

**LAUNCHPAD PROGRAMME**

**OFFERING SUPPLEMENT SERIES NR. 674**

**DATED 9 AUGUST, 2004**



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200,000 SECURITIES LINKED

TO THE ZJ PORTFOLIO ACTIVELY MANAGED STRATEGY

PURSUANT TO THE ABN AMRO LAUNCHPAD PROGRAMME

ISSUE PRICE PER SECURITY: EUR 100

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**PROSPECTIVE PURCHASERS OF THE SECURITIES DESCRIBED IN THIS DOCUMENT SHOULD ENSURE THAT THEY UNDERSTAND FULLY THE NATURE OF THE SECURITIES AND THE EXTENT OF THEIR EXPOSURE TO THE RISKS ASSOCIATED WITH THE SECURITIES. THE MARKET PRICE AND / OR VALUE OF THE SECURITIES MAY BE VOLATILE AND HOLDERS OF THE SECURITIES MAY NOT RECEIVE ANY RETURN ON THE VALUE OF THEIR INVESTMENT. HOLDERS MAY, IN CERTAIN CIRCUMSTANCES, SUSTAIN A TOTAL LOSS OF THEIR INVESTMENT. PROSPECTIVE PURCHASERS NEED TO CONSIDER THE SUITABILITY OF AN INVESTMENT IN THE SECURITIES IN LIGHT OF THEIR OWN FINANCIAL, FISCAL, REGULATORY AND OTHER CIRCUMSTANCES. PLEASE REFER TO THE “RISK STATEMENT” IN SECTION I OF THE PROGRAMME AND TO “SELLING RESTRICTIONS” ALSO IN SECTION I OF THE PROGRAMME.**

Under its LaunchPAD Programme (the “**Programme**”) ABN AMRO Bank N.V. (the “**Issuer**”), acting through its principal office or its branch in London or such further or other branches as it may specify, may from time to time issue securities relating to shares and/or indices and/or debt securities and/or currencies and/or commodities. Pursuant to a declaration under Article 2:403 of the Netherlands Civil Code, ABN AMRO Holding N.V. (“ **Holding**”) is jointly and severally liable with the Issuer for the Issuer’s obligations under this Programme. The Issuer has now determined to issue 200,000 Securities linked to the ZJ Portfolio Actively Managed Strategy (the “ **Securities**” or the “ **Certificates**”) as described in the relevant offering supplement (the “ **Offering Supplement**”). The Securities are issued upon the terms and subject to the product conditions (the “ **Product Conditions**”) set out in the relevant Offering Supplement and the general conditions (the “ **General Conditions**”) set out in the Programme. The Product Conditions and the General Conditions shall together be referred to as the “ **Conditions**”. References to the “ **Underlying**” shall be construed as references to the asset(s) specified in the corresponding Offering Supplement.

Application may be made to list the Securities under the Programme on Stuttgart Stock Exchange (Free Market). For the purposes of compliance with the national laws and regulations of any country into which offerings of the Securities is proposed to be made, the Offering Supplement may have attached to it one or more country supplements (each a “ **Country Supplement**”). The attachment of one or more Country Supplements shall not preclude the attachment of further Country Supplements from time to time. References to “ **this document**” shall, unless the context requires otherwise, include the relevant Country Supplement and Offering Supplement.

Subject to the rules and regulations of any securities exchange on which the Securities are officially listed or quoted, the Securities may be sold by the Issuer at such times and at such prices as the Issuer may select. There is no obligation on the Issuer to sell all of the Securities. The Securities may be offered or sold in one or more transactions at the discretion of the Issuer.

**The LaunchPAD Programme is dated 28th February 2002 and provides information with respect to a range of financial instruments which are capable of issue under it. Copies of the Programme are available from the Issuer and its Agents (if any), without charge, upon the oral or written request of such person. The Programme is also available at the Issuer’s website at derivatives.abnamro.com. The Offering Supplement constitutes, in relation to the Securities only, a completed version of the LaunchPAD Programme. The Offering Supplement is dated 9 August 2004, and should be read in conjunction with the Programme.**

Subject as set out with respect to the Underlying (as to which, please refer to “Information Relating to the Underlying”), the Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Neither the Issuer nor Holding has authorised the making or provision of any representation or information regarding the Issuer, Holding, or any Securities. Neither the delivery of this document nor the delivery of any Offering Supplements nor any information provided in the course of a transaction in Securities shall, in any circumstances, be construed as a basis for credit or risk evaluation with respect to the Issuer or Holding or a recommendation by the Issuer or Holding to enter into any transaction with respect to any Securities. Each prospective investor contemplating a purchase of Securities should make its own independent investigation of the risks associated with a transaction involving any Securities.

The distribution of this document and the offering, sale and delivery of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Securities and the distribution of this document and other offering material relating to the Securities please refer to “Selling Restrictions” in Section I.

In connection with the issue and the distribution of any Securities, any one manager (the “**Manager**”) appointed by the Issuer or any person acting for it may over-allot or effect transactions with a view to supporting the market price of the Securities at a higher level than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on the Manager or any other person to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall also be in compliance with all relevant laws and regulations including the Securities Market Supervision Rules 1999 (*Nadere Regeling toezicht effectenverkeer 1999*) in The Netherlands. Subject to the rules of the exchange and any applicable market practices, stabilisation may be effected in accordance with the rules and practices and, in any event, if commenced will be discontinued 30 days after the issuance of the Securities.

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## SUMMARY OF OFFERING

THE INFORMATION CONTAINED IN THIS SUMMARY OF OFFERING IS SUBJECT  
IN ITS ENTIRETY TO THE TERMS AND CONDITIONS OF THE SECURITIES

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### Description of the Securities

<b>Issuer:</b>	ABN AMRO Bank N.V., London Branch
<b>Securities:</b>	200,000 Securities linked to the ZJ Portfolio Actively Managed Strategy.
<b>Issue Date:</b>	9 August, 2004
<b>Issue Price:</b>	EUR 100
<b>Underlying:</b>	The ZJ Portfolio Actively Managed Strategy (the "Strategy"). The Strategy comprises exchange listed structured securities and a limited amount of shares and cash.
<b>Strategy Advisor:</b>	ZertifikateJournal AG, Veitshöchheim, Germany
<b>Strategy Value:</b>	The daily value of the Strategy as published by the Strategy Sponsor. The Strategy Value on the Issue Date is EUR 100.
<b>Valuation Date:</b>	In case of (i) an Issuer Call, the Issuer Call Date or (ii) upon Exercise, the Scheduled Valuation Date.
<b>Valuation Time:</b>	The time with reference to which the Strategy Sponsor calculates the daily Strategy Value.
<b>Issuer Call Date:</b>	The day specified as such in the notice in which the Issuer notifies the Holders of an Issuer Call, which must be at least 12 calendar months following the date of notification. The day such notice is delivered by the Issuer can be, at the earliest, one year after the Issue Date.
<b>Exercise Date:</b>	The third Business Day preceding the next Scheduled Valuation Date.
<b>Scheduled Valuation Date:</b>	The 31 <sup>st</sup> August in each year or, if such date is not a Trading Day the following Trading Day, from and including 31 <sup>st</sup> August 2005.
<b>Cash Amount:</b>	An amount (which shall be deemed to be a monetary value in the Settlement Currency) equal to: <ol style="list-style-type: none"><li>1. Following Exercise, the value of the Strategy as determined by the Strategy Sponsor at the Valuation Time on the Valuation Date; or</li><li>2. Following Issuer Call, the value of the Strategy as determined by the Strategy Sponsor at the Valuation Time on the Valuation Date.</li></ol>
<b>Settlement Date:</b>	5 Business Days following the relevant Valuation Date.
<b>Issuer Early Termination Event:</b>	Means any event such as or similar to a market disruption event or material disruption event and/or more generally any event which makes it impossible or impracticable for the Issuer or the Strategy Sponsor to continue the Certificates.
<b>Issuer Early Termination Amount:</b>	If an Issuer Early Termination Event occurs, the Issuer will redeem each Certificate at its fair market value, determined in good faith by the Strategy Sponsor (the "Issuer Early Termination Amount"). The Issuer Early Termination Amount will be paid as soon as practicable by the Issuer.
<b>Certificate Entitlement:</b>	1 Security relates to 1 unit of the Strategy Value
<b>Settlement:</b>	Cash
<b>Settlement Currency:</b>	EUR
<b>Strategy Sponsor:</b>	ABN AMRO Bank N.V.

<b>Clearing:</b>	Clearstream Banking AG, Frankfurt , Euroclear Bank S.A.
<b>Codes:</b>	WKN: ABN2BF ISIN: NL0000413771
<b>Selling Restrictions:</b>	U.S.A., United Kingdom, The Netherlands. The Securities may only be offered or sold in compliance with applicable laws and regulations.
<b>Secondary Market:</b>	ABN AMRO intends to, subject to market disruption and the Minimum Trading Size, repurchase or allow further subscriptions in the Securities on each Business Day.
<b>Listing:</b>	Stuttgart Free Market
<b>Squeeze out:</b>	Following one year after the Issue Date, the Issuer is entitled but not obliged to terminate all outstanding Securities against payment of the Termination Amount if at any time during the lifetime of the Securities the aggregated value of all outstanding Securities linked to the Strategy falls below EUR 10 million.
<b>Minimum Trading Size:</b>	1 Security.
<b>Publication:</b>	Reuters: AAHDE Internet: <a href="http://www.abnamro-sp.com">www.abnamro-sp.com</a> , <a href="http://www.abn-zertifikate.de">www.abn-zertifikate.de</a> , Bloomberg: AAEC

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## I GENERAL: QUESTIONS AND ANSWERS

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*The following summary answers some questions that you might have regarding the Securities, in general terms only. It does not contain all the information which may be important to you. Prospective investors should read the Conditions of the Securities, the Summary of Offering as well as the more detailed information that is contained in the rest of the Offering Supplement and Programme. Please carefully consider, amongst other things, the matters set out in "Risk Statement" and "Additional Risk Factors". In addition, please consult with your investment, legal, accounting, tax and other advisors with respect to any investment in the Securities.*

*The information contained in this section is subject in its entirety to the Conditions of the Securities*

### ***What are the Securities?***

The Securities are non-interest bearing Securities issued by ABN AMRO Bank N.V. ("ABN AMRO"). The Securities are Securities without a fixed expiration date, subject to termination by the Issuer. These Securities represent an investment in a strategy notional comprised of exchange listed structured securities and to a limited amount of stocks and cash.

### ***What is the Strategy?***

The Strategy is not a fund, as it may not actually exist as a pool of assets under management at ZertifikateJournal AG or ABN AMRO. Instead it is a notional portfolio composed by reference to the management ability of ZertifikateJournal AG. The objective of the Strategy is to deliver absolute performance by selection of mainly securitised structured products and to a limited amount of stocks and cash. The Strategy may consist of mainly shares, securitised structured securities which may not be capital guaranteed (neither in full or partially) or interest bearing or paying, respectively, and cash for notional inclusion in the Strategy, together with certain FX instruments to manage the notional currency exposure in the Strategy.

### ***How often will recompositions be done?***

The Strategy Advisor has the right to do daily recompositions. However, the Strategy Advisor will decide in its sole discretion whether to make recompositions or not.

***Do I have any right to receive any of the assets of the Strategy?***

No. The Securities are cash settled only and your ownership in the Securities entitles you only to receive a return (if any), calculated by reference to the Strategy.

***Will I receive income?***

No. The Securities are non-interest bearing. No interest or dividends are paid out. The objective is to achieve absolute capital growth so dividends notionally received are available for re-investment.

***Is there a limit on how much I can earn over the life of the Securities?***

No. There is no cap on the potential investment return.

***How can I track my investment?***

ABN AMRO will publish the Strategy Value on Reuter's page AAHDE. In addition ABN AMRO will publish the information together with a chart of the historic Strategy Value on Internet pages [www.abn-zertifikate.de](http://www.abn-zertifikate.de) and [www.abnamro-sp.com](http://www.abnamro-sp.com).

***Can I redeem early?***

The Holders may exercise their Securities once a year with respect to the Scheduled Valuation Date, which is the last Business Day of August, from and including August 2005 against payment of the Cash Amount.

***What happens if the volume in the Securities is below 10 Million Euro?***

The Issuer may terminate the Securities early if by 9 August 2005 and thereafter by a continuous three month period, the total aggregate outstanding principal amount of the Securities sold or otherwise transferred to parties other than the issuer thereof (or any its affiliate or subsidiaries or shareholders or parent company) does not exceed €10 Million.

***What happens at maturity?***

At maturity, i.e. if the Securities are terminated by an Issuer's Call or exercised by an investor, Holders will be entitled to the Cash Amount which is an amount equal to the respective Strategy Value on the relevant Valuation Date.

***What fees are there?***

An annual management fee (the “Management Fee”) of maximum 1.50 per cent of the respective Strategy Value is applied to the Strategy on a daily basis. For any re-composition of the Strategy theoretical costs which will generally be equal to 0.20 per cent per each transaction but which may in some extraordinary circumstances be up to 1 per cent per transaction will apply (the “Strategy Adjustment Fee”). Such Strategy Adjustment Fee reduces the price of Strategy Components notionally sold and increases the price of Strategy Components notionally acquired.

