

PRIVATE & CONFIDENTIAL

Ms Christel Smets
Head Taxes & Subsidiaries
ABN AMRO
Kanselarijstraat 17A
B-1000 Brussels
Belgium

March 22, 2007

Dear Christel,

Re: Health Check of tax parametrisation of back office systems

We are pleased to provide you hereby with the terms of our engagement to provide certain tax advisory services to ABN AMRO. The terms of business, which are attached to this letter and constitute an integral part of this engagement letter, provide further details of our respective responsibilities. In the event of any inconsistency, the terms of this engagement letter will prevail.

1. INTRODUCTION*1) ABN AMRO is responsible for the collection of WHT and TOB*

ABN AMRO Bank, Belgian branch (“ABN AMRO”) has tax collection and reporting obligations with respect to a number of the services it provides. This applies in particular to the services described hereafter.

ⁿSociété civile ayant emprunté la forme d'une société cooperative à responsabilité limitée

Burgerlijke vennootschap die de rechtsvorm van een coöperatieve vennootschap met beperkte aansprakelijkheid heeft aangenomen

R.S.C. Bruxelles – R.B.V. Brussel 1438 – T.V.A. – B.T.W. BE 437.476.235

Banque – Artesia – Bank 551-4009300-68 – BBL 310-0644938-71

Banque – Fortis – Bank 210-0905780-46 – KBC 435-0317801-12

ABN AMRO may act as paying agent for various Belgian and foreign debtors of interest and dividend payments. In this capacity ABN AMRO must act as a withholding agent. This means that it is responsible for collecting, remitting and reporting Belgian withholding taxes on such payments, when due. ABN AMRO must also generally act as a withholding agent with respect to securities for which it acts as custodian. In such capacity, ABN AMRO also offers relief services for Belgian and certain foreign withholding taxes whereby it generally relies on the help of a sub-custodian established in the relevant local market with respect to the foreign withholding tax relief procedures. The aforementioned services may also trigger obligations under the Belgian legislation implementing the EU Savings Directive and under certain foreign withholding tax regimes such as the US Qualified Intermediary regime.

ABN AMRO may from time to time also act as broker for the account of clients. In this capacity it will have certain obligations for the collection of stock exchange transaction taxes (“TOB”).

2) Tax parametrisation of back-office systems

To be able to deal with large volumes of transactions and to reduce the risks for human errors, banks generally automate the tax collection and relief procedures as much as possible. This is often done through the incorporation of tax matrices in the back offices systems that will pick up any relevant corporate actions or transactions and automatically determine the applicable tax treatment. The tax matrices are combinations of certain parameters, including the security type, the nature of the taxable event, the tax rate and the client type. These tax matrices are interfaced through IT application(s) with databases that contain information on the client’s tax status, tax rates, and details of the securities. A client’s tax status is based on a series of attributes that may vary according to the type of tax. These attributes generally include the tax residence and may also include the status as a financial institution, the status as intermediary as opposed to beneficial owner, the presence of a required tax certificate, etc.

The tax matrices are thus set up to determine which information is needed to apply a given tax treatment. The interfaces with the databases are intended to check which of the various tax matrices that are used in connection with each type of business activity is applicable in respect of each relevant taxable event and to apply the appropriate tax treatment.

3) Risks attached to faulty tax parametrisation

Whilst the automation of tax collection and relief procedures generally increases the efficiency thereof and mitigates the risk of human errors, it also carries certain risks. The main risk is that the tax matrices are not accurate because of faulty design or lack of updating. The likelihood of this risk materializing is potentially very high given not only the complexity of the underlying rules but also the frequent legislative changes which require continuous updating of the relevant procedures. In this regard, it is unclear whether the set-up of the procedures implemented by ABN AMRO have been verified in the past by an independent specialized tax expert and whether they have been thoroughly tested.

Because of the automated and systemic nature of the procedures, any inaccuracy may cause significant compliance issues. These issues may create not only financial risks for the bank but may also harm its reputation.

It is key therefore that the bank is able to provide full assurance that its tax collection and relief procedures function in an accurate manner.

We understand that ABN AMRO wishes to test the accuracy and completeness of the tax matrices currently used for withholding tax and TOB purposes as well as the proper functioning of the underlying systems through a Health Check. ABN AMRO also wishes to test the fulfillment of the compliance obligations that apply in connection with the taxes due in respect of the services described above. We will describe hereafter in more detail our understanding of the scope of the Health Check and our proposed approach for handling the Health Check.

