s being done extremely precisely branch by branch, street mapping etc which we do in retail, you see the overlaps and understand the impact. Also I mentioned the savings in asset management and private bank done with the same level of care discipline, so we re pretty committed to deliver out of the 1.3 the one billion of cost synergies which is about 86% of the total value and I think it s very realistic, I ve myself seen a lot of these exercises happening and they re really quite precise, so we feel comfortable with that.

Sir Fred Goodwin: Also I think because of what we re doing with cost savings it s an inherently lower risk set of numbers because we ve got large de-duplication benefits, we ve got large overlaps in the countries where we re making the assumptions about this. We re not having to import savings from other parts of our businesses to make the numbers work. These are all by and large from overlaps within our existing business and hence not only are we confident about the numbers but any set of projections have some risk attaching to them. We think the risk attaching to these is pretty low. On the prices assumed for capital issuance, I don t know Jean-Paul and Alfredo what you can say or what you re able to say on that?

Jean-Paul Votron: I can talk about our position for example, it s quite well secured, comfortably secured and it s been quite a large number of institutions ready to support us. The price of raising the equity I think is not the purpose of this conversation today so we ll leave that aside, but altogether we feel that we have a pretty good plan.

Sir Fred Goodwin: Alfredo, do you want to add anything?

Alfredo Sáenz: I think I have tried to make clear in my presentation that let s say in gross figures we are going to finance half the deal with the let s say balance sheet optimisation, so internal resources and about another 50% in two halves, rights issues by 5 billion more or less and another 5 with mandatory convertibles. Those are the kind of financials for us.

Sir Fred Goodwin: The final question about whether we ve got room to increase our price or not, it seems to me an odd question in that the transaction we ve put forward, the proposal we re putting forward today is comprehensively ahead of any of the other proposals that are there. I m trying to think of the circumstances under which we would want to increase further. In a narrow technical sense I guess you ll have noted from the slide with the returns on it that we are all beyond our cost of capital and we re generating very substantial returns. I think in deciding whether to increase our price or not, it s not just that it exceeds your hurdle, you have to take into account the effort involved, the risk involved. I think we re very comfortable with the levels we re at, this is a fair transaction for our shareholders and it s an attractive transaction for our shareholders and it s fair and attractive for ABN. I think that s how we would see it at this point.

Robert Sage: This is Robert Sage at Bear Stearns, a couple of questions if I can. First of all and apologies if you ve put this into the release and I ve just missed it could you comment a little bit about the phasing of synergies over the three years through to 2010? Secondly I was quite struck by the way in which you were talking about the central case for Royal Bank depending largely on the wholesale banking opportunity and I was wondering what your position would be in the eventuality that you were not able to block the sale of LaSalle to Bank of America, whether you would as a consortium still be willing to proceed with the bid?

Sir Fred Goodwin: Ok, phasing of synergies. I think we each gave an indication of how we didn t put up phasing of synergies but we each gave a sense of when the deal became accretive. I think Alfredo said it was accretive in year two, we ve indicated in the papers that it s mildly accretive in year two and becomes accretive to the extent we showed in 2010 and Jean-Paul you

Jean-Paul Votron: 4.3% in 2010 as well.

Sir Fred Goodwin: We didn t give a phasing so you won t find it in the pack Robert but that would give you a sense of how the numbers flow through. I suppose one point just to make about LaSalle, it won t be us that are blocking the sale of LaSalle. It will either be the court and then ABN shareholders that will be blocking the sale of LaSalle so that s a matter for I guess third parties as far as we re concerned. The offer that s on the table today is for the business with LaSalle and that s the offer that we re making at this point full stop.

Jean-Paul Votron: On your question on the synergy phasing, it s a case of for this 30, 70 and 100%.

Hector Rias: Sorry, it s Hector Rias from Dresdner Kleinwort again. One more question if I may, overall the deal looks even too good if I may say it. We are starting with the 8.4 but we are saying that we might see 37.4 because you have to pay some settlement to Bank of America and you are talking about around ten times after synergies for all the banks you are buying and all of you end up with very comfortable situations after the deal. Don t you feel that you are leaving a lot of room for somebody else to step in and put 40 on the table because really the numbers are still good going up?