***How will the fees impact my investment?***

The annual management fee is notionally deducted from the Strategy on a daily basis by reducing the Strategy Value. Therefore, it impacts the return on the investment at the Valuation Date, depending on the actual time for which the Holder holds his or her Securities.

***What is the minimum purchase required?***

The Securities are denominated in EUR and may be purchased in quantities of 1 Security or multiples thereof.

***Can the Securities be purchased after the initial subscription?***

The Issuer intends to make a two way market in the Securities. ABN AMRO intends to, subject to market disruption and the Minimum Trading Size, repurchase or allow further subscriptions in the Securities on each Business Day. Repurchase and subscriptions will be at the respective Strategy Value.

***Is this a risky investment?***

Return on the investment is subject to the Strategy Advisor's stock picking skills and ability to assess market trends and risk. There is a risk of losing all of the investment if the Strategy Value becomes zero due to negative market developments.

Furthermore, the return of the investment at the Scheduled Valuation Date or Issuer Call Date is dependent upon ABN AMRO's ability to meet its payment obligations.

In certain limited circumstances (in particular events such as market disruption events or material disruption events), the Securities may be redeemed early. In such circumstances, Holders of the Securities will receive an amount representing the fair value of the Securities.

### ***What are some of the risks in owning the Securities?***

Investing in the Securities involves a number of risks. We have described the most significant risk relating to the Securities under the heading "Additional Risk Factors" in this Offering Supplement together with "Risk Statement" set out in the Programme.

Some selected risk considerations include:

- *Credit Risk*

In purchasing the Securities you would assume credit risk to ABN AMRO.

- *Market Risk*

The value of the Securities both in the secondary market and on the Exercise Date or Issuer Call Date will be affected by prevailing market conditions.

- *Volatility Risk*

In case of high volatility in the market the value of the Securities may decline.

- *Reliance on Strategy Advisor*

The performance of the Securities is dependent upon the abilities of the Strategy Advisor. This is not assured and the Strategy Advisor may resign in certain limited circumstances.

### ***Is there Currency Risk?***

The Strategy Components which notionally comprise the Strategy may be traded in a variety of currencies including euro, Japanese Yen and United States Dollars. Where the trading price of the relevant Strategy Component is quoted in a currency other than euro, these amounts will be converted to amounts in euro for the purpose of determining the Strategy Value and thus the price of the Securities at any time. See "Additional Risk Factors".

### ***What type of investors should invest?***

The Securities are aimed at private or professional investors understanding the risks associated with such kind of investments seeking to diversify their portfolios.

### ***Who is ZertifikateJournal AG, Veitshöchheim and what is its role?***

ZertifikateJournal AG is a share company and has its registered office in Veitshöchheim. It was founded in December 2001 and is registered with the commercial register of Würzburg under HRB 7633 since January 2002. The share capital amounts to EUR 50,000. The shareholders are Dr. Elisabeth Röhl, Erika Heussinger, Dieter Heussinger, Werner Heussinger and Heike Görner. The members of the managing board are Werner H. Heussinger and

Christian W. Röhl. The objective of ZertifikateJournal AG as stated in its articles of association is to publish and distribute media in the field of capital market information, especially the publication and distribution in the field of financial innovations, e.g. certificates and to supply advisory service regarding capital market information.

Since 2001 ZertifikateJournal AG publishes the e-mail newsletter “ZertifikateJournal” with approximately 35,000 registered subscribers. As Strategy Advisor, ZertifikateJournal AG will select the components and their weightings for notional inclusion in the Strategy.

***Who is ABN AMRO Bank N.V. and what is its role?***

ABN AMRO is a global banking group based in the Netherlands, with total consolidated assets of EUR 556.0 billion as at 31 December 2002. Its long-term senior debt rating is, as at the date hereof, Aa3 (Moody's Investor Services) and AA- (S&P). ABN AMRO is the issuer of the Securities. It pays the Cash Amount on the Scheduled Valuation Date or Issuer Call Date. ABN AMRO is also the Strategy Sponsor for the Securities. As Strategy Sponsor for the Securities, ABN AMRO is responsible for all calculations and determinations under the Securities and payments in respect thereof.

***What is LaunchPAD?***

LaunchPAD is the name of ABN AMRO Bank N.V.'s Securities issuance programme. Offering documentation consists of the LaunchPAD Programme document and the deal specific Offering Supplement. Potential investors should read both documents.

***What if I have more questions?***

You should read the Offering Supplement and Programme document for a detailed description of the Securities. The Securities are senior Securities issued as part of ABN AMRO's debt issuance programme. The Securities will constitute ABN AMRO's unsecured and unsubordinated obligations and rank pari passu without prejudice among themselves and with all our other present and future unsecured and unsubordinated obligations.

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## I GENERAL: ADDITIONAL RISK FACTORS

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*An investment in the Securities entails significant risks not associated with an investment in a conventional debt or equity security. This section describes the most significant risks relating to the Securities. Holders should carefully consider whether the Securities are suited to their particular circumstances before deciding to purchase them. In addition, all Holders should consult with their investment, legal, accounting, tax and other advisors with respect to any investment in the Securities. This section should be read in conjunction with the section entitled “General – Risk Statement” in the Programme.*

### *1. Market Risk of the Strategy*

The Securities entitle each Holder to receive the Cash Amount from the Issuer on the Settlement Date. The extent to which, if any, the Cash Amount will exceed the Strategy Value on the Issue Date of the Securities is determined by reference to the performance of certain underlying theoretical holdings in exchange listed structured securities, stocks and cash (together the “**Strategy Components**”). There can be no assurance that the Strategy will perform in accordance with any Holder’s expectations, or that the Holders will receive any amounts greater than their initial principal investment in the Securities (see: “The Conditions - Information Relating to the Underlying: ZJ Portfolio Actively Managed Strategy”).

The value of the Securities is mainly based on the value of theoretical holdings in the Strategy Components, all of which are notional securitised structured securities which may not be capital guaranteed (neither in full or partially) or interest bearing or paying, respectively, shares and cash for notional inclusion in the Strategy, together with certain FX instruments to manage the notional currency exposure in the Strategy. The prices of such components can be significantly volatile. The value of the Securities may move up and down between the date purchased and the Settlement Date. Several factors that are beyond the control of the Issuer will influence the value of the Securities, including but not limited to:

- (a) the market prices of the Strategy Components;
- (b) the volatility (i.e. the frequency and magnitude of changes) in the price of the Strategy Components;
- (c) the dividend rate on the underlying stocks. Such payments are credited to the Strategy and can also have an influence on the market price of the underlying stocks and therefore on the Securities and are taken into account in the calculation of the Strategy Value;

- (d) economic, financial, political and regulatory or judicial events that affect the stock markets generally and which may affect the market price of the Strategy Components;
- (e) the creditworthiness of the Issuer. Any person who purchases the Securities is relying upon the creditworthiness of Holding (pursuant to its declaration under Article 2:403 of the Netherlands Civil Code) and has no rights against any other person. The Securities constitute general, unsecured and unsubordinated obligations of the Issuer and Holding and of no other person.

Some or all of these factors will influence the price that Holders will receive if they sell or redeem the Securities. The price at which a Holder will be able to sell or redeem Securities prior to the Settlement Date may be at a discount, which could be substantial, to the value of the Securities on the date of issuance or on which the Holder bought them, due to the foregoing factors.

## **2. *Performance Risk on the Strategy***

The Cash Amount will mainly be based on the performance and determinations regarding the Strategy and implementation of the Strategy Advisor. **While the Strategy Advisor and the Strategy Sponsor have agreed to observe certain composition guidelines for choosing and maintaining the various Strategy Components, these guidelines are not mandatory rules and the Strategy Advisor is not required to follow these guidelines and may, for a variety of reasons, choose not to follow these guidelines.** No penalties exist if either fails to follow the guidelines. Only if the Strategy Sponsor determines that the Strategy is materially outside the Strategy Composition Guidelines and is not temporarily so, the Strategy Sponsor will as soon as reasonably practicable, notify the Strategy Advisor and request that a Recomposition occurs. In such case the Strategy Advisor is required to make Recompositions. The Strategy Sponsor and Strategy Advisor are also allowed to change, amend or substitute, among other things, the method of calculation of the Strategy on an annual basis to maintain the primary objective of the Strategy. Within the guidelines, the Strategy Advisor has a high degree of latitude to select certain investments. No assurance can be given that fiscal, market, regulatory, legal or financial circumstances will not arise that would cause the Strategy Sponsor to disregard the advice of the Strategy Advisor. Neither the Strategy Advisor nor the Strategy Sponsor is required to declare a Recomposition Date for the Strategy and neither has committed to recompose the Strategy according to any fixed schedule.

The Strategy Advisor will use its reasonable skill and care in selecting the Strategy Components. However, no assurance can be given as to the effect of any Recomposition.

The Strategy Components (and their relative quantities) are subject to a variety of events including substitution, repurchase of Securities, adjustment and re-weighting. Neither the Strategy Sponsor nor the Strategy Advisor is responsible for the market performance of the Strategy Components.

Notwithstanding the foregoing, the ability of the Strategy Advisor to re-compose the Strategy is restricted by the terms of the guidelines, which, if followed by the Strategy Advisor, will restrict the types of Strategy Components. Therefore, the Strategy Advisor may not have the flexibility to take advantage of market and trading possibilities that are not within the scope of the terms of the Strategy Description.

### **3. *Early Termination of the Securities***

The Issuer has the right to terminate the Securities in the event of a Hedging Disruption Event or if it shall have determined in its sole and absolute discretion that for reasons beyond its control its performance thereunder shall have become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power. In such circumstances the Issuer will, however, if and to the extent permitted by any such applicable law, pay to each Holder in respect of each Security held by it the fair market value of the Security immediately prior to such termination (ignoring such illegality). Such fair market value will be at the discretion of the Issuer and could be less than the amount an unrelated third party would pay for the Securities. **For the avoidance of doubt, each Holder of such Security will not receive payment of the Cash Amount.**

### **4. *Reliance on Strategy Advisor and the Strategy Sponsor***

The Securities are unlike securities linked to a fixed underlying asset class because the composition and weighting of the Strategy Components will change in accordance with the determinations and at the discretion of the Strategy Advisor. By investing in the Securities, Holders are relying on the investment advice, i.e. the determinations, discretion and skills of the Strategy Advisor. Holders are relying upon the Strategy Advisor to manage the Strategy Components in conjunction with the general terms of the Strategy (see: “The Conditions - Information Relating to the Underlying: ZJ Portfolio Actively Managed Strategy”) and upon the Strategy Sponsor to implement the advice of the Strategy Advisor. There can be no assurance that the Strategy Advisor will correctly evaluate the nature and magnitude of the

various factors that could affect the value and return of the Strategy or that the Strategy Sponsor will not refuse the advice of the Strategy Advisor due to Technical Constraints (as defined in “The Conditions - Information Relating to the Underlying: ZJ Portfolio Actively Managed Strategy”).

The Issuer may remove either the Strategy Sponsor or the Strategy Advisor upon the occurrence of certain specified events from their respective roles as set out in the Strategy Advisor Agreement, pursuant to which the Strategy Advisor provides advice to the Strategy Sponsor with respect to the Strategy. In addition, any party may resign in the event of its or the other party’s insolvency or bankruptcy. In any event, there is no assurance that the Issuer would be able to replace the Strategy Sponsor or the Strategy Advisor on a timely basis or with an entity or person with the same investment skills and concerns as the Strategy Advisor or the Strategy Sponsor, as the case may be. If at any time during the term of the Securities there has been a resignation or termination of the Strategy Advisor and, after the Issuer has made a reasonable effort to appoint a new Strategy Advisor, there is no person or entity serving in such role, such event will be an Issuer Early Termination Event. This could have a material impact on the value of the Securities and their performance.

##### **5. *No Operating History of the Strategy***

The Strategy is a newly created proprietary strategy of the Issuer and has no operating history. Therefore, there is no way to evaluate the past performance of the Strategy. The past performance of the other financial instruments managed by the Strategy Advisor cannot be relied upon as an indicator of this Strategy’s future success. The nature of and risk associated with the Strategy Advisor’s current investments may differ substantially from those to be notionally undertaken in the Strategy. No assurance can be given with respect to the performance of the Strategy.

##### **6. *Reliance on Individuals Engaged by the Strategy Advisor***

Because the Strategy Components may vary over time, the Strategy’s performance depends heavily on the skills of the Strategy Advisor, and the results of the Strategy will be highly dependent on the financial and managerial experience of certain individuals associated with the Strategy Advisor. The Issuer has the right to terminate the Strategy Advisor Agreement if certain key individuals cease to act on behalf of the Strategy Advisor. The loss of one or more of these individuals could have a material adverse effect on the Strategy Value and consequently on the performance of the Securities and there is no assurance that the Strategy

Advisor could replace the loss of a key individual or that the Strategy Sponsor could replace the Strategy Advisor were it to resign from its role as set out in the Strategy Advisor Agreement.