2. SCOPE OF THE HEALTH CHECK

A) Introduction

As stated above, you have asked us to review the application of withholding taxes and TOB by ABN AMRO in connection with securities held on behalf of its customers. We have hereafter outlined the scope of the activities that we would perform. We have added thereto a list of activities that are not included in the scope of the current fee proposal to avoid any misunderstanding on this point.

B) Proposed activities

We propose to perform the following control activities as part of the Health Check:

- i. Fact Finding
- ii. Creation of tax matrices
- iii. Gap analysis

F

- iv. Testing
- v. Verification of compliance obligations
- vi. Issuance of report and wrap-up

i. Fact Finding

During this preparatory phase of the project we will gather information necessary for our understanding of the current infrastructure and procedures applied by ABN AMRO in connection with its handling of the tax collection obligations triggered by the transactions and payments referred to above.

We propose to prepare a documentation request and to conduct interviews with key staff members designated by yourselves.

The information request may ask for things such as a description of the tax collection and relief procedures, the documented tax procedures (if any), description of information flows, descriptions and/or manuals of the relevant IT systems to allow us to understand the information stored in and produced by such systems, description of selected business activities, account opening procedures, ... Everything that is asked for in this phase of the project is asked with an eye towards efficiency. It is indeed of key importance that we have a good understanding of the way ABN AMRO operates in connection with the activities under review and that we capture all relevant taxable events.

Further fact-finding requests may be made during subsequent phases of the project if this would prove useful for our understanding of the ABN AMRO environment.

We consider the analysis of the information/documents provided to be a part of this activity.

ii. Confirmation of methodology and approach

We have outlined our standard approach for the subsequent phases of the Health Check hereafter. We will, however, re-assess the efficiency of this approach in the light of our findings from the first phase of the project. This means that we will discuss alternative approaches with you, should it appear that the proposed standard approach is not likely to yield the desired result in the light of the operational context of ABN AMRO.

iii. Creation of tax matrices

This phase involves the design of tax matrices for each type of tax. We propose to extend the project to cover Belgian withholding tax and TOB but we will be glad to extend the scope further to include, for example, the residence levy under the EU Savings Directive, the so-called “Reynders tax” on investment funds having invested more than 40% of their assets in debt and/or the US Qualified Intermediary regime. This proposal is, however, limited to Belgian withholding taxes and TOB.

Separate tax matrices would be created for each relevant security type. The tax matrices will detail the various corporate events to be distinguished, the tax rates and the conditions at client level that must be met to benefit from a reduced rate of tax, if any.

iv. Gap analysis

This activity involves a gap analysis to identify any gaps between the tax matrices created by Ernst & Young and those created previously by ABN AMRO.

We would indeed check whether the tax matrices developed by ABN AMRO considered jointly with the various applications yield the correct result, i.e. the appropriate amount of tax levy. This will involve checking whether the information stored by ABN AMRO on customers, securities and transactions in its databases suffices to apply the correct tax treatment. Special regard will have to be had at tax certifications received from customers.

More specifically, the gap analysis will involve the following activities:

1. Determination of relevant categories of securities.

This activity involves the matching of the Ernst & Young list of all relevant categories of securities (the list will be derived from the tax matrices) with the securities categories currently distinguished by ABN AMRO. This means that each security type available in ABN AMRO’s securities database would be re-categorized into the various categories on our list. This exercise should enable us to determine whether ABN AMRO’s back-office systems contain the required securities categories for Belgian tax purposes and whether such categories are sufficiently well described. It should also detect any redundant categories.

2. Determination of all relevant corporate actions for each category of securities

This activity involves the matching for each relevant category of securities, of all relevant corporate actions derived from the Ernst & Young tax matrices with the corporate actions currently distinguished by ABN AMRO.

This activity should enable us to determine whether ABN AMRO's back-office system contains all required corporate actions that need to be distinguished for Belgian tax purposes and whether such corporate actions are sufficiently well described. It should also detect any redundant corporate action types.

3. Determination of all relevant investor types for each category of securities

This activity involves a comparison between the various investor categories that are required to be distinguished for Belgian withholding tax purposes per securities category and the client categories currently distinguished by ABN AMRO.

This activity should enable us to verify whether the ABN AMRO client categories are sufficiently exhaustive and accurate.