Sir Fred Goodwin: I think we should probably mark the moment in time when it s being described as too good a deal . Just to clarify one point that you made, all of the numbers that you saw today are based on paying 38.40 that is what we are bidding today so there s no point at which we will end up paying less than that. We will end up paying 38.40 come what may, so if nothing happens with LaSalle and it all comes into our hands then the shareholders get 38.40, but in all circumstances we will pay 38.40 to someone to bring this about, that s a key point. Are we leaving the door open to someone else? Let s see. I think the point I made a moment ago is that looking at whether returns of a deal is too good or not, you ve got to look at the effort required and the skill required to bring the deal about. This is not a straightforward deal. It s more straightforward I think than many people first thought, but there are not many organisations that are equipped to take this one. I think that s one of the unique strengths of the consortium is that we have people who are skilled and equipped in their respective businesses and markets to be able to deliver this. If there s someone else out there who feels they can do that and who wants to come in and bid then they ll need to do that and we ll need to consider our position in the light of them doing that. But for today we stick with the bid we made a month ago, we feel better about it than we did a month ago, we ve had a chance to do more work, to gain more insight into ABN AMRO and then numbers work, but then we thought the numbers worked before we sat down except maybe you re just getting a chance to see these today, but what made all this pain and effort worthwhile for us is that we could see these numbers at the outset. When you ve got a compelling industrial logic, when you ve got industry leadings approaching one of the least efficient players in the market and looking to achieve de-duplication synergies then you can expect satisfactory returns and that s I think what you re seeing. But there s a risk involved so our shareholders deserve a higher return. I don t want you to leave here thinking that this is too good a deal. This is a good deal but it s a fair deal. Jean-Paul?

Jean-Paul Crutchley: Fred, it s Jean-Paul Crutchley from Merrill Lynch. I guess the ghost at the table here is Rijkman Groenink. Given that the structure of the offer looks well founded, the experience is there and the price is good, can you maybe just comment on what has prevented ABN AMRO

48

from being able to reach a recommended position here? What is there push-back essentially and what problems are facing this transaction because at the face value it all looks to add up pretty well?

Sir Fred Goodwin: I think it s a matter of public record now Jean-Paul. ABN are in a place where they legally because we re making a bid for the whole of the group including LaSalle, they are not allowed to talk to us under the Bank of America deal and they have also recommended the Barclays deal. So until they can extricate themselves from those two I think they are in a difficult place. I spoke to Rijkman yesterday, I think when they have the opportunity to review this I guess their boards would do what anyone else s board will do and consider their position and work out how they want to deal with it. It would be our preference to work with ABN s board to help them to understand our offer fully. We believe it s compelling, we believe they should recommend it but ultimately that s a call for them. Maybe you should ask Rijkman or Arthur what their view on it is, but our position would be that we would wish to work constructively with them in the interests of all of the shareholders, theirs and ours and their employees and customers to reach a professional and constructive outcome.

Anthony Broadbent: It s Anthony Broadbent Sanford Bernstein. I ve got a couple of questions if I may. The first is on implementation and particularly on how you foresee doing things like dividing the infrastructure and sharing that on an ongoing basis because whilst that sounds very clean in principle, in practice what that involves is two organisations who may want to take the platform in different directions going forward, how are you actually going to set priorities and make sure you re developing the shared service infrastructure in a way that actually works for both? I guess expanding on that point, what are the other big implementation risks that you re looking at and how are you actually planning to make sure that they don t make this whole thing founder during the implementation phase assuming you re successful? The second question is on financing where you mentioned in the press release that the financing is fully taken care of and fully underwritten. Does that mean there is no more financing risk to do with this deal and that is all completely put to bed?

