

**Explanatory Note to the Agenda  
of the Extraordinary General Meeting of Shareholders of Fortis N.V.  
on 18 September 2009**

**2. Board of Directors – Elections**

Proposal to elect Bart De Smet as member of the Board of Directors until the close of the Annual General Meeting of Shareholders in 2013. Bart De Smet will hold the position of executive director with the title of Chief Executive Officer in accordance with the provisions of the articles of association.

Bart De Smet was co-opted as executive member of the Board of Directors of the Belgian parent company Fortis SA/NV on 1 July 2009. A proposal to approve his appointment as executive member of the Board of Directors of Fortis SA/NV until the close of the AGM in 2013 will be put to the next Annual General Meeting of Shareholders of Fortis SA/NV.

Bart De Smet succeeds Karel De Boeck, who stepped down from the Board of Directors on 30 June 2009. The Board of Directors feels that Bart De Smet, who has spent his entire career in the insurance sector, is the right man to lead Fortis to a new era and to expand it further as an international insurance company.

The Board of Directors is very appreciative of the important role that Karel De Boeck has played by heading Fortis in a particularly difficult period. Karel De Boeck became CEO in December 2008, when the future of the Group was particularly uncertain. He successfully negotiated the restructuring of the Group and guided it through the difficult process of approval by the shareholders. The Board of Directors is grateful for all the good work he put in and for the strong insurance group that he has bequeathed to his successor, with encouraging prospects of future growth.

Bart De Smet was born in 1957 and is a Belgian citizen. He graduated in mathematics and actuarial science from the Catholic University of Louvain where he subsequently gained a postgraduate degree in management science. Bart De Smet started his professional career at Argenta in 1982 and has worked in the insurance sector ever since. After holding various positions at Nationale Suisse and ING Insurance Belgium, he joined Fortis in 1998 as Managing Director Fortis Employee Benefits. In 2005, he became Managing Director Broker Channel and then in 2007 CEO of AG Insurance. AG Insurance is the Group's largest entity, with annual gross revenues in excess of 6.3 billion euros, representing 54% of the Group's consolidated revenues.

The length of Bart De Smet's term of office is in line with the recommendations of the Dutch Corporate Governance Code (i.e. a maximum of four years). Bart De Smet holds various other secondary positions in the insurance sector. These include a seat on the board of directors of Assuralia and membership of the Royal Association of Belgian Actuaries (KVBA-ARAB). He also sits on the Advisory Board of the pensions department at the Catholic University of Louvain. Bart De Smet holds no other directorships of public companies.

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The main aspects of the contract between Fortis and Bart De Smet in connection with his appointment as CEO of Fortis are given below.

His remuneration is within the limits of the remuneration policy approved by the General Meeting of Shareholders of Fortis N.V. on 11 October 2004. This remuneration policy is also detailed in the Fortis Governance Statement and in Note 11 of the Annual Report for 2008:

- His annual base salary will be between EUR 500,000 and EUR 600,000 gross in a period of two years. Initially, his annual base salary will be EUR 500,000 gross.
- Any revision of this base salary will require a resolution by the Board of Directors. The structure and size of Mr De Smet's variable remuneration, as well as the performance criteria that will apply to him, have been laid down by the Board of Directors in accordance with remuneration policy.
- Bart De Smet's annual bonus will amount to 50% of his annual base salary, provided all targets are met. If these targets are exceeded, this amount may, if appropriate, be increased to a maximum of 100% of annual base salary.
- The existing long-term incentive plan, equal to 45% of annual base salary, will continue to apply, but may be reviewed in future.
- Mr De Smet will belong to a pension scheme, the health insurance scheme and other insurance schemes for Fortis staff.
- If Fortis terminates his contract, Mr De Smet will receive gross compensation equal to one year's gross base salary. However, no compensation will be paid if the contract is terminated due to gross negligence or wilful misconduct on the part of Mr De Smet.
- Mr De Smet will receive a standard expense allowance and a company car.
- Mr De Smet will not receive any stock appreciation rights or sign-on bonus.

### **3. Acquisition of Fortis units**

This agenda item concerns a proposal to authorise the Board of Directors for a period of 18 months to acquire Fortis Units that incorporate the fully paid-up shares of Fortis N.V. up to the maximum allowed under the Civil Code, book 2, section 98, subsection 2 by means of a) any contract, including transactions on the stock exchange and private transactions, at a price equal to the closing price of the Fortis Units on Euronext on the day immediately preceding the acquisition date plus a maximum of fifteen per cent (15%) or less a maximum of fifteen per cent (15%) or b) stock lending agreements at normal market terms and conditions for the number of Fortis Units that will be borrowed by Fortis N.V. from time to time.

This proposal concerns a regularly recurring item on the agenda. The requested authority gives the Board of Directors the flexibility to manage the share capital. The Board can, for example, exercise this authority to buy back own shares to cover share and option plans. Legally, this authority may not exceed a period of eighteen months and should specify the exact number of shares that the Company may acquire, the maximum and minimum price that may be paid, and the way in which the shares should be acquired.

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