4. Verification of applicable tax rate

The fourth activity serves to verify whether the tax rates as used in connection with the tax matrices of ABN AMRO match with the tax matrices created by Ernst & Young.

When setting the rates in the tax matrices that we will create, we will distinguish between the applicable default statutory rates and any available reduced rates or exemptions, when applicable and we will specify whether the availability of a reduced rate is subject to the provision of a tax certificate.

For our matching of the tax matrices with the ABN AMRO data, we will be relying on ABN AMRO to provide us with the relevant data. For example, for us verifying whether the taxable events are all adequately captured by ABN AMRO, we will rely on a list of corporate events that ABN AMRO will provide to us.

v. Testing

F

For this phase of the project we will draw up at least 50¹ sample test cases covering various permutations in terms of security types, taxable events and client types. These test cases would then be input into ABN AMRO's systems with a view to verifying whether the results that should follow from the tax matrices and applications used in connection therewith, are effectively being produced.

vi. Verification of compliance obligations

During this phase of the project we will verify whether ABN AMRO complies with the following obligations:

- maintenance of *Registre Spéciale* for foreign source income paid to customers and for certain coupon transactions;
- preparation of withholding tax and TOB returns and timely filing of such returns;
- timely payments of withholding taxes.

We will do so by verifying the processes and procedures applied by ABN AMRO to collect the information required to be reported in the tax return. In particular, we will verify whether the processes are sufficiently complete so as to pick up all relevant information, whether such information is interpreted correctly and whether the information is input correctly into the tax return.

We will also test the computation of the taxes due and the timely payment of the taxes for 5 withholding tax returns.

vii. Issuance of report and wrap-up

Once we have completed the activities described above, we will issue a report outlining the activities performed and the findings of such activities. We will also identify areas where improvement of ABN AMRO's back office tax parametrisation is necessary. In addition, we will highlight areas where compliance does not meet tax authorities' requirements. The report will contain our recommendations to make the necessary improvements to systems and procedures.

This activity also includes a meeting with you during which we will comment on the report, agree on possible follow-up actions and respond to any questions you may have on the report.

C) Excluded activities/transactions

¹ The number of test cases will ultimately be determined on the basis of information gathered during the previous phases of the project, in consultation with ABN AMRO.

The following activities/transactions are not part of the current fee proposal (but may be added thereto at your request):

- any taxes other than Belgian withholding taxes and TOB;
- transactions entered into by the bank for its own account and income payments received as a beneficial owner;
- transactions not specifically mentioned or referred to under A) above, including, but not limited to, the following transactions:
 - collateral management transactions such as pledges;
 - securities lending, buy-sell back and repo transactions;
- market claims².

3. **TIMESCALE AND FEES**

A) Timescale

The timing of this project is still to be agreed with you. We will initiate the first phase of the project as soon as possible after the date of signature of this engagement letter.

In our experience, a project of this scale may require several months to complete. It may be advisable in this connection for ABN AMRO to create a project steering committee. This would allow us to report progress made and to identify any blocking issues.

B) Fees

Our fees for the services that will be provided by the project team will be based on the time required to complete the assignment, charged at rates that reflect the experience and expertise of the project team. The current billing rates are as follows:

Partner	€460
Director	€385
Senior Manager	€255-290
Manager	€207-220
Senior Consultant	€145-180
Consultant	€85-135

² Reference is made to payments due by the seller of securities when a transaction is concluded cum-coupon but settled ex-coupon.

We estimate the total cost for each of the above-mentioned activities to be as follows:

Activity	
<u>Fact Finding:</u>	
- information request	1,300
- review of information	3,700
- interviews (2-3 staff members)	3,000
Subtotal	8,000
<u>Creation of Tax Matrices:</u>	23,600
<u>Gap analysis:</u>	9,000
<u>Testing:</u>	11,700
<u>Testing of Compliance obligations:</u>	7,400
<u>Issuance and discussion of Report:</u>	9,000
Total	68,700

Other activities such as Steering Committee meetings will be invoiced on a time spent basis according to the billing rates mentioned above. This estimate excludes VAT and out-of-pocket expenses.

