

Important Dates	
Issue Opens/ Close Date	1 May 2008/ 20 June 2008
Rate Set Date	23 June 2008
Expected Issue Date	30 June 2008
Maturity Date	30 June 2013 (5 years)
Key Information	
Investment Type	Altera Securities (Altera) are classified as a security under the Corporations Act. Altera securities are 5 year unlisted financial products offering investors a capital protected exposure to emerging markets, global infrastructure and commodities indices.
Delivery Asset	Altera is structured as a deferred purchase agreement where ASX listed shares are delivered to investors at maturity.
Issuer	ABN AMRO Australia Pty Limited (ABN Amro). All obligations of the Issuer are guaranteed by ABN AMRO Bank N.V.
Rising Guarantee	No rising guarantee.
Underlying Investment Strategy	3 components providing index exposure to global equities, global infrastructure and commodities.
Participation Rate	100%- 120%. Final rate is set on the Rate Set Date.
Coupons	Conditional coupon of up to 10% when investment strategy performance meets or exceeds 15% p.a.
Issue Price	A\$1.00 per Altera security.
Minimum Amount	\$20,000, multiples of \$1,000 thereafter.
Taxation	See Taxation page 6.
Liquidity	Redemption requests are at the discretion of the Issuer.
Fees & Commissions	
Withdrawal Fees	0-3% depending on the time of withdrawal.
Transfer Cost	\$100

What this rating means

The **Recommended** rating indicates that Lonsec has conviction that the fund or product can achieve its objectives and, if applicable, outperform peers over an appropriate investment timeframe. The manager or product has a number of competitive advantages in people, process and product design. The investment is a recommended entry point to access this asset class or strategy.

Lonsec Opinion of this Product

- Altera offers investors a structured market linked product, combining a capital guarantee at maturity, a conditional annual coupon of up to 10% and exposure to an equally weighted basket of emerging markets, global infrastructure and commodities indices.
- The underlying investment strategy is transparent, purposely simplistic in construction and fixed for the investment term of 5 years. Altera provides investors with a passive exposure to the growth potential in emerging markets, global infrastructure and commodities. Investors do not gain access to active portfolio management in these markets available via a managed fund; however do receive the benefit of a capital guarantee and floored averaging of index returns. Investors should determine whether the component weightings correspond to their own medium term outlook for equities, infrastructure and commodities.
- Investors should note the determination of investment strategy returns is subject to a quarterly floored averaging process during the entire investment term of 5 years with the floor as zero (i.e. no negative returns included). This means investors do not gain access to the full growth potential of the underlying investment strategy.
- Lonsec believes the indices used in the product are appropriate for investors seeking passive exposure to the global equities and commodities asset classes. All indices offer broad representation, investability and transparency. The indices are widely recognised in the industry and provide clear rules for security selection and exclusion.
- Lonsec has reviewed several structured products by ABN Amro and considers they have significant experience and resources for structuring investment products both in Australia and abroad.
- Withdrawal fees are clearly outlined and in line with similar products. However, as is common with products of this type, product fees are not clearly outlined and are obfuscated in the participation rate, making fee comparison difficult. The Issuer may also profit from hedging arrangements when undertaking their contractual obligations. The quantum of these amounts and calculation of the participation rate means pricing of these features of Altera are not transparent. These amounts are effectively "at risk" to the Issuer as the hedging arrangements require regular management over time.

Using this Product

- This is General Advice only and should be read in conjunction with the Disclaimer, Disclosure and Warning on the final page.

- Altera provides investors with the opportunity to gain exposure to the growth potential of the underlying investment strategy. Lonsec views this product as a global equity diversifier best suited to growth risk profile investors.
- Altera incorporates a capital guarantee at maturity that may provide additional comfort to more risk-averse investors. Some growth investors may be more suited to investments with fund managers providing non-capital guaranteed exposure to the full upside potential of these markets.

Investor Suitability

- Investors seeking capital growth from international equity, infrastructure and commodities markets.
- Investors seeking capital growth rather than coupons. Although Altera securities pay a conditional coupon, investors should be comfortable funding any interest payments on any investment loans from their own resources.

Issuer Profile

ABN AMRO Australia has had a presence in Australia since the early 1970's and is owned by ABN AMRO Australia Holdings Pty Limited, which is owned by the Netherlands-based ABN AMRO Holding N.V. ("ABN AMRO Holding"). ABN AMRO Holding is a leading international bank which was acquired by the Consortium of RBS, Fortis and Santander in October 2007 and its various businesses are being divided among the three banks in line with their strategic priorities. As at April 2008, ABN AMRO Bank N.V.'s credit ratings are AA- by S&P, Aa2 by Moody's and AA- by FitchIBCA.

