

**Explanatory note to the Agenda of the
General Meeting of Shareholders of
Fortis N.V. on 8 April 2009**

Agenda item 2: Project with BNP Paribas

It is referred for this item to the Shareholder Circular

Agenda item 3: Appointment Board of Directors

Proposal to appoint, subject to the approval of the Dutch Central Bank and the appointment as a member of the Board of Directors of Fortis SA/NV., of:

3.1. Mr Frank Arts, as non executive member of the Board of Directors, until the end of the Annual General Meeting of Shareholders of 2011

Frank Arts was born in 1943 and is a Belgian national. He holds a Licentiate in Commercial and Financial Sciences from the Sint-Agnatius Hogeschool in Antwerp. He has a longstanding career in Banking starting in 1967 at Bank Financia in Antwerp. In 1982 he continued his career in the pharmaceutical industry when he became Investment Manager at Janssen Pharmaceutica in Beerse (Belgium). Since 2000 Frank Arts is an Investment Manager at QRS NV in Belgium. From 1989 until 1999 Frank Arts was a judge in Commercial cases at the Commercial Court in Antwerp.

Frank Arts has been a board member of Fortis from 1988 until 2000 and was board member of Gevaert Photo Producten NV from 1984 until 1999. He was also board member of 'Compagnie des Participations Internationales' Group Paribas from 1984 till 1999. He currently holds the following board memberships: Immoring Antwerpen NV, QRS N.V, Fortales NV and Asphales NV.

Frank Arts meets the criteria that Fortis applies regarding the independence of its directors (see the Fortis Governance Statement).

3.2. Mr Guy de Selliers de Moranville, as non executive member of the Board of Directors, until the end of the Annual General Meeting of Shareholders of 2011

Guy de Selliers de Moranville was born in 1952 and is a Belgian national. He is a civil engineer and holds a Licence in Economics from the Louvain University in Belgium. He started his career in 1977 at the World Bank, where he was responsible for Metals and Mining projects. From 1982 until 1990 he was Senior Vice President International Investment Banking at Lehman Brothers. From 1990 until 1997 he was Vice Chairman of the Credit Committee and member of the European Bank for Reconstruction and Development's (EBRD) Executive Committee. After this Guy de Selliers de Moranville was Chief Executive of MC-BBL Eastern Holdings, a Board member and Executive Chairman for Eastern Europe at Robert Fleming and Co. Ltd., Advisor to the European Commission and Co-Chairman of a task force mandated to develop a strategy to facilitate the implementation of energy projects of strategic interest in the context of the EU/Russia Energy Dialogue. Since 2003 Guy de Selliers de Moranville is Executive Chairman of Hatch Corporate Finance, founded in partnership with the Hatch Group.

Guy de Selliers de Moranville holds the following board memberships: Solvay, Advanced Metal Group and Wimm Bill Dann. He is also a member of the Advisory Board of Pamplona, and is the Chairman of the Board of Trustees of Partners in Hope. He was previously a member of the Fortis International Advisory Board.

Guy de Selliers de Moranville meets the criteria that Fortis applies regarding the independence of its directors (see the Fortis Governance Statement).

3.3. Mr Roel Nieuwdorp, as non executive member of the Board of Directors, until the end of the Annual General Meeting of Shareholders of 2011

Roel Nieuwdorp was born in 1943 and is a Belgian national. He holds a law degree from the Université Catholique de Louvain and a Master of Law (LLM) from the University of Pennsylvania. Roel Nieuwdorp started his career in 1966 as assistant at the Faculty of Law. From 1972 until 2001 he worked at De Bandt, Van Hecke, Lagae where he started as associate and later became managing partner. From 2001 until 2008 Roel Nieuwdorp was head of the Corporate and M&A Group at Loyens & Loeff. Roel Nieuwdorp has been Chairman of the Chamber of Commerce of Belgium and Luxembourg. He is currently part-time professor at the University of Antwerp in Company Law. Roel Nieuwdorp does currently not hold any board memberships.

Roel Nieuwdorp meets the criteria that Fortis applies regarding the independence of its directors (see the Fortis Governance Statement).