## **7. *Liquidity***

The Issuer intends to make a market in the Securities, however, it is not required to do so. Any market making if commenced may be discontinued at any time. It is intended to list the Securities on Stuttgart Stock Exchange (Free Market). However, the secondary market may not provide enough liquidity to allow Holders of the Securities to trade or sell the Securities easily other than by trading with the Issuer.

In addition, provided that there are no adverse market conditions, Market Disruption Event or Technical Constraints which in the discretion of ABN AMRO Bank N.V. (as Strategy Sponsor) would materially impact on the ability of ABN AMRO Bank N.V. (as Strategy Sponsor) to provide the price at which the ABN AMRO Bank N.V. (as Issuer) will redeem the Securities, the obligation of ABN AMRO Bank N.V. (as Issuer) to repurchase the Securities will be suspended until ABN AMRO Bank N.V. (as Strategy Sponsor) determines that such circumstances no longer exist. ABN AMRO Bank N.V. (as Strategy Sponsor) will not publish the repurchase price until it obtains the closing value of the Strategy on the actual date of repurchase. The notional costs of disposal of the assets held in the Strategy at the time of repurchase will also be deducted from the repurchase price.

No other entity intends to act as a market maker for the Securities. Even if a secondary market were to develop, it may not provide enough liquidity to allow Holders of the Securities to trade or sell the Securities. The Issuer intends to calculate and provide just one price for the Securities per trading day on the exchange.

## **8. *Fees and Costs***

Both the Strategy Advisor and the Strategy Sponsor receive fees with respect to their duties in relation to the Strategy, and such fees are payable regardless of whether the Strategy increases in value. (see: "The Conditions - Information Relating to the Underlying: ZJ Portfolio Actively Managed Strategy, Management -Fees" ). Fees described therein are deducted from the Cash Account and thereby have the effect of reducing the value of the Strategy. There are also notional costs such as for notional charges incurred in composing the Strategy. These costs will also have the affect of reducing the Strategy Value.

## **9. Conflicts of Interest**

Potential conflicts of interest may exist between the interests of the Strategy Sponsor and the Strategy Advisor and the Holders of the Securities both with respect to the Securities and with respect to the other businesses of the Strategy Sponsor and Strategy Advisor. The Strategy Sponsor and the Strategy Advisor or their respective affiliates may enter into other business dealings from which they may derive revenues and profits in addition to the fees described herein, and neither party has any duty to account to the Holders of the Securities for such other revenues and profits. In addition, the Strategy Advisor and the Issuer and, to the extent that it is different than the Issuer, the Strategy Sponsor or their respective affiliates may invest, for their own accounts (whether for hedging purposes or otherwise) or for the accounts of their affiliates or clients, in the Strategy Components and in making such investments, neither the Strategy Advisor, nor the Issuer, nor, to the extent that it is different than the Issuer, the Strategy Sponsor nor any such affiliate has any duty to do so in a way that is favourable to the Holders. At any time, the Strategy Advisor, the Issuer and to the extent that it is different than the Issuer, the Strategy Sponsor may sell or buy any of the Strategy Components for their own accounts, or accounts of their affiliates or clients, and at the same time notionally take the opposite position with respect to such assets for the Strategy. All such market activities may, but are not intended to, affect the prices of the Strategy Components and, possibly, the Cash Amount that Holders will receive on the Scheduled Valuation Date or Issuer Call Date. The Issuer may also introduce products that compete with the Securities in the marketplace (which may or may not be linked to the Strategy), and the related market activity with respect to such products could adversely effect the value of the Securities.

The Strategy Advisor may engage in other businesses and furnish investment management and advisory services to entities unrelated to the Issuer and its affiliates. In so doing, the Strategy Advisor may give advice to such entities that is different from the advice given to the Strategy Sponsor with respect to the Strategy. The market impact of such advice, if any, may, but is not intended to, affect the prices of the Strategy Components.

ABN AMRO Bank N.V. as the Issuer and Strategy Sponsor, is acting in more than one capacity with respect to the Securities, and in its role as Strategy Sponsor could make determinations that influence the amount received on the Scheduled Valuation Date or Issuer Call Date of the Securities, as well as any adjustments to the Strategy made to reflect certain corporate or other events.

The Issuer or any of its affiliates may presently or from time to time engage in business with issuers of the assets included in the Strategy Components, including making loans to, making equity investments in or providing advisory services, including mergers and acquisitions advisory services, to those issuers. The Issuer or its affiliates may in the course of engaging in such activities and during the term of the Securities acquire non-public information with respect to an issuer of the Strategy Components. The Issuer and its affiliates are under no obligation to make any such information available to Holders of the Securities.

**10. Tax Considerations**

Potential investors in the Securities should be aware that they might be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Securities are transferred. Potential investors who are in any doubt as to their tax position should consult their own independent tax advisors. In addition, potential investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

**11. Securities are Unsecured Obligations of the Issuer; no Shareholder Rights in the Strategy Components**

The Securities represent general contractual obligations of the Issuer and of no other person, including the Strategy Advisor. The Securities will not be secured by any property of the Issuer and rank *pari passu* with all other unsecured and unsubordinated obligations of the Issuer. Neither the Strategy Advisor nor the Strategy Sponsor is required to purchase any of the Strategy Components and consequently the assets comprising the Strategy Components may not actually be held by the Issuer. Holders of the Securities will not have voting rights or rights to receive dividends or other distributions or other rights in the Strategy Components, and will not be entitled to receive physical delivery of any of the Strategy Components at any time.

**12. Information Regarding Issuers of the Strategy Components**

Neither the Issuer, the Strategy Advisor nor their respective affiliates have the ability to control or predict the actions of any of the issuers of the underlying components notionally included in the Strategy. No issuer of any component – except some structured securities issued by the Issuer – is involved in the offer of the Securities in any way and none has any obligation to consider the interest of the Holders of the Securities in taking any corporate actions that might affect the value of the Securities.

Neither the Issuer, the Strategy Advisor nor any of their affiliates assumes any responsibility for the adequacy of the information about any issuer of the Strategy Components. The Issuer is not responsible for any public disclosure of information of such issuer, whether contained in SEC filings or otherwise.

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## I GENERAL: STRATEGY RATIONALE

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*This section of the Offering Supplement will outline the rationale behind the design of the Securities linked to the ZJ Portfolio Actively Managed Strategy by which they are managed.*

*The Information contained in this section is subject in its entirety to the Terms and Conditions of the Securities.*

The ZJ Portfolio Actively Managed Strategy (the “**Strategy**”) is an actively managed variable weight and composition strategy, created by ZertifikateJournal AG (the “**Strategy Advisor**” or “**ZertifikateJournal**”). Pursuant to the Strategy Composition Guidelines (see below paragraph 9) the Strategy Advisor will from time to time select positions in shares, securitised structured securities and cash for notional inclusion in the Strategy, together with certain FX instruments to manage the notional currency exposure in the Strategy.

The performance objective of the Strategy is to deliver returns even in sideways trending or slightly decreasing markets on a medium- and long-term investment horizon through discretionary selection of a wide diversification with regard to underlyings and securitised structured derivatives and relies on the performance abilities of the Strategy Advisor. At the same time the Strategy should provide for a participation in increasing markets.

To achieve the objective stated above, the Strategy Advisor intends to compose the Strategy of four sub-strategies each of which provides a specific chance/risk profile:

(i) *Capital Protection*

It is intended that the basis of the Strategy will be a bundle of widely buffered structured securities promising a more or less steady performance flow of 4-6% per year which should be – to a large extent – independent from share market trends. Target volatility of this sub-strategy is about 8-10%. As fixed income products are excluded, there will be no fundamental risk that interest changes put a negative influence on the long-term result. Under these circumstances, the investment process will be focused e.g. on defensive Rolling Discount Certificates (i.e. negative cap delta of 5-10% per month), index-linked deep-in-the-money Discount Certificates of various maturity classes and carefully selected Tracking Certificates linked to hedge funds which have been showing a track record of constant yields and minimum volatility.

(ii) *Yield Enhancement*

This sub-strategy aggregates investments which are intended to show significant gains in each of those market scenarios which are statistically / historically the most probable ones – upward trends, sideways movements and limited downward trends. Possible holdings could be either structured securities with a fixed maturity (pay-off profile related to a concrete date in the future) or open end structures. Therefore, the allocation could – among others – comprise Bonus Certificates with large buffers (usually more than 30%), Callable Certificates, Discount Certificates, neutral and flexible Rolling Discount Certificates or Certificates with knock-in guarantee or other features providing an automatic performance log-in. The selected structured securities usually will be linked to indices or asset baskets, but the Strategy Advisor will also cover several single stocks as far as these could optimize the chance/risk profile of the overall strategy. If the product structure does not provide for any sequential safety features, every engagement is buffered by dynamic stopp-loss levels. As the risk-optimizing mechanisms of several possible investment targets (especially Bonus Certificates) only becomes obvious at the expiration of the securities (which can be up to 7 years), the short and mid term volatility of this sub-strategy could reach a level comparable to the share market volatility. This is one of the reasons why a participation in the Strategy is only recommended for a time horizon with at least 5 years.

(iii) *Participation*

Selecting Tracking Certificates linked to indices and asset baskets, this sub-strategy provides a Delta-1 participation in carefully selected markets and market sectors which the Strategy Advisor considers to show an mid or long-term performance potential. Possible investment targets are emerging market indices, technological megatrends (e.g. internet, biotechnology, nanotechnology), small & mid cap indices or single commodities and commodity indices as well as quantitative style investment models with a plausible theoretical background and a proven outperformance in the past (e.g. “Dogs of the Dow” and other dividend yield strategies). Every position is entered and monitored on the basis of the Strategy Advisor’s permanent market research (both fundamentally and technically) and secured by dynamic stopp-loss levels and proprietary trend following systems. However, with regard to the long-term potential of these holdings, there might occur temporary losses up to 25% and more.

(iv) *Special Situations*

With selective engagements in Leveraged Products, the Strategy is able to take benefit of mainly short-term occasions such as oversold/overbought situations, turnaround

movements, volatility outbreaks or market inefficiencies. The focus lies on relative performance trades (long/short combinations with Knockout-Products to achieve a market neutral position), strategies for efficient capital employment (e.g. 50/50 mix of a Delta-2 Long Knockout-Product and a “Deep Discount” investment instead of a Tracking Certificate holding) and manual currency hedging. Moreover, this sub-strategy is the only way to get access to bond futures and currency markets which are usually not covered by Tracking Certificates and therefore only investable via Knockout-Products and Plain Vanilla Warrants.

The weighting of these four components within the Strategy will be variable and depends on market conditions and the Strategy Advisor’s market view. However, the emphasis lies on “Capital Protection” and “Yield Enhancement”, while “Participation” and “Special Situations” are add-ons with usually significantly lower weights.

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## II CONDITIONS: GENERAL CONDITIONS

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*The General Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the Product Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on the Definitive Securities or attached to the Global Security representing the Securities.*

1. DEFINITIONS

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

2. STATUS

The Securities constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

3. EARLY TERMINATION

The Issuer shall have the right to terminate the Securities if it shall have determined in its absolute discretion that for reasons beyond its control its performance thereunder shall have become unlawful in whole or in part as a result of compliance in good faith by the Issuer with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (“**Applicable Law**”);

In such circumstances the Issuer will, however, if and to the extent permitted by the Applicable Law, pay to each Holder in respect of each Security held by such Holder an amount calculated by it as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any related hedging arrangements. Payment will be made to the Holder in such manner as shall be notified to the Holder in accordance with General Condition 4.

4. NOTICES

(a) Validity. Unless otherwise specified in an Offering Supplement, announcements to Holders will be valid if delivered to the Clearing Agent(s).

- (b) Delivery. Any such announcement issued pursuant to General Condition 4(a) shall be deemed to be effective on the day following its delivery to the Clearing Agent (and if delivered to more than one Clearing Agent on the date first delivered to a Clearing Agent) or, if published as specified in the relevant Offering Supplement on the date of such publication (and if published in more than one country then on the date first published).

5. HEDGING DISRUPTION

- (a) Notification. The Issuer shall as soon as reasonably practicable give instructions to the Calculation Agent to notify the Holders in accordance with General Condition 4(a) if it determines that a Hedging Disruption Event has occurred.
- (b) Hedging Disruption Event. A “Hedging Disruption Event” shall occur if the Issuer determines that it is or has become not reasonably practicable or it has otherwise become undesirable, for any reason, for the Issuer wholly or partially to establish, re-establish, substitute or maintain a relevant hedging transaction (a “Relevant Hedging Transaction”) it deems necessary or desirable to hedge the Issuer's obligations in respect of the Securities. The reasons for such determination by the Issuer may include, but are not limited to, the following:
  - (i) any material illiquidity in the market for the relevant instruments (the “**Disrupted Instrument**”) which from time to time are included in the reference asset to which the Securities relate; or
  - (ii) a change in any applicable law (including, without limitation, any tax law) or the promulgation of, or change in, the interpretation of any court, tribunal or regulatory authority with competent jurisdiction of any applicable law (including any action taken by a taxing authority); or
  - (iii) a material decline in the creditworthiness of a party with whom the Issuer has entered into any such Relevant Hedging Transaction; or
  - (iv) the general unavailability of (A) market participants who will agree to enter into a Relevant Hedging Transaction; or (B) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.