Investment Strategy

The investment strategy comprises an equal weighting of 3 components which are fixed for the 5 year term of the product. The 3 components are a global equities index, a global infrastructure index and a global commodity index. Investors should determine whether the component weightings correspond to their own medium term outlook for equities, infrastructure and commodities.

A brief overview of the indices in each component follows:

DAXglobal BRIC Index EUR (price)

The equities component comprises exposure to the DAXglobal BRIC index, which was created on 6 June 2006.

The DAXglobal BRIC Index is a stock index designed to measure the price performance of a diverse portfolio of securities representing companies from Brazil, Russia, India and China. The 40 listed securities (many of which are listed through American Depository Receipts (ADR) on the NYSE, NASDAQ and London Stock Exchange)

are chosen on the basis of capitalisation (the 10 largest companies from each region).

Following is a list of the Top 10 companies within the Index:

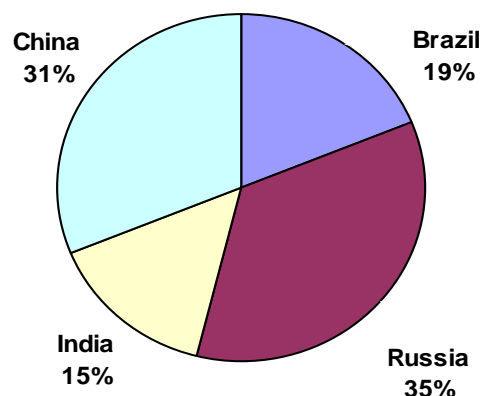
Country	Company	Sector
Russia	AO Gazprom ADR	Energy
China	China Mobile Hong Kong Ltd	Telecom
Russia	LUKOIL ADR	Energy
Brazil	Petroleo Brasileiro SA	Energy
Russia	Surgutneftegaz-SP ADR	Energy
China	CNOOC Ltd	Energy
Brazil	Cia Vale do Rio Doce ADR	Materials
India	Reliance Industries Ltd	Energy
China	BOC Hong Kong Holding Ltd	Banks
India	Infosys Technology Ltd	Software

Source: Deutsche Börse AG, www.deutsche-boerse.com, DAXglobal BRIC Index

Investors should be aware that whilst the Index provides exposure to BRIC markets, exposure by sector is relatively narrow, with over 37% of the index being energy stocks.

The DAXglobal BRIC Index weighting are based on the market capitalization of the individual companies. The maximum individual company weighting 10% and maximum country weighting is 35%. The Index weights are rebalanced on a quarterly basis and the constituents within the index are reviewed annually. The composition of the index as at June 2007 was:

Country Distribution (2007)



Source: Deutsche Börse. Lonsec.

Lonsec considers that the index methodology and selection criteria are well defined, transparent and rules-based.

S&P Global Infrastructure Index

The Infrastructure component comprises exposure to the S&P Global Infrastructure Index. The index contains global stocks from the Utilities, Transportation and Energy Infrastructure sector. Company classifications are based on the Global Industry Classification Standard (GICS), a methodology widely accepted as an industry analysis framework for investment research, portfolio management and asset allocation.

The S&P Global Infrastructure Index is designed to provide exposure to 75 large, liquid global infrastructure stocks. Up to one fifth of the constituents are emerging market stocks.

The following GICS represent the universe of infrastructure sectors:

GICS	Sector
Oil & Gas Storage & Transportation	Energy
Airport Services	Transportation
Highways & Railways	
Marine Ports & Services	
Electric Utilities	Utilities
Gas Utilities	
Multi Utilities	
Water Utilities	

Source: www.indices.standardandpoors.com

The constituents are then screened through the following eligibility criteria to an investable universe:

- Market Capitalisation: threshold is currently US\$100 million;
- Liquidity: threshold is currently a three month average daily value traded above US\$1 million for developed markets and US\$500,000 for emerging markets; and
- Domicile: The stocks must be listed in a developed market or an emerging market.

Stocks passing these criteria form the Investable Universe.

The Market Capitalization Threshold and Liquidity Threshold are subject to change on an annual basis according to market conditions.

The largest 30 stocks from each of the Utilities and Transportation Infrastructure sectors and largest 15 stocks from the Energy Infrastructure sector are selected as index constituents.