3.4. Mr Lionel Perl, as non executive member of the Board of Directors, until the end of the Annual General Meeting of Shareholders of 2011

Lionel Perl was born in 1948 and is a Belgian national. He holds a master degree in Applied Economics from the Solvay Business School and a degree in computer management from the Ecole d'Ergologie, both from the Université Libre of Brussels in Belgium. Lionel Perl started his career in 1971 at the former Banque Lambert and worked as investment banker in several institutions and positions until becoming in 1988 member of the Executive Committee of Banque Degroof. Later on, Lionel Perl developed a solid industrial and commercial expertise. Over the last 15 years, he participated in the development of Fenway Group, a Private Equity house active in several countries and industrial activities, where he was Managing Director.

Lionel Perl meets the criteria that Fortis applies regarding the independence of its directors (see the Fortis Governance Statement).

3.5. Mr Jin Shaoliang, as non executive member of the Board of Directors, until the end of the Annual General Meeting of Shareholders of 2011

Jin Shaoliang was born in 1960 and is a Chinese national. He holds a Master of Science from the Norwegian Institution of Technology in Naval architecture and Marine Construction and a Master of Science in Industrial Economy. Jin Shaoliang started his career in 1985 as a project engineer at STATOIL. In 1988 he became manager at Nanhai oil services company and left in 1989 to join ESSO China limited as Administrative Services Supervisor. In 1992 he joined Ping An Insurance Company where he held various positions in reinsurance, accounting, actuary, strategic planning and development- and investor relations. Jin Shaoliang is currently head of the Office of the Board of Directors at Ping An Group. Jin Shaoliang does currently not hold any board memberships.

Jin Shaoliang meets the criteria that Fortis applies regarding the independence of its directors (see the Fortis Governance Statement).

Agenda item 4: Amendments to the Articles of Association

General

1. A triptych with the proposed amendments to the articles of association of Fortis N.V. can be found on Internet www.fortis.com, (“Investor relations” – “General meetings of shareholders”) or be obtained free of charge at the company’s registered office. The left column sets forth the current articles of association, the middle column the proposed amendments (in italic) and the right column contains some explanatory notes. The proposed amendments include, inter alia, (i) a change of the statutory seat to Utrecht, (ii) elimination of the Preference Shares and the related amendment to the authorised capital, (iii) a continuation of the delegation of the power to issue shares (limited to issuance of shares in relation to existing convertible instruments or other instruments that may or must be settled in shares), (iv) a decrease in the maximum number of members of the board of directors and (v) the introduction of a limited indemnity for the members of the board of directors.
2. A valid resolution to amend the articles of association requires a quorum of more than 50% of the issued capital and a resolution adopted with at least $\frac{3}{4}$ of the votes cast. When the required quorum is not present or represented at the meeting of 8 April, the proposed amendments shall be included in the agenda of the annual general meeting of shareholders, scheduled for 29 April 2009. At that meeting no quorum shall apply and the meeting can resolve on the proposed amendments with at least $\frac{3}{4}$ of the votes cast.

Specific explanatory notes to the propose (limited) indemnity

Introduction

3. Like other listed companies, Fortis has always provided effective liability insurance cover for members of its Board of Directors. This is in the interest of the company and its shareholders. Insurance of this kind is intended to cover Board members against claims arising from the normal exercise of their duties as directors of the company. The directors’ liability insurance held by Fortis was renewed most recently on 11 July 2008 for the period up to and including 10 July 2009. The total agreed cover was to a maximum of EUR 225 million per year. That is a market-standard level. Companies that – at that moment – had a comparable market capitalisation hold a corresponding level of cover.

Impact of events of September/October 2008

4. The changes in the composition of the group at the beginning of October 2008 prompted our insurer to invoke the ‘change of control’ clause, as a result of which the insurance cover has been set in run-off as from 10 October 2008. The primary consequence of this is that, while the insurance will remain in effect until the end of the agreed period (10 July 2009), there is since 10 October 2008 no longer any cover in respect of *new* events (i.e. events occurring since 10 October 2008, insofar as these are not related to events prior to that date).¹ Claims relating to events prior to 10 October 2008 will continue to be covered, provided that the insurer has

¹ With the proviso that a limited cover up to EUR 25 million was maintained until 15 February 2009.

been notified of these events prior to 10 July 2009. Fortis has reported all events that occurred between May 2007 (when the consortium launched its bid for ABN AMRO) and October 2008, and which might potentially give rise to lawsuits.