4) AUTHORIZATION TO PROCEED

If these proposed terms and arrangements are acceptable to you, this letter will confirm our engagement to perform the services listed above on behalf of ABN AMRO. To indicate that ABN AMRO has accepted this proposal, please sign, date and return a copy of this letter to us so that we may initiate this important project as soon as possible. We would be happy to answer any questions you may have about this proposal. Please do not hesitate to contact the undersigned. We greatly appreciate the opportunity to serve ABN AMRO on this engagement, and look forward to continue building a long and valuable and mutually beneficial relationship together.

Very truly yours,

Accepted on behalf of ABN AMRO by:

Koen Marsoul
Partner

Name and Title

Signature

Date

General Terms of Business

Except as otherwise specifically provided in the engagement letter into which these terms of business are incorporated, these terms and conditions shall apply to the engagement carried out by Ernst & Young Tax Consultants (“EY”).

Timely Performance

1. EY will use all reasonable efforts to complete the performance of the services described in this engagement letter within the time-frame stipulated. EY will exercise due professional care and competence in the performance of the services. EY shall not be liable for failures or delays in the performance of services that arise from causes beyond its control, including the untimely performance by ABN AMRO, its representatives, advisors or agents, of its obligations under this engagement letter.

Information and confidentiality

2. Our partners and staff are under an obligation not to disclose to third parties confidential information relating to our clients.
3. All advice, information and other services we provide pursuant to this engagement are intended to be solely for the benefit of ABN AMRO and are not for the benefit of anyone else. Accordingly, our advice may not be relied upon by any other person, used in connection with any other transaction, or used for any other purpose without our prior written consent. ABN AMRO is obliged to inform those to whom they disclose any such advice or information that they may not rely upon any of it without EY’s prior written consent.
4. Where it is envisaged that reports, letters, information or advice given by us to ABN AMRO will be used by a third party, we reserve the right to stipulate terms regarding such provision or to require the third party to enter into a direct relationship with us. Unless otherwise agreed in writing, we recognize no responsibility whatsoever other than that owed to ABN AMRO as at the date on which our opinion or other advice is given to it.

Intellectual property rights

5. We retain all copyright and other intellectual property rights in everything developed either before or during the course of an engagement including our systems, methodologies, software and know-how. We also retain all copyright and other intellectual property rights in all reports, written advice or other materials provided by us to ABN AMRO.

Termination

6. Either party may terminate this engagement, with or without cause, by providing written notice to the other party. In the event of early termination, for whatever reason, ABN AMRO will be invoiced for the time and expenses incurred up to the end of the notice period together with reasonable time and expenses incurred to bring the engagement to a close in a prompt and orderly manner. EY shall also have the right, upon 7 days prior notice, to suspend performance of the engagement in the event ABN AMRO fails to pay any amount required to be paid under this engagement letter.

Invoices

7. Invoices including VAT and expenses will be rendered on a regular basis as the assignment progresses. Payment is due within 30 days of the date of invoice.

Non-solicitation

8. ABN AMRO shall not, during the term of the engagement and for a period of twelve (12) months following its termination, without the prior consent of EY, solicit for employment or hire any EY partner, employee or contractor who is involved in the performance of the engagement. In the event of a breach of this prohibition, ABN AMRO shall pay compensation to EY in the form of liquidated damages equal to six (6) months of the solicited partner's, employee's or contractor's remuneration.

Force majeure

9. Subject to section termination above, neither we nor ABN AMRO shall be liable in any way for failure or delay in performing our obligations under this engagement if the failure or delay is due to causes outside the reasonable control of the party in default.

Miscellaneous

10. EY shall provide all services as an independent contractor and nothing shall be construed to create a partnership, joint venture or other relationship between EY and ABN AMRO. Neither party shall have the right, power or authority to obligate or bind the other in any manner. This letter shall not be modified except by written agreement between the parties. This letter represents the entire and sole agreement between the parties.

Severance of terms

11. In the event that any of the terms of business are held to be invalid, the remainder of the terms will continue in full force and effect.

Dispute resolution

12. Any controversy or claim arising out of or relating to services covered by this letter or hereafter provided by us for ABN AMRO or at its request, shall be submitted first to voluntary mediation, and if mediation is not successful within a period of 90 days upon the request therefore by the most diligent party, then to binding arbitration, in accordance with the rules of the Belgian Center for Arbitration and Mediation ("Cepani"). Any controversy or claim relating to unpaid or undisputed invoices shall be submitted to the courts of Brussels.

Governing law

13. These terms of business shall be governed by and construed in accordance with the laws of Belgium.