- (c) Consequences. The Issuer, in the event of a Hedging Disruption Event, may determine to:
- (i) terminate the Securities. In such circumstances the Issuer will, however, if and to the extent permitted by the Applicable Law, pay to each Holder in respect of each Security held by such Holder an amount calculated by it as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any related hedging arrangements. Payment will be made to the Holder in such manner as shall be notified to the Holder in accordance with General Condition 4;
  - (ii) make an adjustment to the relevant reference asset by removing the Disrupted Instrument at its fair market value (which may be zero). Upon any such removal the Issuer may:
    - (A) hold any notional proceeds (if any) arising as a consequence thereof and adjust the terms of payment and/or delivery in respect of the Securities; or
    - (B) notionally reinvest such proceeds in other reference asset(s) if so permitted under the Conditions (including the reference asset(s) to which the Securities relate);
  - (iii) make any other adjustment to the Conditions as it considers appropriate in order to maintain the theoretical value of the Securities after adjusting for the relevant Hedging Disruption Event.

6. PURCHASES, FURTHER ISSUES BY THE ISSUER AND PRESCRIPTION

- (a) Purchases. The Issuer or any Affiliate may, except under certain circumstances, purchase Securities at any price in the open market or by tender or private treaty. Any Securities so purchased may be held, surrendered for cancellation or reissued or resold, and Securities so reissued or resold shall for all purposes be deemed to form part of the original series of Securities.

In this General Condition 6(a) “**Affiliate**” means any entity controlled directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein “**control**” means the ownership of a majority of the voting power

of the entity or, as the case may be, such person and “**controlled by**” and “**controls**” shall be construed accordingly.

- (b) Further Issues. The Issuer shall be at liberty from time to time without the consent of the Holders or any of them to create and issue further securities so as to be consolidated with and form a single series with the Securities.
- (c) Prescription. Any Security or Coupon which is capable of presentation and is not so presented by its due date for presentation shall be void, and its value reduced to zero, if not so presented within five years of such due date. For the avoidance of doubt, any Securities which are subject to provisions relating to their exercise shall be void, and their value shall be zero, if not exercised in accordance with their provisions.

#### 7. DETERMINATIONS AND MODIFICATIONS

- (a) Determinations. Any determination made by the Issuer shall (save in the case of manifest error) be final, conclusive and binding on the Holders.
- (b) Modifications. The Issuer may without the consent of the Holders or any of them, modify any provision of the Conditions which is (1) of a formal, minor or technical nature, (2) made to correct a manifest error, or (3) in its absolute discretion, not materially prejudicial to the interests of the Holders. Notice of any such modification will be given to the Holders in accordance with General Condition 4 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

#### 8. SUBSTITUTION

- (a) Substitution of Issuer. The Issuer may at any time, without the consent of the Holders substitute for itself as principal obligor under the Securities any company (the “**Substitute**”), being any subsidiary or affiliate of the Issuer, subject to: (1) the obligation of the Substitute under the Securities being guaranteed by ABN AMRO Holding N.V. (“**Holding**”) (unless Holding is the Substitute); (2) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Securities represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and being in full force and effect; and (3) the Issuer having given at least 30 days’ prior notice of the date of such substitution to the Holders in accordance with General Condition 4. In the event of any substitution of the Issuer, any reference in the

Conditions to the Issuer shall from such time be construed as a reference to the Substitute.

- (b) Substitution of Office. The Issuer shall have the right upon notice to the Holders in accordance with General Condition 4 to change the office through which it is acting and shall specify the date of such change in such notice.

9. TAXATION

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other similar payment which may arise as a result of the ownership, transfer or exercise of any Securities. In relation to each Security the relevant Holder shall pay all Expenses as provided in the Product Conditions. All payments or, as the case may be, deliveries in respect of the Securities will be subject in all cases to all applicable fiscal and other laws and regulations (including, where applicable, laws requiring the deduction or withholding for, or on account of, any tax duty or other charge whatsoever). The Holder shall be liable for and/or pay, any tax, duty or charge in connection with, the ownership of and/or any transfer, payment or delivery in respect of the Securities held by such Holder. The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable such amount, as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment. Each Holder shall indemnify the Issuer against any loss, cost or other liability whatsoever sustained or incurred by the Issuer in respect of any such tax, duty, charge, withholding or other payment as referred to above in respect of the Securities of such Holder.

10. REPLACEMENT OF SECURITIES AND COUPONS

If any Security or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Agent (or such other place of which notice shall have been given to Holders in accordance with General Condition 4) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Securities and Coupons must be surrendered before replacements will be issued.

11. ADJUSTMENTS FOR EUROPEAN MONETARY UNION

- (a) Redenomination. The Issuer may, without the consent of any Holder, on giving notice to the Holders in accordance with General Condition 4 elect that, with effect from the Adjustment Date specified in such notice, certain

terms of the Securities shall be redenominated in euro. The election will have effect as follows:

- (1) where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, whether as from 1999 or after such date, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments in respect of the Securities will be made solely in euro as though references in the Securities to the Settlement Currency were to euro;
  - (2) where the Conditions contain a rate of exchange or any of the Conditions are expressed in a currency (the “**Original Currency**”) of a country which is participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, whether as from 1999 or after such date, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted for or, as the case may be into, euro at the Established Rate; and
  - (3) such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in euro.
- (b) **Adjustment to Conditions.** The Issuer may, without the consent of the Holders, on giving notice to the Holders in accordance with General Condition 4 make such adjustments to the Conditions as the Issuer may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.
- (c) **Euro Conversion Costs.** Notwithstanding General Condition 11(a) and/or General Condition 11(b), none of the Issuer, the Calculation Agent nor any Agent shall be liable to any Holder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith.

- (d) Definitions Relating to European Economic and Monetary Union. In this General Condition, the following expressions have the meanings set out below.

“**Adjustment Date**” means a date specified by the Issuer in the notice given to the Holders pursuant to this Condition which falls, if the currency is that of a country not initially participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, on or after such later date as such country does so participate;

“**Established Rate**” means the rate for the conversion of the Original Currency (including compliance with rules relating to rounding in accordance with applicable European community regulations) into euro established by the Council of the European Union pursuant to the first sentence of Article 123(4), formerly 109 L (4) of the Treaty;

“**National Currency Unit**” means the unit of the currency of a country as those units are defined on the day before the start of the third stage of European Economic and Monetary Union pursuant to the Treaty or, in connection with the expansion of such third stage, to any country which has not initially participated in such third stage; and

“**Treaty**” means the treaty establishing the European Community.

## 12. AGENTS

- (a) Principal Agent and Agents. The Issuer reserves the right at any time to vary or terminate the appointment of any agent (the “**Agent**”) and to appoint further or additional Agents, provided that no termination of appointment of the principal agent (the “**Principal Agent**”) shall become effective until a replacement Principal Agent shall have been appointed and provided that, if and to the extent that any of the Securities are listed on any stock exchange or publicly offered in any jurisdiction, there shall be an Agent having a specified office in each country required by the rules and regulation of each such stock exchange and each such jurisdiction and provided further that, if and to the extent that any of the Securities are in registered form, there shall be a Registrar and a Transfer Agent (which may be the Registrar), if so specified in the relevant Product Conditions. Notice of any appointment, or termination of appointment, or any change in the specified office, of any Agent will be given to Holders in accordance with General Condition 4. Each Agent acts solely as Agent of the Issuer and does not assume any

obligation or duty to, or any relationship of agency or trust for or with, the Holders or any of them. Any calculations or determinations in respect of the Securities made by an Agent shall (save in the case of manifest error) be final, conclusive and binding on the Holders.

- (b) Calculation Agent. The Issuer shall undertake the duties of calculation agent (the “**Calculation Agent**” which expression shall include any successor Calculation Agent) in respect of the Securities unless the Issuer decides to appoint a successor Calculation Agent in accordance with the provisions below.

The Issuer reserves the right at any time to appoint another institution as the Calculation Agent provided that no termination of appointment of the existing Calculation Agent shall become effective until a replacement Calculation Agent shall have been appointed. Notice of any termination or appointment will be given to the Holders in accordance with General Condition 4.

The Calculation Agent (except where it is the Issuer) acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders. Where the Issuer acts in the capacity of the Calculation Agent it does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders. In any event, any calculations or determinations in respect of the Securities made by the Calculation Agent (whether or not the Issuer) shall (save in the case of manifest error) be final, conclusive and binding on the Holders.

The Calculation Agent (except where it is the Issuer) may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate. Where the Calculation Agent is the Issuer it may delegate any of its obligations and functions to a third party as it deems appropriate.

### 13. SURRENDER OF UNMATURED COUPONS

Each Security should be presented for redemption, where applicable, together with all unmatured Coupons relating to it. Upon the due date for redemption of any Security, where applicable, all unmatured Coupons relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

14. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any Condition. The preceding sentence shall not affect any right or remedy of any person which exists or is available apart from that Act.

15. RULES AND REGULATIONS OF THE OFFICIAL MARKET OF EURONEXT AMSTERDAM N.V.'S STOCK MARKET (*FONDSENREGLEMENT VAN DE VERENIGING VOOR DE EFFECTENHANDEL*)

The Issuer undertakes to comply, so long as the Securities are listed on the Official Segment of the Stock Market of Euronext Amsterdam N.V., with the provisions (so far as applicable) of Schedule B, Article 2.1.20 (Sections B to G inclusive) of the Listing Rules (*Fondsenreglement*) of Euronext Amsterdam N.V. as in force at the date of issue of the Securities.

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## II CONDITIONS: PRODUCT CONDITIONS

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*The Product Conditions which follow relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions (whether or not attached to this document). The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be printed on the Definitive Securities or attached to the Global Security representing the Securities.*

### 1. DEFINITIONS

“**Agent**” means ABN AMRO BANK N.V. (acting through its London branch), 250 Bishopsgate, London EC2M 4AA as principal agent (the “**Principal Agent**”) and ABN AMRO Bank N.V. Niederlassung Deutschland, Abteilung Strukturierte Aktienprodukte, Theodor-Heuss-Allee 80, 60486 Frankfurt am Main, Germany, each acting through its specified office and together the “**Agents**” and shall include any other Agent appointed pursuant to the provisions of General Condition 12;

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

“**Cash Amount**” means an amount determined by the Calculation Agent in accordance with the following formula, less Expenses:

- (i) following Exercise, the Final Strategy Value multiplied by the Entitlement; or
- (ii) following an Issuer Call, the Final Strategy Value multiplied by the Entitlement.

The above amount shall be converted into the Settlement Currency at the prevailing Exchange Rate, if so specified. The aggregate Cash Amount payable to a Holder shall be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

“**Clearing Agent**” means Clearstream Banking AG, Euroclear Bank S.A. and/or Clearstream Banking S.A. and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Holders in accordance with General Condition 4 (each a “**Clearing Agent**” and together the “**Clearing Agents**”);

“**Entitlement**” means 1;

“**Exercise**” means the Holder’s rights to exercise the Securities it holds, in accordance with Product Condition 3;

“**Exercise Date**” means, unless an Issuer Call has occurred, the third Business Day preceding the Scheduled Valuation Date;

“**Exercise Time**” means 5.00 p.m. (local time in Frankfurt am Main, Germany);

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

“**Final Strategy Value**” means, subject to adjustment in accordance with Product Condition 4, the Strategy Value (expressed in Euro) at the Valuation Time on the Valuation Date as determined by or on behalf of the Strategy Sponsor without regard to any subsequently published correction;

“**Form**” means Global;

“**Issue Date**” means 9 August, 2004;

“**Issuer Call**” means termination of the Securities by the Issuer in accordance with Product Condition 3(b);

“**Issuer Call Commencement Date**” means the first Business Day following the Issue Date;

“**Issuer Call Date**” means the day specified as such in the notice in which the Issuer notifies the Holders, in accordance with General Condition 4, of the Issuer Call and which is at least 12 calendar months following the date of such notification;

“**Issuer Early Termination Amount**” means the fair market value of the Securities at the time the Issuer Early Termination Event has occurred, determined in good faith by the Strategy Sponsor;

“**Issuer Early Termination Event**” means any event such as or similar to a market disruption event or material disruption event and/or more generally, making it impossible or impracticable for the Issuer or the Strategy Advisor to continue the Securities;

“**Market Disruption Event**” means each event specified as such in Product Condition 4;

“**Minimum Trading Size**” means 1 Security;

“**Payment Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation of the Securities; and either (i) if the Settlement Currency is not Euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of such currency (if other than the place of presentation of such Security) or (ii) if the

Settlement Currency is Euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

“**Related Exchange**” means an options or futures exchange or quotation system on which options contracts or futures contracts or other derivatives contracts on the securities or assets that are included in the Strategy are traded;