Constituent weights are driven by market capitalisation, with no single stock having a weight of more than 5% in the index. The Index rebalances once every year on the third Friday of November.

Following is a list of Top 10 companies within the Index:

Country	Company	Sector
Germany	E.On AG Utilities	Utilities
Italy	Atlantia SPA Transportation	Transportation
Canada	TransCanada Corporation Energy	Energy
United States	Williams Cos.	Energy
Spain	Abertis Infraestructuras, S.A.	Transportation
France	Suez SA	Utilities
United States	Spectra Energy Corp.	Energy
Spain	Iberdrola S.A.	Utilities
Canada	ENBRIDGE INC.	Energy
Germany	RWE AG	Utilities

Source: www.indices.standardandpoors.com

Lonsec considers that the S&P Global Infrastructure Index is a theme based index, logically defined and designed to capture the share price movements of companies in the global infrastructure space.

The index has returned 13.6% p.a. with standard deviation of 10% p.a. for the last 5 years¹.

Rogers International Commodities Index (RICI)

The Rogers International Commodity Index (the “RICI”) is a composite, U.S. dollar-based, total return index created by James Beeland Rogers, Jr.². It represents the value of a basket of commodities, covering agricultural, energy and metal products. The value of this basket is tracked via futures contracts over 36 different exchange-traded physical commodities, quoted in four currencies and listed on eleven exchanges in five countries. A commodity is considered for inclusion if it plays a significant role in worldwide consumption in both developed and developing economies. The index is rebalanced monthly.

The index is divided into 3 sub-indices Rogers International Agriculture Commodity Index Total Return (RICI Agriculture), Rogers International Energy Commodity Index Total Return (RICI Energy) and Rogers International Metals Commodity Index Total Return (RICI Metal). Sub-indices contributions to main index are RICI Agri - 34.90%, RICI Energy - 44.00%, RICI Metals - 21.10%. Altera only has exposure to the RICI Agriculture (60%) and RICI Energy (40%).

RICI Agriculture comprises 20 agricultural (“soft”) commodities futures contracts. Individual components

¹ Source: ABN AMRO.

² James B Rogers, Jr. is a co-founder of the Quantum Fund and is a professor and author of four well known books; Investment Biker, Adventure Capitalist, Hot Commodities and A Bull in China.

qualify for inclusion in the index on the basis of liquidity and worldwide consumption. Examples include wheat, corn, cotton, soybeans, and coffee.

RICI Energy comprises 6 energy commodities futures contracts. Individual components qualify for inclusion in the index on the basis of liquidity and worldwide consumption. The 6 commodities are crude oil, Brent, heating oil, gas oil, reformulated gasoline blendstock for oxygen blending and natural gas.

The selection and weights of the constituents in the RICI are reviewed annually by the RICI Committee comprising of UBS AG, Daiwa Securities Co. Ltd., Beeland Management Company, Diapason Commodities Management S.A. and ABN Amro Bank N.V., as well as James Rogers who chairs the committee. Each commodity is rebalanced monthly.

The RICI Energy has returned 13.2% p.a.³ with standard deviation of 15.4% p.a. for the last 5 years.

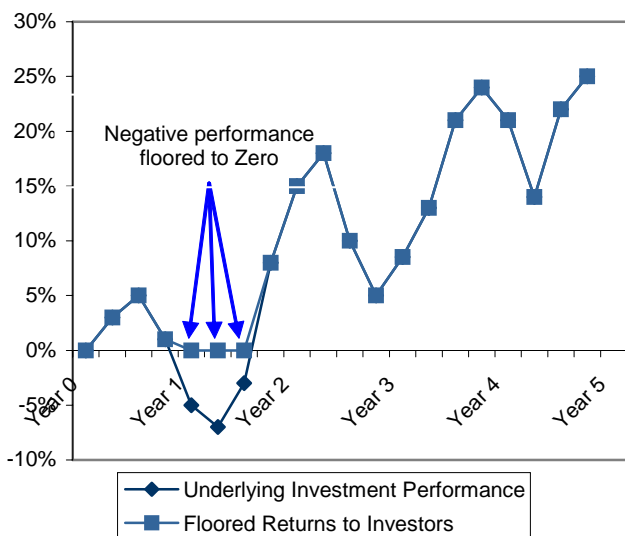
The RICI Agriculture has returned 30% p.a. with standard deviation of 24.2% p.a. for the last 5 years.