The run-off of the D&O cover affects the directors who remained in their position after 10 October 2008 and since resigned as well as the current directors who were appointed on 2 December 2008 (Karel De Boeck) and 13 February 2009 (Jozef De Mey and Jan Zegering Hadders). It will also affect any directors appointed in the future. Because of the situation that has arisen, they are subject to a disproportionate personal risk in respect of their actions for or on behalf of Fortis.

5. For that reason, the Board of Fortis SA/NV approved to put in place an indemnification scheme covering the current and future members of the Board of Directors, up to a maximum amount of EUR 100 million per calendar year covered, which has already reduced some of the risks for the current and future directors in terms of certain third-party claims.
6. However, the Board of Directors believes that there should be a fair arrangement for all directors involved, including those who remained after 10 October 2008 but have since then resigned. The following reasons and principles have been considered:
 - Without adequate cover, it will be difficult to recruit new directors. Among the candidates who were approached in January/February 2009 for possible appointment as members of the Board of Directors, there were several for whom the lack of fair cover for liability risks was the decisive factor in persuading them not to stand.
 - Members of the Board of Directors have accepted their mandate with the commitment to pursue the interests of shareholders, and the Board of Directors therefore believes that it is only fair for their liability exposure to be adequately covered.
 - Board members who have resigned are exposed to the risk of claims in respect of *new* events of the kind described above. The Board of Directors points out that the individuals in question continued to devote their best efforts to Fortis after 10 October 2008, even when it became clear that their liability exposure was no longer covered as effectively as it had previously been. The Board of Directors considers it self-evident that their exposure to liability risks should be adequately covered.
 - It is extremely important to note here that the current arrangement does not offer unlimited indemnification. The proposed indemnification is limited to EUR 100 million for all claims made during any given year. There is no indemnification if a court rules that a director is at serious fault, in which case the relevant director is liable him or herself. Further, there is no indemnification for criminal fines. Legal proceedings in that respect, however, fall under the indemnity, subject to the qualification referred to above.
 - It is equally important, moreover, to note that the proposed new arrangement does not place directors in a more favourable position than was previously the case. The cover will be no higher, therefore, than that provided by the earlier liability insurance.

Proposal to shareholders

7. Fortis first sought, of course, to conclude new insurance cover, but was unable to do so. The principal reason for this was the current uncertainty regarding the structure of the company and the strategy to be followed. The Board of Directors has therefore decided to propose to the shareholders of Fortis N.V. that a provision be incorporated in the Articles of Association, stating that the company will indemnify its directors against claims arising from the performance of their duties as members of the Board. The proposed indemnification will apply to current and future directors, and to those who have held their post on or after 10 October 2008 and have since then resigned. The cover proposed for the directors of Fortis N.V. is also proposed to apply to the Board members of Fortis SA/NV, since it is not possible under Belgian law to put in place a similar arrangement at the level of Fortis SA/NV.
8. Indemnification under the Articles of Association is certainly not uncommon among Dutch companies. It is incorporated in the Articles of Association of roughly 70% of AEX-listed companies, and those of many other prominent Dutch enterprises, such as Aegon, AkzoNobel, DSM, Heineken, KPN, Philips, Randstad, TNT and Unilever.
9. As stated above, this does not amount to the generalised indemnification of any conduct whatsoever: the arrangement is subject to specific conditions and strict limitations. The key element is that if a court rules that a member of the Board of Directors is at serious fault, all costs and damages will be borne by the director him or herself, and will not, therefore, be payable by the company. This clause is emphatically not intended for situations of that nature. Nor, of course, may a member of the Board of Directors invoke this indemnification clause if the capital loss is insured and the insurer has paid out on the claim.
As also stated above, the proposed cover will be no higher than that provided by the earlier liability insurance, even taking into account the indemnification provided to the (current and future) directors at the level of Fortis SA/NV. The proposed text of the articles of association limits the cover to EUR 100 million for all claims made in the course of any specific financial year. The proposed new article 17 also explicitly excludes the cover of criminal fines, once again in accordance with the conditions of the previous insurance cover.