“**Securities**” means the cash settled Securities relating to the ZJ Portfolio Actively Managed Strategy and each a “**Security**”;

“**Settlement Currency**” means EUR;

“**Settlement Date**” means fifth Business Day following the Valuation Date;

“**Scheduled Valuation Date**” means the 31<sup>st</sup> of August in each year from and 31<sup>st</sup> of August 2004;

“**Strategy**” means the ZJ Portfolio Actively Managed Strategy, subject to Product Condition 4;

“**Strategy Advisor**” means ZertifikateJournal AG, Veitshöchheim, subject to Product Condition 4;

“**Strategy Sponsor**” means ABN AMRO Bank N.V. and references to Strategy Sponsor shall include any successor Strategy Sponsor pursuant to Product Condition 4;

“**Strategy Value**” means the daily value of the Strategy, expressed in EUR, as published by the Strategy Sponsor;

“**Trading Day**” means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day on the Exchange and each Related Exchange other than a day on which trading on the Exchange or any Related Exchange is scheduled to close prior to its regular weekday closing time;

“**Valuation Date**” means in case of an (i) Issuer Call, the Issuer Call Date or (ii) Exercise, the Scheduled Valuation Date or, if such date is not a Trading Day, the first Trading Day thereafter unless, in the determination of the Strategy Sponsor, a Market Disruption Event has occurred on that day, in which case the Valuation Date shall be the first succeeding Trading Day on which the Strategy Sponsor determines that there is no Market Disruption Event, unless the Strategy Sponsor determines that there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been a Valuation Date. In that case (i) the fifth Trading Day shall be deemed to be the Valuation Date (regardless of the Market Disruption Event); and (ii) the Strategy Sponsor shall determine the Final Strategy Value having regard to the

then prevailing market conditions, the last reported Strategy Value and such other factors as the Strategy Sponsor determines to be relevant; and

“**Valuation Time**” means the time with reference to which the Strategy Sponsor calculates the daily Strategy Value (which usually will be the close of business on a Trading Day), or such other time as the Issuer may determine in its absolute discretion and notify to Holders in accordance with General Condition 4.

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

## **2. FORM**

The Securities will be issued in bearer form in the denomination (if any) or in units. If the Form is expressed to be definitive then, the Securities shall be serially numbered and produced on security printed paper in definitive form and shall be transferred by delivery only. Definitives may (as such terms are defined in the Product Conditions) have attached to them Coupons. Only the holder (the “**Holder**”) of a Security shall be recognised by the Issuer and each Agent as the person entitled in all respects thereto. If the Form is expressed to be Global, then the Securities will be represented by a global Security (the “**Global Security**”) which will be deposited with the Clearing Agent and will be transferable only in accordance with the applicable law and the rules and procedures of the relevant Clearing Agent through whose systems the Securities are transferred. Each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the owner of a particular Denomination or unit quantity (as the case may be) of the Securities (in which regard any Security or other document issued by the relevant Clearing Agent as to the Denomination or unit quantity of the Securities standing to the credit of the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and each Agent as the holder of such Denomination or unit quantity of the Securities (and the term “**Holder**” shall be construed accordingly) for all purposes, other than with respect to any payment and/or delivery obligations, the right to which shall be vested as regards the Issuer and the Agents, solely in the bearer of the Global Security.

## **3. RIGHTS AND PROCEDURES**

- (a) Exercise. The Securities are only exercisable, by giving notice (in accordance with Product Condition 3(g)), prior to the Exercise Time on each scheduled

Exercise Date, and subject to the Issuer Call and Issuer Early Termination Event, as set out in Product Conditions 3(b) and 3(c) below respectively.

- (b) Issuer Call. The Issuer may terminate the Securities, in whole but not in part, with respect to each 31<sup>st</sup> August of a year for the first time at the Issuer Call Commencement Date, by giving Holders at least 12 calendar months notice of its intention to terminate the Securities. Any such notice shall be given in accordance with the provisions of General Condition 4, and shall specify the Issuer Call Date.
- (c) Issuer Early Termination. The Issuer may terminate early the Securities, in whole but not in part, at any time if an Issuer Early Termination Event occurs against payment of the Issuer Early Termination Amount. The Issuer will notify the Holders without undue delay of such early termination in accordance with the provisions of General Condition 4. The Issuer will pay the Issuer Early Termination Amount as soon as possible in such manner as shall be notified to the Holder in accordance with General Condition 4.
- (d) Cash Settlement. Each Security upon due Exercise or pursuant to an Issuer Call or Issuer Early Termination Event, and subject to the delivery by the Holder of a duly completed Notice and to certification as to non-U.S. beneficial ownership, entitles its Holder to receive, from the Issuer on the Settlement Date the Cash Amount.
- (e) Payment Day. If the date for payment of any amount in respect of the Securities is not a Payment Day, the Holder shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.
- (f) General. In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of the Cash Amount.
- (g) Notice. All payments shall be subject to the delivery of a duly completed notice (a “**Notice**”) to a Clearing Agent with a copy to the Principal Agent. The form of the Notice may be obtained during normal business hours from the specified office of each Agent.

A Notice shall:

- (1) specify the number of Securities being exercised;

- (2) specify the number of the account with the Clearing Agent to be debited with the Securities being exercised;
- (3) irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date such account with such Securities;
- (4) specify the number of the account with the Clearing Agent to be credited with the Cash Amount for such Securities;
- (5) certify that neither the person exercising the Security nor any person on whose behalf the Security is being exercised is a U.S. person or a person within the United States. As used herein, **“U.S. person”** means (i) an individual who is a resident or a citizen of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being non-U.S. persons; or (vii) any other **“U.S. person”** as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act; and
- (6) authorise the production of such notice in any applicable administrative or legal proceedings.

- (h) Verification. In respect of each Notice, the relevant Holder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.
- (i) Settlement. The Issuer shall pay or cause to be paid the Cash Amount for each Security with respect to which a Notice has been delivered to the account specified in the relevant Notice for value on the Settlement Date.
- (j) Determinations. Failure properly to complete and deliver a Notice may result in such notice being treated as null and void. Any determination as to whether a Notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Holder. Subject as set out below, any Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

If such Notice is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Any Security with respect to which the Notice has not been duly completed and delivered in the manner set out above by the Exercise Time shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Holder if it has determined that a Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

- (k) Delivery of a Notice. Delivery of a Notice by or on behalf of a Holder shall be irrevocable with respect to the Securities specified and no Notice may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of a Notice, the Securities which are the subject of such notice may not be transferred.
- (l) Exercise and Settlement Risk. Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force at the

relevant time and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

- (m) Interest. The Securities bear no interest and no payments shall be made on account thereof.

#### 4. ADJUSTMENTS

- (a) Market Disruption. The Strategy Sponsor shall as soon as reasonably practicable under the circumstances notify the Holders in accordance with General Condition 4 if it determines that a Market Disruption Event has occurred.

“**Market Disruption Event**” shall mean: the occurrence or existence on any Trading Day during the one-half hour period that ends at the official close of trading on an Exchange or any Related Exchange of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise): (A) on the Exchange in any Reference Asset, if in the sole discretion of the Strategy Sponsor, such suspension or limitation is material, or (B) on any Related Exchange in any options contracts or futures contracts or other derivatives contracts relating to any Reference Asset. In any event, a limitation on the hours and number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange, but a limitation on trading imposed during the course of the day by reason of movements in price otherwise exceeding levels permitted by the relevant exchange may, if so determined by the Strategy Sponsor, constitute a Market Disruption Event.

- (b) Adjustments to Strategy. The Strategy Sponsor shall give notice as soon as practicable to the Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraphs (1) or (2) below.
  - (1) If the Strategy is: (A) not calculated and announced by the Strategy Sponsor but is calculated and published by a successor to the Strategy Sponsor (the “**Successor Calculation Agent**”) acceptable to the Issuer; or (B) replaced by a successor strategy using in the

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

- (2) If: (A) on or prior to the Valuation Date the Strategy Sponsor or, if applicable, the Successor Calculation Agent, makes a material change in the formula for or the method of calculating the Strategy or in any other way materially modifies the Strategy (other than a modification prescribed in that formula or method to maintain the Strategy in the event of changes in constituent securities and other routine events); or (B) on the Valuation Date the Strategy Sponsor or, if applicable the Successor Calculation Agent, fails to calculate and publish the Strategy, then (in either case) the Strategy Sponsor shall determine the Final Strategy Value using, in lieu of a published value of the Strategy on the Valuation Date, the value for the Strategy as determined by the Strategy Sponsor in accordance with the formula for and method of calculating the Strategy last in effect prior to the change of failure, but using only those Reference Assets that comprised the Strategy immediately prior to the change or failure (other than those Reference Assets in respect of which a price has ceased to be published).
- (3) The Strategy Sponsor shall, as soon as practicable after receipt of any written request to do so, advise a Holder of any determination made by it pursuant to this Product Condition 4 on or before the date of receipt of such request. The Strategy Sponsor shall make available for inspection by Holders copies of any such determinations.

## **5. GOVERNING LAW**

The Conditions pertaining to the Securities shall be governed by and shall be construed in accordance with English law.

## **6. ADDITIONAL PROVISIONS**

If the Strategy Agent Agreement (the “**Agreement**”) dated as of the Issue Date by and between the Issuer and the Strategy Advisor is terminated or, with the lapse of time or the giving of notice, will be terminated, the Issuer will, if and to the extent permitted by the

Applicable Law, pay to each Holder in respect of each Security held by such Holder an amount calculated by it as the fair market value of the Security immediately prior to such termination less the cost to the Issuer of unwinding any related hedging arrangements. Payment will be made to the Holder in such manner as shall be notified to the Holder in accordance with General Condition 4.

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## II CONDITIONS: INFORMATION RELATING TO THE UNDERLYING

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*The ZJ Portfolio Actively Managed Strategy is a proprietary strategy. No use or publication may be made of the ZJ Portfolio Actively Managed Strategy without the prior written approval of ABN AMRO Bank N.V. and ZertifikateJournal AG. Information supplied in this Offering Supplement in relation to ZertifikateJournal AG, including its personnel, is the sole responsibility of ZertifikateJournal AG.*

Terms in capitals which are not defined herein shall have the meaning ascribed to them in the Product or General Conditions.

### **ZJ Portfolio Actively Managed Strategy**

#### **1. GENERAL DESCRIPTION**

The ZJ Portfolio Actively Managed Strategy (the "**Strategy**") is an actively managed variable weight and composition strategy, created by ZertifikateJournal AG (the "**Strategy Advisor**" or "**ZertifikateJournal**"). Pursuant to the Strategy Composition Guidelines (see below paragraph 9) the Strategy Advisor will from time to time select positions in shares, securitised structured securities which may not be capital guaranteed (neither in full or partially) or interest bearing or paying, respectively, and cash for notional inclusion in the Strategy, together with certain FX instruments to manage the notional currency exposure in the Strategy.

The performance objective of the Strategy is to deliver stable returns even in sideways trending or slightly decreasing markets on a medium- and long-term investment horizon through discretionary selection of a wide diversification with regard to underlyings and securitised structured derivatives and relies on the performance abilities of the Strategy Advisor. At the same time the Strategy should provide for a participation in increasing markets.

The Strategy Advisor intends to select Reference Assets using as well proprietary databases as external databases provided by the issuers of the Reference Assets and derivative exchanges. Therefore, the Strategy Advisor uses its proprietary selection model which is based on proprietary tools linked to such databases and on fundamental analysis which is based on public available sources, research reports provided by selected banks and specialists, chart studies and technical analysis.

## **Strategy Management**

ABN AMRO Bank N.V. as Issuer acts with regard to the composition of the Strategy on the basis of the advice given by the Strategy Advisor. The Strategy Advisor has absolute discretionary authority over the investment of the proceeds of the sale of the Securities in accordance with the investment objective set forth above.

The Strategy will be recalculated on a regular basis. The Strategy Advisor may use notional Currency Management Instruments to hedge the notional currency risk of the Reference Assets in an attempt to reduce volatility or to achieve absolute returns in the long term. However, the Strategy Advisor is not obliged to manage currency risk in the Strategy.

***THE STRATEGY IS A NOTIONAL STRATEGY INVESTMENT AND NO ACTUAL INVESTMENT IN THE ASSETS IS MADE. THERE CAN BE NO ASSURANCE THAT THE STRATEGY WILL ATTAIN THE SECURITY'S OBJECTIVE.***

## **2. THE STRATEGY ADVISOR**

ZertifikateJournal AG is a share company and has its registered office in Veitshöchheim. It was founded in December 2001 and is registered with the commercial register of Würzburg under HRB 7633 since January 2002. The share capital amounts to EUR 50,000. The shareholders are Dr. Elisabeth Röhl, Erika Heussinger, Dieter Heussinger, Werner Heussinger and Heike Görner. The members of the managing board are Werner H. Heussinger and Christian W. Röhl. The objective of ZertifikateJournal AG as stated in its articles of association is to publish and distribute media in the field of capital market information, especially the publication and distribution in the field of financial innovations, e.g. certificates and to supply advisory service regarding capital market information.