How does the Product Work?

Altera is designed as a “set and forget” 5 year investment.

An investor’s return is determined by the performance of the investment strategy. The return for each index in the three components of the investment strategy is calculated by averaging their prices at the end of each quarter over the entire investment term of 5 years with a floor as zero (i.e. no negative returns included).

Weighted Average Price based on quarterly observations



Source: ABN Amro Australia Pty Ltd

³ Source: <http://www.rogersrawmaterials.com>. ABN AMRO, Lonsec. Past performance should not be taken as an indication of future performance.

The performance of the 3 equally weighted components is then multiplied by the appropriate participation rate to determine a final value of Altera at maturity. For example, assume the following returns over 5 years:

Indices	Actual returns	Weighting	Investment Strategy (i.e., Actual returns multiplied by weighting)
DAXglobal BRIC Index	33%	1/3	11%
S&P Global Infrastructure Index	42%	1/3	14%
RICI Agriculture + RICI Energy	66%	1/3	22%
Total Return of the Investment Strategy			47%

Payoff at maturity = Issue Price x (Participation Rate x Max (0, Total return of the Investment Strategy))

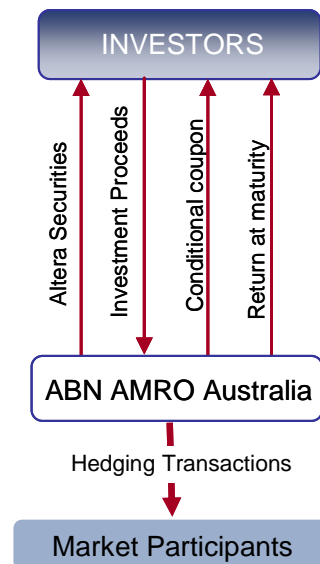
Payoff at maturity = \$1.00 x (110% x 47%) = 151.7%

Hence, investors receive a total return of 51.7% over 5 years + any conditional coupon (equivalent to 8.70% p.a. compounded + any conditional coupon).

A full outline of this calculation is provided in the PDS on pages 17 to 25.

ABN AMRO Australia internally hedges its obligations to investors in Altera by allocating the bulk of the investment proceeds to a notional bond paying a conditional annual coupon of 10% over the 5 year investment term. The residual investment proceeds are used to gain exposure to the underlying indices and commodities via various options.

The participation rate is set on the rate set date and is determined by Australian dollar interest rates, volatility of the underlying indices and correlations between the underlying indices. This can be shown as:



Capital Guarantee

ABN AMRO Bank N.V provides investors with a capital guarantee on the maturity date. The capital guarantee protects the initial investment of \$1.00 per Altera. Investors need to be aware that \$1.00 received at maturity does not have the same real value as \$1.00 today and that the guarantee does not apply if an investor redeems prior to maturity. Based on interest rate of 7.25% over 5 years, for investors, \$1.00 at maturity is worth approximately 70.5 cents today.

Conditional Coupon

Altera will pay a coupon of up to 10% p.a. subject to certain conditions being satisfied. An annual coupon will be paid to investors if the cumulative average performance of the investment strategy has been greater than 15% p.a. since inception. If this condition is met, the coupon will be the excess return above the cumulative 15% p.a. There are 5 possible coupons and payment will be determined 5 business days prior to the coupon payment dates (anniversaries of the issue date). The Coupon Payment Dates are 30 June 2009, 30 June 2010, 30 June 2011, 30 June 2012, and 30 June 2013.

What Happens at Maturity?

On maturity investors have a choice of receiving physical delivery of the delivery asset (Woodside Petroleum, Lend Lease Corporation Limited and AWB Limited) or instructing ABN AMRO Australia to sell the delivery asset and realise sale proceeds equal to the final value of Altera. This arrangement is known as a deferred purchase agreement.

There may be different taxation implications depending on the choice made by investors. Investors are advised to seek their own taxation advice.

Financing the Investment

ABN AMRO Australia does not provide direct financing but have arranged for Leveraged Equities to lend 100% of the investment amount against Altera.

Risks

An investment in the Altera carries a number of standard investment risks associated with domestic and international investment markets. These include economic, political, legal, tax and regulatory risks. These and other risks are outlined in Section 3 of the PDS and should be read in full and understood by investors. Lonsec considers the major risks to be:

Early maturity risk – The capital guarantee only applies at maturity. In certain circumstances, relating mainly to changes in the law or where an index can no longer be used, an early maturity could ensue. Early maturity can also result from an early redemption request from an

investor. An investor can receive proceeds less than their initial investment in the event of an early maturity.