Sir Fred Goodwin: Ok, I ll deal with those in turn. Shared servicing is pretty unremarkable, I ll go and get Mark to make a few comments. The world is full of outsourcing arrangements where people have passed their IT over to over people and at that point prioritisation is not exclusively in your own control. It s one of the reasons funnily enough why RBS is not overly enthusiastic about outsourcing as a model because it can limit if it s certain types of systems and processes, you would want to retain sovereignty as it were over some of your own key processes. By the same token there are many of our processes that we do outsource like cheque clearing for instance where there s genuinely a commodity and where there s plenty of supply, so I don t think there s anything automatically about shared services that are difficult in the context of implementation. One of the areas where it might actually become easier to become ABN AMRO is the fact that they have got and Mark Fisher will maybe speak to this in a minute a whole assortment of various outsourcing contracts around the group that have been half implemented and as a result they find themselves in the worst of all worlds, so funnily enough I think we would get into an easier place as a result of what we are proposing. But the notion of working together with Fortis for instance to share a platform is very unremarkable. Some of the platforms that we re sharing we ve already shared amongst the banks. I think Barclays was already on ABN s cash management system as are dozens of other banks, so it s very unremarkable in that respect. I don t know Mark if there s anything you want to add to that.

Mark Fisher: Thanks. I think the first thing to say is we re not anticipating everything will be shared so as you look in that picture of ABN we fully expect things like the Brazilian systems, Antonveneta etc will be quite separable, so this is really an issue into the core Dutch network and we re quite clear that if you were to walk into any of our data centres or Fortis data centres you would find systems coming right through the retail space, the corporate space, the cash management space all in a single infrastructure. Our key point is that we really want to add value by sharing those, in terms of prioritisation, who does what, you don t just have to develop one thing but it will be a question of where your emphasis in the system is. If you re developing functionality for the retail customer base, that s really something for Fortis within the shared services environment. If it s right into the supplier finance-trade finance piece it may well be RBS. Things in the central space of infrastructure will be shared but I think as Fred said it s a pretty common arrangement. This is essentially an outsourcing to a company that will run the platform, it just so happens we will own the company ourselves which of course gives you more control in a strategic sense than currently where they are which is a whole mix of infrastructure and application outsourcing to quite a complex web of third party providers. So we think this is actually net net a simpler answer than the current position and very comfortable with it going forward.

Jean-Paul Votron: On other financing as I already said it will be secured and fully done so there is no risk on the financing at all, actually in our case we locked about 28 billion giving us the flexibility to actually find the best possible mix in terms of its efficiencies and there is absolutely no concern about financing. There was no concern about financing weeks back.

Sandy Trent: Hi, Sandy Trent from Panmure Gordon. Just back to the cost savings, I think the thing that really is quite surprising in this is the 2 billion in cost synergies from mainly RBS and just as a point of clarification, how much of that would be IT driven by this de-duplication and probably shifting a lot of the outsourcing agreements into more Mark Fisher s empire. I m just remembering the NatWest slide from about three or four years ago, the before and after shots of the data room.

Sir Fred Goodwin: There are few better to answer it than Mark Fisher. Why don t you do that Mark, just give a steer. We haven t published a figure that s down to IT separate from anything else.

Mark Fisher: As you can tell clearly IT is a central component of it but I think we also see overlap in a lot of the operations as well, so the savings are well spread across that piece and I would put them at roughly 1/3, 1/3, 1/3 in terms of how we get through there. There s a lot of things to do around procurement, rationalisation of properties and so forth, efficiency levels on labour, this very complex structure brings with it a lot of overhead costs and one of the key issues here is that frankly nobody understands ABN s costs very well including ABN and virtually the whole of ABN s cost base is allocated around the organisation through a mechanism that people can t really follow from front to back, so unpicking all of that is one of the key simplifications that we have to do. I think the whole of the consortium is convinced by that and all the people we ve spoken to in terms of third parties and others with knowledge of the organisation and indeed from within the organisation confirm that. So IT is a key component but I wouldn t want to run away with the idea that this is an IT focused issue either for cost savings or for do-ability, IT is one of the features and I think one of the earlier questions was what are the key risks? One of the key things we are committed to making sure we do very carefully is working with the staff to run this, this whole question of the phasing of synergies, we haven t gone Gangbusters in year one on the basis that we go in there and start doing stuff. We ve actually gone in there in a modest way, as Fred said the ai