Since 2001 ZertifikateJournal AG publishes the e-mail newsletter "ZertifikateJournal" with approximately 35,000 registered subscribers.

## **3. DEFINITIONS**

The following terms used in this Strategy Description are as defined below:

**"Bonus Certificate"** means securitised products which have a barrier which is usually active from the starting date to maturity (exception: "Bonus PlusPro" / "Bonus Pro" where the barrier is only relevant several months before expiration). If this barrier is never touched nor broken by the underlying during the life of the certificate, the Bonus Certificate will be paid back at a pre-defined minimum amount. Otherwise, the Bonus Certificates get the payoff

profile of a Tracking Certificate. In both cases, Bonus Certificates generally offer a 100 percent participation in the performance the underlying achieves from starting date to maturity;

**"Callable Certificates"** have a fixed maturity, combined with the possibility of early termination if the underlying has reached certain defined price levels at pre-defined fixing dates. In case of early termination, Callable Certificates are paid back with at a bonus that usually grows proportionally to the investment duration. On the latest termination date, Callable Certificates include a buffer zone. If the underlying does not show higher losses, the Callable Certificates are paid back at their initial price; otherwise the investment brings a loss corresponding to the negative performance of the underlying since the Callable Certificate's starting date.

**"Closing Value of the Strategy"** means the Strategy Value at the close of business on any Trading Day;

**"Composition Charges"** means any execution fees, commissions, clearing and custody charges or other fees or expenses, and any associated documentary or other taxes that the Strategy Sponsor determines would have applied (including, without limitation any commercial rates of interest over any base rate) if there had been a sale, realisation, close out or purchase or acquisition, as applicable, of a Reference Asset, in connection with, as the context requires, (a) the initial composition or any Recomposition (see paragraph 12 below) of the Strategy (b) removing the relevant Reference Asset from the Strategy, whether following a Disruption Event (as defined in the Product Conditions) or (c) otherwise as provided herein;

**"Currency Management Instrument Positions"** means the notional acquisitions of any currency instrument for the purpose of hedging existing Market Positions;

**"Derivative Investment Product"** means Tracking Certificates, Discount Certificates, Bonus Certificates and any other structured security which is listed in the EUWAX segment "Derivate Anlageprodukte";

**"Discount Certificate"** means securitised products reflecting a "covered call writing" strategy related to the underlying asset(s) or index. The position consists of a long investment into the underlying, combined with a short call on the same underlying. This leads to a limitation of the performance potential, while the option value becomes visible in a certificate price which is lower than the underlying price. According to the cap level (= exercise price of the short call), discount certificates provide possibilities to achieve attractive gains in stagnating or even falling markets. This shall include any discount certificates which have special features

like partial time barriers or constant barriers and all variations which may have barriers which need to be triggered before the repayment is subject to a change in the redemption formula;

"**EUWAX**" means the derivatives quality segment of the Stuttgart Stock Exchange;

"**Exchange Rate**" means the prevailing rate of exchange between the currency in which the Reference Asset is priced and EUR as determined by the Strategy Sponsor on the relevant date;

"**Grace Period**" means six months following the Strategy Commencement Date;

"**Knockout-Products**" means leverage type securitised products the performance of which is over-proportionally linked to the value of the underlying index or asset(s). The inner value continuously equals the positive difference between the underlying price and a pre-defined barrier, which can be placed under the underlying price ("Knockout Products Long") or above ("Knockout Product Short"). If the underlying price touches or breaks the barrier or a corresponding so called stop loss level, the Knockout Product is terminated immediately;

"**Leveraged Products**" means Plain Vanilla Warrants, Knockout-Products and any other structured security which is listed in the EUWAX segment "Derivate Hebelprodukte";

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

"**Long Share Positions**" means the notional acquisitions of Shares;

"**Long Structured Securities Positions**" means the notional acquisitions of securitised Structured Securities;

"**Notional Net Value**" means the notional disposal/closing price net of Composition Charges;

"**Notional Net Cost**" means the notional acquisition/opening price net of Composition Charges;

"**Plain Vanilla Warrants**" means securitised long option contracts on indices and other assets (long call and long put). Plain Vanilla Warrants put a leverage on the underling's performance the height of which depends on the relationship between exercise price and underlying price. In contrast to Knockout Products, the price of a Plain Vanilla Warrant is highly influenced by (implied) volatility and duration;

"**Price**" means the prevailing market price on the Relevant Exchange on the respective Trading Day or, if applicable for over the counter Reference Assets, the mark to market value on the respective Trading Day as supplied by the Strategy Sponsor;

"**Qualifying Asset**" means any security which complies with the Reference Asset Eligibility Guidelines (see below paragraph 10);

"**Recomposition Price**" means the prevailing market price of a Reference Asset on the Relevant Exchange at the time that such Reference Asset is notionally added to or removed from the Strategy;

"**Reference Asset Currency**" means a currency in which a Reference Asset is valued;

"**Reference Index**" means DAX, MDAX, TecDAX, EUROSTOXX 50, STOXX 50, S&P 500, Nikkei 225 and MSCI World;

"**Regulated Market**" means EUWAX and Smart Trading;

"**Relevant Exchange**" means for any Reference Asset such exchange or quotation system on which such Reference Asset has its primary listing or is mainly traded;

"**Rolling Discount Certificates**" are Tracking Certificates related to indices which simulate a continuing, regularly revolved investment into Discount Certificates. The cap fixing usually follows strictly defined rules, e.g. "monthly at-the-money";

"**Smart Trading**" means the derivatives quality segment of the Frankfurt Stock Exchange;

"**Technical Constraint**" means the Issuer's inability to hedge itself in respect of the Reference Asset due to either market, compliance, regulatory, reporting or reputational constraints;

"**Tracking Certificate**" means certificates which are linked one to one to the performance of an index, a single asset or an asset basket;

"**Trading Day**" means any day that is a trading day on the Relevant Exchange other than a day on which trading on such Relevant Exchange is scheduled to close prior to its regular weekday closing time;

"**Unsettled Dividend Positions**" means the unsettled dividends notionally arising from Reference Assets; and

"**Weighting**" means the quantity of each Reference Asset notionally comprised in the Strategy on the respective Trading Day.

#### **4. STRATEGY COMPOSITION**

The Strategy commencement date (the "**Strategy Commencement Date**") is 9 August 2004.

The Strategy will always comprise Reference Assets (the "**Reference Assets**") chosen by the Strategy Advisor from Qualifying Assets (see below).

The "**Base Value of the Strategy**" will be 100. The initial Reference Assets and their respective Weights will be determined by the Strategy Advisor and published in accordance with paragraph 6 "Publication of the Strategy" below. Following the Strategy

Commencement Date, the Strategy Advisor may change the notional composition of the Reference Assets (see below paragraph 5 "Recomposition of the Strategy").

## **5. RECOMPOSITION OF THE STRATEGY**

Following the initial composition of the Strategy, the Strategy Advisor may make such changes as it deems appropriate in its reasonable discretion to the notional composition of the Reference Assets and/or the Weightings of Reference Assets (such changes the "**Recomposition Changes**" and each such procedure a "**Recomposition**") on any Trading Day (each such date a "**Recomposition Date**"), subject to the compliance of the selected Reference Asset with the Strategy Composition Guidelines as set out in paragraph 9. In the event that the Strategy Sponsor determines that a Market Disruption Event (as defined in the Product Conditions) has occurred in relation to any actual or prospective Reference Asset on any Recomposition Date, then such actual or prospective Reference Asset shall not be so included or removed, as the case may be, in the relevant Recomposition.

## **6. PUBLICATION OF THE STRATEGY**

The Strategy Value will be calculated and published by the Strategy Sponsor once a day on each London Business Day on Reuters and/or Bloomberg reference page: AAPB. Publication on the web page "www.abnamro-zertifikate.de" (or any successor page to such page) will follow such publication on Reuters by not later than on the opening of the immediately following London Business Day. It is intended to publish the Reference Assets Weightings and Prices on the web page "www.abnamro-zertifikate.de" (or any successor page to such page) on a regular basis in the sole discretion of the Strategy Advisor.

## **7. STRATEGY CALCULATION**

ABN AMRO Bank N.V. acting in its capacity as calculation agent of the Strategy (the "**Strategy Sponsor**") shall determine the value of the Strategy (the "**Strategy Value**") on each Trading Day as an amount in EUR calculated in accordance with the following formula:

**Strategy Value = Aggregated Value of Reference Assets; plus  
Value of Cash Account; minus  
Residual Fees**

**Where:**

(A) **"Value of Reference Assets"** as of any Trading Day means the sum of the values calculated for each notional Reference Asset on such Trading Day, or if for any Reference Asset on such Trading Day no value is available, the value for such Reference Asset on the Trading Day immediately before the respective Trading Day. The value of any Reference Asset is calculated as follows:

"MP<sub>1</sub>" = the aggregated amount of the products of the Weighting of each Long Share Position and its Price, the result of each multiplication, if not expressed in EUR, converted to EUR by using the applicable Exchange Rate and rounded to the next two decimal points in accordance with commercial practice;

"MP<sub>2</sub>" = the aggregated amount of the products of the Weighting of each Long Structured Securities Position and its Price, the result of each multiplication, if not expressed in EUR, converted to EUR by using the applicable Exchange Rate and rounded to the next two decimal points in accordance with commercial practice;

"MP<sub>3</sub>" = the aggregated amount of the products of the Weighting of each Currency Management Instrument Position and its Price (can be a positive or a negative number);

"MP<sub>4</sub>" = the product of the Weighting of any Reference Asset and the dividends (unsettled) notionally arising from such Reference Asset net of applicable withholding taxes at the relevant rate adjusted by application of the UK tax treaty without reference to tax credits, from and including the ex-date of such Dividend to and excluding the payment date of such dividend, if not expressed in EUR, converted to EUR by using the applicable Exchange Rate and rounded to the next two decimal points in accordance with commercial practice.

(B) **"Value of Cash Account"** as of any Trading Day means a notional EUR cash account, calculated by summation of the following cash holdings (each a **"Cash Holding"**):

(i) *Notional Opening Value:* On the Strategy Commencement Date, immediately prior to the inclusion of any Reference Assets in the Strategy, the Cash Account shall be deemed to be equal to the Base Value of the Strategy;

- (ii) *Notional Opening/Closing of Long Positions:* In respect of the opening of a notional Long Share Position or a notional Long Structured Securities Position, respectively, a debit shall be made to the Cash Account corresponding to the product of the Weighting for the relevant notional Long Share Position or notional Long Structured Securities Position and its respective Notional Net Cost with effect from the date of such Long Shares Position's or Long Structured Securities Position's notional inclusion in the Strategy. In respect of a notional closure of a notional Long Share Position or Long Structured Securities Position, respectively, a credit, which may be zero, shall be made to the Cash Account corresponding to the product of the Weighting for the relevant Long Share Position or Long Structured Securities Position and its respective Notional Net Value (which may be zero) with effect from the date of such Reference Asset's removal from the Strategy.
- (iii) *Notional Opening/Closing of Currency Hedges:* In respect of the notional opening of a Currency Management Instrument Position a debit shall be made to the Cash Account corresponding to the product of the Weighting for the relevant Currency Management Instrument Position and its Notional Net Cost with effect from the date of such Strategy Position's notional inclusion in the Strategy. In respect of a notional disposal or closure of a Currency Management Instrument Position a debit, which may be positive or negative, shall be made to the Cash Account corresponding to the product of the Weighting for the relevant Currency Management Instrument Position and its Notional Net Value with effect from the date of such Currency Management Instrument Position's removal from the Strategy.
- (iv) *Dividends:* A credit shall be made to the Cash Account for each dividend notionally received from any Reference Asset, in each case as of the day such dividend would have been paid.
- (v) *Costs:* Any other theoretical costs associated with establishing, buying, selling and financing any Reference Asset and any Composition Charges or Maintenance Charges relating to any of the Reference Assets shall be debited from the Cash Account on the day(s) the Strategy Advisor determines such Composition Charges notionally arise. The total Composition Charges will generally be equal to 20 basis points per each transaction regarding a Reference Asset but may in some extraordinary circumstances be up to 100 basis points per each transaction regarding a Reference Asset.

- (vi) *Fees:* A notional amount in EUR in respect of the aggregated Management Fees shall be debited from the Cash Account to the extent the Cash Account remains positive and thereafter shall be applied in the Strategy as a reduction of the Market Positions.
- (vii) *Component Currencies:* The Cash Account is calculated in EUR, but can hold from time to time a currency balance in the currency in which an Authorised Asset is denominated which will be converted to EUR by using the applicable Exchange Rate. Such currency balances must be positive or zero.

No interest shall accrue in respect of a positive balance of the notional Cash Account.

(C) **"Residual Fees"**

To the extent the Cash Account remains positive the aggregated Management Fee (the **"Residual Fees"**) are debited to the Cash Account on the Management Fee Reset Date. Thereafter any residual aggregated fee amount is taken against the Market Positions. The Residual Fees are as set out below.