Exercise of discretion by the Issuer – The Issuer and Guarantor have wide powers under the Altera to determine the value of the investment strategy. This can occur where there is an adjustment event such as the cancellation of an index or where an index sponsor makes a material change to the method of calculation. This also includes the inability of the Issuer to unwind its hedge or related trading positions in relation to Altera.

Counterparty risk – Investors are exposed to the creditworthiness of ABN AMRO Australia Australia, as Altera returns are dependent on ABN AMRO Australia performing its obligations as they fall due. ABN AMRO Australia is guaranteed by its parent ABN AMRO Bank NV. These obligations rank equally with other unsecured debt liabilities of ABN AMRO Bank NV. As at April 2008, ABN AMRO Bank N.V's credit ratings are AA- by S&P, Aa2 by Moody's and AA- by FitchIBCA.

Performance risk – The value of the investment strategy is dependent on the performance of underlying indices. Indices are not actively managed and can be affected by many different factors including but not limited to interest rates, economic policies, political events, war and natural events. There is no guarantee the value of Altera will increase over the investment term.

Leverage risk – Investors utilising any investment loan provided by third parties should be aware that gains and losses are magnified through the use of borrowings. Leverage is also employed to the extent that the participation rate is greater than 100%.

Emerging Market risk – The potentials of higher long-term capital growth from investing in emerging markets, however, investors must also accept the risk of higher volatility of investment returns that may be experienced with investment in these markets relative to investment in developed markets. Macro risks are also present which include sensitivity to global demand for their exports, policy slippage and poor corporate governance.

Taxation

Coupons

Any conditional annual coupons paid to investors should be assessable as income.

If an investor takes delivery of the delivery assets, any dividends and franking credits received should be included as assessable income when received by investors.

Capital Gains / Losses

Any excess of the sale proceeds of the delivery asset over the cost base of the assets should be regarded as a capital gain. An investor may be entitled to a CGT discount on disposal of the delivery asset.

Where it is likely that the interest payable on borrowings will not exceed income then an investor will typically be able to deduct interest on any borrowing used to acquire Altera.

Where it is likely that interest payable on any borrowing costs used to acquire Altera is reasonably likely to exceed the coupons received then the Commissioner may look to see if the investor incurred the borrowing for another purpose besides to derive assessable income.

These comments constitute 'General Advice' only and Lonsec advises investors to consult a taxation specialist before making a decision to invest or not invest based upon these taxation considerations. Investors should refer to Section 5 of the PDS.

Liquidity

Altera are not listed on the Australian Stock Exchange or any other exchange. Due to the nature of the underlying investment strategy, investors should have the intention of holding Altera to maturity. However, redemption requests can be made to the Issuer. The Issuer intends to provide a daily estimate of the buy-back price, which may be less than an investor's original investment amount. The Issuer has the discretion to accept, reject or defer any redemption request. Successful redemption requests will generally be paid within 5 business days of the request.

Fees

Withdrawal Fees – based on fair market value of investment at buy-back date

Year 1 = 3%

Year 2 = 2%

Year 3 = 1%

➤ Withdrawal fees are clearly outlined and in line with similar products. However, as is common with products of this type, product fees are not clearly outlined and are obfuscated in the participation rate, making fee comparison difficult. The Issuer may also profit from hedging arrangements when undertaking their contractual obligations. The quantum of these amounts and calculation of the participation rate means pricing of these features of Altera are not transparent. These amounts are effectively "at risk" to the Issuer as the hedging arrangements require regular management over time.

Transfer Costs – \$100 payable to the ABN AMRO upon them consenting to a transfer of Instruments. The fee covers registry and administration costs associated with the transfer.

Further Information

Further information can be obtained by contacting ABN AMRO Australia Pty Limited on (02) 8259 5000 or from

www.abnamro.com.au/structuredproducts/

Analyst Disclosure & Certification

Analyst remuneration is not linked to the rating outcome. The Analyst(s) may hold the products(s) referred to in this document, but Lonsec considers such holdings not to be sufficiently material to compromise the rating or advice. Analyst(s) holdings may change during the life of this document. The Analyst(s) certify that the views expressed in this document accurately reflect their personal, professional opinion about the financial product(s) to which this document refers.

Date Prepared: May 2008
Analyst: Michael Elsworth
Release Authorised by: Grant Kennaway

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