**8. NOTIONAL FEES**

(A) **Management Fee**

The management fee (the **"Management Fee"**) shall be applied to the Strategy Value on a daily basis from and including the Strategy Commencement Date. It shall be calculated as the product of the Fee Rate per annum (on the basis of a 365-day year) and the Closing Value of the Strategy on such date.

The **"Fee Rate"** shall be the per annum percentage rate determined by the Strategy Advisor in its sole discretion on each Management Fee Reset Date as being applicable until the occasion upon which it is determined, subject to a maximum of 1.5 per cent per annum. The initial Fee Rate is 1.5 per cent per annum.

**"Management Fee Reset Date"** means the last Business Day of each calendar quarter period from September 2004.

**9. STRATEGY COMPOSITION GUIDELINES**

These Strategy Composition Guidelines (the **"Strategy Composition Guidelines"** or **"Guidelines"**) are intended for use by the Strategy Advisor as the basis for selecting the initial Reference Assets and for maintaining the Strategy within these Guidelines and for effecting Recompositions of the Strategy. However, they are not mandatory rules and are intended to

have effect as guidelines only. Reconstructions of the Strategy by the Strategy Advisor may be made on any Trading Day but are not required to be made.

The Issuer may, but is not obliged to, refuse to include in the Strategy such Reference Assets selected by the Strategy Advisor for notional inclusion in the Strategy (i) which do not comply with the Strategy Composition Guidelines or (ii) due to Technical Constraints.

**(A) Eligible Reference Assets**

It is intended that the Strategy Advisor may select only Shares, Structured Securities and Currency Management Instruments which comply with the relevant eligibility criteria set out under paragraph 10 ("Reference Asset Eligibility Guidelines") below.

**(B) Concentration Limit**

**At the date of selection only** of a Long Share Position it is intended that exposure to a single company shall comprise no more than 5% of the Strategy Value at that time. Exposure to a single company shall be calculated as the sum of all Weightings in Shares issued by such company multiplied by the relevant Price.

**(C) Diversification Limit**

**At any time after the Grace Period** at least 10 different Reference Assets shall be contained in the Strategy.

**(D) Reference Asset Value Limit**

**At the date of selection only** the Value of any Reference Asset – other than Shares – may not exceed 15% of the Strategy Value.

**(E) Cash Limit**

**At any time after the Grace Period** the Value of the Cash Account may not exceed 30% of the Strategy Value. For the avoidance of doubt, no interest shall accrue in respect of a positive balance of the notional Cash Account.

**(F) Issuer Limit**

**At the date of selection only** the Values of all Reference Assets issued by the same issuer may not exceed 30% of the Strategy Value.

**(G) Leveraged Products Limit**

**At the date of selection only** the Values of all Leveraged Products may not exceed 30% of the Strategy Value.

## **(H) Underlying Concentration Limit**

At the date of selection only, the Value of Reference Assets (i) contained in or linked to the EURO STOXX 50 index or the DAX index may, with respect to each index, not exceed 50% of the Strategy Value, and (ii) contained in or linked to other indices or asset baskets may, with respect to each other index or asset basket, not exceed 20% of the Strategy Value and (iii) linked to other underlyings (excluding Shares) may, with respect to each other underlying, not exceed 10% of the Strategy Value.

## **10. STRATEGY COMPONENT ELIGIBILITY GUIDELINES**

### **(A) "Share"**

It is intended that each Share should generally conform to the guidelines set out below:

*Type:* a share which is contained in a Reference Index.

### **(B) "Structured Securities"**

It is intended that each Structured Security should generally conform to the guidelines set out below:

*Type:* Derivative Investment Products or Leveraged Products; and

*Quality:* be listed and traded on a Regulated Market.

## **11. CHANGES TO STRATEGY METHODOLOGY; STRATEGY COMPOSITION GUIDELINES AND STRATEGY COMPONENT ELIGIBILITY GUIDELINES**

### **(A) General Right to Modify**

The Strategy Sponsor will determine the initial Strategy Value on the basis of the Strategy as initially composed by the Strategy Advisor in accordance with the Strategy calculation and the methodology described above. While the Strategy Sponsor intends to employ this methodology from the Strategy Commencement Date, no assurance can be given that fiscal, market, regulatory, juridical or financial circumstances will not arise that would, in the view of the Strategy Sponsor, necessitate a modification or change of such methodology. The Strategy Sponsor may also make modifications to the terms of the Strategy to correct any manifest or proven error or to cure, correct or supplement any defective provision contained

in this Strategy Description. The Strategy Sponsor will publish notice of any such modification or change in accordance with paragraph 6 “Publication of the Strategy” above.

**(B) Annual Review**

Without limiting the preceding paragraph, the Strategy Advisor subject to agreement by the Strategy Sponsor will, in any event, review the Strategy Calculation Methodology, Strategy Composition Guidelines and Reference Asset Eligibility Guidelines on each anniversary of the Strategy Commencement Date and make such modification and/or adjustments as it consider necessary or appropriate to maintain the primary objective of the Strategy. The Strategy Sponsor will publish notice of any such modification or change in accordance with paragraph 6 "Publication of the Strategy" above.

**12. RECOMPOSITION OF THE STRATEGY**

**(A) General**

Following the initial Strategy Composition, the Strategy Advisor may, make such changes as it deems appropriate in its reasonable discretion to the composition of the Reference Assets and/or the Weightings of Reference Assets (such changes, the "**Recomposition Changes**" and each such procedure, a "**Recomposition**") on any Trading Day (each such date a "**Recomposition Date**"), using its reasonable endeavours to comply with the Strategy Composition Guidelines and Reference Asset Eligibility Guidelines as set out in Paragraphs 9 and 10 respectively. In the event that the Strategy Sponsor determines that a Market Disruption Event (as defined in the Terms and Conditions) has occurred in relation to any actual or prospective Reference Asset on any Recomposition Date, then (a) such actual or prospective Reference Asset shall not be so included or removed, as the case may be, in the relevant Recomposition and (b) for the purposes of determining compliance with the Strategy Composition Guidelines in Paragraph 9, the Price of each notional Reference Asset affected by a disruption event shall be determined by the Strategy Sponsor as its good faith estimate of the fair market value (which may be zero) of such Reference Asset as of such Recomposition Date.

**(B) Compliance with Strategy Composition Guidelines and Reference Asset Eligibility Guidelines**

It should be noted that from time to time the Strategy might not comply with the Strategy Composition Guidelines and/or the Reference Asset Eligibility Guidelines. However, the Strategy Sponsor is only obliged to monitor the rules set out in the Strategy Composition

Guidelines and in the Strategy Component Eligibility Guidelines and has in no circumstances any obligation to monitor statements set out in section 1 “General Description”.

If the Strategy fails to comply with the Strategy Composition Guidelines and/or the Reference Asset Eligibility Guidelines, neither the Strategy Advisor nor the Strategy Sponsor are required to make Recomposition Changes. The Strategy Sponsor will determine in its reasonable discretion whether the Strategy is materially outside the Strategy Composition Guidelines or the Reference Asset Eligibility Guidelines and whether this is of a temporary nature. If the Strategy Sponsor determines that the Strategy is materially outside the Strategy Composition Guidelines or the Reference Asset Eligibility Guidelines and is not temporarily so, the Strategy Sponsor will as soon as reasonably practicable, notify the Strategy Advisor and request that a Recomposition occur. In such case the Strategy Advisor is required to make Recomposition Changes.

**(C) Publication**

Details of the initial Strategy Composition and each Recomposition shall be published by the Strategy Sponsor in accordance with paragraph 6 “Publication of the Strategy” above as soon as reasonably practicable after, in the case of the initial Strategy Composition, the Strategy Commencement Date or, in the case of a Recomposition, the relevant Recomposition Date.

**13. ADJUSTMENT PROVISIONS**

**Strategy Adjustment Provisions (other than by reason of Strategy Advisor selection)**

**(A) Shares**

(1) Changes to companies which issued Shares (each a "**Share Company**"):

- (a) If a Share is delisted, or ceases to have a firm quotation, or is subject to a take-over offer which has been declared wholly unconditional it will cease to be eligible for inclusion in the Strategy and will be substituted for new shares issued on connection with such delisting, cessation or take-over offer and such date of substitution shall be a Recomposition Date.
- (b) Any such substitution shall be effected simultaneously, before the start of the Strategy calculation on the Trading Day following the day on which the event justifying such substitution was announced by the Relevant Exchange. Announcements made after the close of the Strategy calculation shall be deemed to be made on the following Trading Day. In the case of a take-over

offer, the event justifying the removal shall be an announcement that the offer has been declared wholly unconditional.

(2) Mergers, Restructuring and Complex Take-Overs:

- (a) If the effect of a merger, restructuring or take-over is that a Share Company is absorbed by another Share Company, the resulting company will remain a constituent of the Strategy, provided it meets the definition of a Qualifying Asset at that time and even if its Weighting does not comply with the Strategy Composition Rules based on being of a different Qualifying Asset class.
- (b) If a Share Company is taken over by a company whose shares are not eligible for inclusion in the Strategy due to not being a Qualifying Asset, the Shares will be removed and substituted for a new Qualifying Asset.
- (c) If a Share Company is split so as to form two or more companies, then the resulting Shares will, provided they meet the definition of a Qualifying Asset at that time and even if the resultant Weightings do not comply with the Strategy Composition Rules based on being of a different Qualifying Asset class, be included in the Strategy.

(3) New Issues:

- (a) All new issues of shares of companies which satisfy the definition of Qualifying Asset shall be eligible for inclusion in the Strategy.
- (b) For the purpose of this paragraph (3), a company whose shares are relisted following suspension or which is reorganised or renamed or which arises from a demerger or complex reorganisation of another company whose shares were not prior to such event eligible for inclusion in the Strategy, shall not be considered to be a new issue of shares.

(4) Suspension of Dealing:

Where the Shares are suspended from dealing beyond noon on the second Trading Day following the day of suspension the Strategy Sponsor may decide to remove such Shares from the Strategy and the relevant Shares shall no longer form a part of the Strategy. If a relevant Share has been suspended for ten consecutive Trading Days, it shall be removed from the Strategy on the eleventh Trading Day. When a relevant Share is removed following suspension of its quotation, the Strategy Sponsor may, but is not obliged to, remove the relevant Share at a price of zero.

(5) Relisting of Suspended Shares:

Where Shares have previously been suspended from dealing and have been removed from the Strategy and such Shares are subsequently relisted they may be reinstated as being eligible for inclusion in the Strategy.

(6) Other Potential Adjustment Events Pertaining to Shares:

Each of the following shall be a “**Potential Adjustment Event**”:

- (a) a subdivision, consolidation or reclassification of relevant Shares (otherwise than described above), or, a free distribution or dividend of such Shares to existing holders by way of bonus, capitalisation, recapitalisation or similar issue;
- (b) a distribution or dividend to existing holders of the relevant Shares of (aa) such Shares, or (bb) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (cc) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Strategy Sponsor;
- (c) an extraordinary dividend;
- (d) a call by the Share Company in respect of relevant Shares that are not fully paid;
- (e) a repurchase by the Share Company of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (f) any other similar event that may have a diluting or concentrative effect on the theoretical value of the relevant Shares.

then the Strategy Sponsor will (in the case of ((a) to (e) above) make such determination or adjustment as it considers appropriate to reflect the relevant adjustment and in the case of (f) above will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Share and, if so, will: (1) make the corresponding adjustment, if any, to any one or more of the terms of the Strategy and/or the Weighting of the relevant Shares as the Strategy Sponsor determines appropriate to account for that

diluting or concentrative effect; and (2) determine the effective date of that adjustment.

**(B) STRUCTURED SECURITIES;**

Adjustments to the Structured Securities (each a "**Secondary Security**" and together the "**Secondary Securities**"):

If the issuer of a Secondary Security is liquidated, dissolved or otherwise ceases to exist is subject to proceedings under any applicable bankruptcy, insolvency or other similar law, then the Strategy Sponsor may: (A) make an appropriate adjustment to any one or more of the Strategy Composition Guidelines or the Strategy Composition to account for such event and determine the effective date of that adjustment (the Strategy Sponsor may, but need not, determine the appropriate adjustment by reference to any adjustment made by an exchange or quotation system on which the relevant Secondary Security is traded or dealt); or (B) value the relevant Secondary Security at its fair market value taking into account such event less the theoretical cost to a holder of such Secondary Security of unwinding any related hedging arrangements with respect to such Secondary Security, all as determined by Strategy Sponsor.

**(C) CASH HOLDINGS**

**Adjustments following FX Market Disruption Event:**

On the occurrence of a FX Market Disruption Event, the value of the relevant Cash Holding shall be determined by the Strategy Sponsor in its sole and absolute discretion, and the Strategy Sponsor shall have the right to adjust the Strategy Value to take into account the FX Market Disruption Event. In this paragraph, "**FX Market Disruption Event**" means: an event that generally makes it illegal, impossible, impractical or inadvisable to convert one unit of the currency in which the relevant Cash Holding is held into Euro; or an event that generally makes it impossible to deliver (A) Euro from accounts in which they are held to accounts outside of countries which at such time are participating in the third stage of European Economic and Monetary Union pursuant to the treaty establishing the European Community (whether from 1999 or after such date); or (B) the general unavailability of Euro at a spot rate of exchange (applicable to the purchase of Euro for the currency in which the relevant Cash Holding is held) in any legal currency exchange market in

the principal financial centre for such currency of such Cash Holding, if, in the determination of the Strategy Sponsor, the occurrence of any such events is material.

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## ANNEX 1

### TO II CONDITIONS: INFORMATION RELATING TO THE UNDERLYING

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#### Summary of Termination Provisions

The following is an excerpt from the Strategy Advisory Agreement between the Issuer and the Strategy Sponsor (also the “**Agreement**”) and for information only. The rights and obligations resulting from these provisions and from the Strategy Advisory Agreement between the Issuer and the Strategy Advisor are those of the parties thereto and no Holder is or will be deemed to be a party to that agreement nor be entitled to exercise such rights or enforce any such obligations or have any beneficial rights in respect of the Strategy Advisory Agreement. The terms and conditions of the Strategy Advisory Agreement shall prevail at all times.

- 11.1 Either party hereto may terminate this Agreement by giving the other party 30 days' prior written notice if the terminating party believes in good faith that material damage or harm is occurring to the reputation or goodwill of that party by reason of the other party's acts or omissions, unless the other party shall correct the condition causing such damage or harm to the satisfaction of the terminating party within such 30-day period.
- 11.2 This Agreement may be terminated, by the non-breaching party, in the event of a breach by the other party of this Agreement, if such breach is not cured within 30 days of the non-breaching party notifying its knowledge of the breach.
- 11.3 The Issuer may terminate this Agreement as it relates to any Securities referenced to the Strategy upon 60 days' (or upon such lesser period of time required pursuant to an order of a court or regulatory authority) prior written notice to the Strategy Advisor if:
  - (a) the Issuer is informed of the adoption of any legislation, regulation, rule or policy or the issuance of any interpretation thereof that, in the Issuer's sole judgement, materially impairs the Issuer's ability to issue, promote or administer any Securities referenced to the Strategy;

- (b) any material litigation or regulatory proceedings regarding any Securities referenced to the Strategy is threatened or commenced;
- (c) the Issuer ceases to offer of Securities referenced to the Strategy; or
- (d) the Securities are terminated, redeemed, repurchased, cancelled or are no longer in force for any reason whatsoever.

11.4 The Strategy Advisor may terminate this Agreement as it relates to any Securities referenced to the Strategy upon 60 days' (or upon such lesser period of time required pursuant to an order of a court or regulatory authority) prior written notice to the Issuer if:

- (a) the Strategy Advisor is informed of the adoption of any legislation, regulation, rule or policy or the issuance of any interpretation thereof that, in the Strategy Advisor's sole judgement, materially impairs the Strategy Advisor's ability to provide the information required by this Agreement in connection with the Securities;
- (b) any litigation or proceeding is threatened or commenced that the Strategy Advisor reasonably believes would have a material adverse effect upon the Trademarks, the Strategy or the Strategy Advisor or upon the ability of the Strategy Advisor to perform its obligations under this Agreement;
- (c) any material litigation or regulatory proceedings regarding the Securities is threatened or commenced; or
- (d) the Issuer ceases to offer Securities or all of the Securities are redeemed (whether at maturity or earlier), repurchased, cancelled or otherwise not in force.

11.5. The Strategy Advisor recognises that irreparable harm can be occasioned to the Issuer if the Strategy Advisor breaches this Agreement (including the use of the Strategy or any derivative or component thereof in a manner not contemplated by this Agreement or the unauthorised disclosure, reproduction or use of any Confidential Information (as defined below)) and that monetary damages will be inadequate to compensate for such breach. The Strategy Advisor agrees that in the event of any failure by it to comply with the terms of this Agreement, the Issuer shall be entitled to the entry of an injunction or other equitable relief and the Strategy Advisor shall not object to such injunction or equitable relief on the basis of an adequate remedy at law or other reason. This remedy shall be in addition to any other remedies available to the Issuer. Nothing in this Agreement shall limit the right of the Issuer to contest any facts or

make any legal argument relating to the existence of any breach or threatened breach of this Agreement.

- 11.6 The Issuer may (but shall not be obliged to) terminate this Agreement at any time in the event that the Strategy Advisor is taken-over or becomes insolvent or if any of the following events occur:

- 11.6.1 the Strategy Advisor is liquidated, wound-up or a petition or a judicial or other order is made or issued for the same; or it becomes the subject of any procedure affecting the rights of creditors in general;
- 11.6.2 the Strategy Advisor ceases in all or in part its business activities or no longer carries them out as they are carried out on the date hereof, or does no longer have all human, technical and other necessary resources to perform all its obligation under or in respect of this Agreement or resulting from the Securities;
- 11.6.3 any of the following persons (the “**Key Executives**”, and each one a “**Key Executive**”) no longer ceases to carry out the activities each carries out within the Strategy Advisor on the date hereof for any reason whatsoever, including, but not limited to: termination of employment or services contract with the Strategy Advisor for any reason whatsoever, redundancy, physical or mental illness or inability to carry out al or part of such activities; death, legal or de facto incapacity or restrictions: Christian W. Roehl and Werner H. Heussinger; or
- 11.6.4 withdrawal or non renewal, for any reason whatsoever, of any license, consent, authorisation, approval, clearance required by any and all applicable laws and regulations for the Strategy Advisor to carry out all or part of its business activities as they are carried out on the day hereof and/or to perform all or part of its obligations under or in respect of this Agreement or which result or are implied by the Securities.
- 11.7 The Issuer may also terminate this Agreement at any time and without notice if by 9 August 2005 and thereafter by a continuous three month period, the total aggregate outstanding principal amount of the Securities sold or otherwise transferred to parties other than the issuer thereof (or any its affiliate or subsidiaries or shareholders or parent company) does not exceed €10 Million.
- 11.8 Notwithstanding anything to the contrary in this Agreement, the Strategy Advisor agrees that it will not be entitled to terminate this Agreement if the Issuer is not able or in a position, for any reason whatsoever, to terminate the Securities or otherwise terminate or end its obligations under the Securities or end the transaction resulting from the Securities.

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### III ZUSATZANGABEN FÜR DAS ANGEBOT IN DER BUNDESREPUBLIK DEUTSCHLAND

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WICHTIG: DIESE ZUSATZANGABEN FÜR DAS ANGEBOT IN DER BUNDESREPUBLIK DEUTSCHLAND SOWIE DARIN ENTHALTENE BEZUGNAHMEN AUF WERTPAPIERE BEZIEHEN SICH AUSSCHLIEßLICH AUF DEN NACHTRAG NR. 674 VOM 9. AUGUST 2004 GEMÄß § 10 WERTPAPIER-VERKAUFSPROSPEKTGESETZ ZUM UNVOLLSTÄNDIGEN VERKAUFSPROSPEKT VOM 28. FEBRUAR 2002.

#### 1. BESTEUERUNG

*Der folgende Abschnitt beschreibt die nach deutschem Steuerrecht auftretenden steuerlichen Folgen der Veräußerung von Wertpapieren innerhalb der Einjahresfrist auf Grundlage des zum Zeitpunkt der Veröffentlichung des Offering Supplement geltenden Steuerrechts. Diese Zusammenfassung ist allerdings nicht erschöpfend. Insbesondere werden keine Aussagen über die steuerlichen Folgen gemacht, falls einzelne Wertpapiere nach deutschem Recht als sogenannte Finanzinnovationen oder eigenkapitalähnliche Instrumente zu besteuern sind. Inhabern, die in Bezug auf ihre steuerliche Rechtsposition im Zweifel sind, wird empfohlen, ihren Steuerberater zu konsultieren.*

Ein in Deutschland ansässiger Privatanleger (Wohnsitz oder ständiger Aufenthaltsort in Deutschland), der das Wertpapier innerhalb eines Jahres nach Erwerb veräußert, unterliegt mit einem Veräußerungsgewinn grundsätzlich der Einkommensteuer, (zuzüglich Solidaritätszuschlag in Höhe von 5,5% der Einkommensteuer).

Der Erfolg aus der Veräußerung wird als Differenz von Verkaufserlös einerseits sowie ursprünglichen Anschaffungskosten und Spesen andererseits ermittelt. Im Kalenderjahr werden sämtliche Gewinne und Verluste aus diesen Geschäften saldiert. Liegen die Gewinne nach Saldierung unter Euro 512, bleiben sie steuerfrei; ab Euro 512 sind sie in voller Höhe steuerpflichtig. Wird nach Saldierung ein Verlust ausgewiesen, kann der Verlust im Vorjahr erzielte Gewinne aus ähnlichen Geschäften mindern. Ist das nicht möglich oder gewünscht, kann der Verlust vorgetragen werden.

Ähnliche Regelungen gelten, wenn der Privatanleger Rechte zum Erwerb/ zur Veräußerung erwirbt oder Verpflichtungen zum Erwerb/ zur Veräußerung innerhalb eines Jahres durch Barausgleich oder Glattstellung aufgibt. Auch nach Ablauf der Einjahresfrist kann im Einzelfall eine Steuerpflicht gegeben sein. Sind die Wertpapiere einem Betriebsvermögen in Deutschland zugeordnet, unterliegt der Gewinn aus der Veräußerung unabhängig von der Haltedauer grundsätzlich der

Einkommensteuer - oder Körperschaftsteuer zuzüglich eines Solidaritätszuschlags i.H.v. 5,5% hierauf sowie der Gewerbesteuer. Der Umfang der Steuerpflicht ist allerdings für jeden Einzelfall gesondert zu bestimmen ( z.B. keine Gewerbesteuerpflicht für Angehörige freier Berufe). Ob Verluste abziehbar sind, hängt von den Umständen des Einzelfalls ab. Auch eine nicht in Deutschland ansässige Person ist im allgemeinen nach den oben genannten Grundsätzen steuerpflichtig, z.B. wenn sie in Deutschland eine Betriebsstätte unterhält oder einen ständigen Vertreter bestellt hat.

2. EMISSION UND VERKAUF

Die Wertpapiere sind zum Vertrieb und zum Verkauf in Deutschland geeignet und werden am 9. August 2004 emittiert und ab dem 9. August 2004 freibleibend zum Verkauf angeboten. Die Wertpapiere können direkt von jeder Niederlassung der ABN AMRO Bank N.V. in Deutschland bezogen werden. Es ist beabsichtigt, die Einbeziehung der Wertpapiere in den Freiverkehr an der Stuttgarter Wertpapierbörse zu beantragen.

3. INFORMATIONEN ZU SETTLEMENT UND CLEARING

Die Wertpapiere sind zum Clearing und Settlement wie nachstehend beschrieben zugelassen worden:

Description	Euroclear Bank S.A. (ISIN)	Clearstream Banking AG (WKN)
200.000 Securities to the ZJ Portfolio Actively Managed Strategy	NL0000413771	ABN2BF

4. INFORMATIONEN ZUM VERFALLDATUM

Diese Informationen entnehmen Sie bitte Product Condition 3. Nur Personen, welche zur entsprechenden Zeit in dem Register der maßgeblichen Verwaltungsstelle (Clearing Agent) als Wertpapierinhaber eingetragen sind, werden als solche angesehen.

5. BÜRO DER ZAHLSTELLE

In Deutschland wenden Sie sich bitte an ABN AMRO Bank N.V., Niederlassung Frankfurt, Abteilung Strukturierte Aktienprodukte, Theodor-Heuss-Allee 80, 60486 Frankfurt am Main.

6. RECHTLICHER HINWEIS

Nachtrag gemäß § 10 Wertpapier-Verkaufsprospektgesetz zum unvollständigen Verkaufsprospekt.

Dieser Nachtrag wird gemäß § 10 des Wertpapier-Verkaufsprospektgesetzes im Zusammenhang mit dem unvollständigen Verkaufsprospekt vom 28. Februar 2002 veröffentlicht.

Veränderungen, die für die Beurteilung der Emittentin oder der Wertpapiere von wesentlicher Bedeutung sind, werden, zusätzlich zu einer Bekanntmachung gemäß General Condition 4(a), in einem Nachtrag gemäß § 11 Wertpapier-Verkaufsprospektgesetz in einem überregionalen Börsenpflichtblatt bekanntgemacht.

Dieser Nachtrag sowie der unvollständige Verkaufsprospekt werden während der Laufzeit der Wertpapiere zu den üblichen Geschäftszeiten in der Geschäftsstelle der Zahlstelle zur kostenlosen Ausgabe bereitgehalten. Angaben zur Zahlstelle entnehmen Sie bitte der obigen Rubrik 5. (Büro der Zahlstelle).

**ABN AMRO BANK N.V. AND ABN AMRO HOLDING N.V.**

Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

**PRINCIPAL AGENT**

ABN AMRO Bank N.V.  
(acting through its branch in London)  
250 Bishopsgate  
London EC2M 4AA  
United Kingdom

**AUDITORS**

Ernst & Young Accountants  
Drentestraat 20  
1083 HK Amsterdam  
The Netherlands