<u>Q&A – Voting at the Shareholders' Meeting of 11 February 2009</u>

Q1. What will the shareholders be asked to vote on?

In summary, the shareholders of Fortis SA/NV are being asked to vote on three transactions:

(i) <u>resolution 2.5</u>: the sale of the Dutch banking and insurance activities to the Dutch State;

(ii) <u>resolution 2.7</u>: the sale of 50% + 1 share in Fortis Bank to the Belgian State (acting through the SFPI/FPIM), including the obligation of Fortis to fund (and hence an exposure of) EUR 6.86 billion (*i.e.* $73^{1/3}$% of EUR 9.36 billion[1]) in respect of the SPV for structured credits in the event the *Protocole d'Accord* of 10 October 2008 with BNP Paribas and the Belgian State is not closed; and

(iii) <u>resolution 2.9</u>: the sale of 10% of the shares in Fortis Insurance Belgium to BNP Paribas, as well as certain other transactions to be entered into by Fortis with BNP Paribas and the Belgian State pursuant to the *Protocole d'Accord* of 10 October 2008 with BNP Paribas and the Belgian State, as amended by the *Avenant*, including the continuity of the agreements for the distribution of insurance products of Fortis Insurance Belgium through the Fortis Bank network, the reduced funding commitment of Fortis (limited to approximately EUR 1 billion) in respect of the SPV, certain interest payments in respect of the Relative Performance Note (linked to the CASHES) and the call option for Fortis in respect of the BNP Paribas shares held by the Belgian State (on any upside above EUR 68).

Prior to a vote on each of resolutions 2.5, 2.7 and 2.9, the shareholders will be asked, in resolutions 2.4, 2.6 and 2.8, to "vote on the vote", *i.e.* to vote on whether or not the shareholders' meeting wishes to vote on the relevant transactions.

In case of a "NO" vote on resolutions 2.4, 2.6 and/or 2.8, the shareholders defer to the Fortis Board of Directors to proceed to close the corresponding transactions in accordance with their terms.

Q2. What is the share transaction concerning Fortis Insurance Belgium that is submitted to the vote under resolution 2.9?

The agenda of the shareholders' meeting of Fortis SA/NV of 11 February 2009 and the related resolutions were determined under the responsibility of the co-chairmen of the committee of experts to comply with the ruling of the Court of Appeal of Brussels of 12 December 2008.

As required by the Court ruling, the proposed resolutions therefore refer to the transactions entered or to be entered into pursuant to the decisions of the Board of Directors of Fortis SA/NV of 3 October 2008 and 5/6 October 2008, "as […] summarised in the shareholder circular" (and, accordingly, any supplement thereto)[2].

At the same time, the Court of Appeal entrusted the experts with a recommendation and mediation mission. The experts' report of 26 January 2009 gave effect to this mission by suggesting improvements to the initial *Protocole d'Accord* with BNP Paribas and the Belgian State.

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1 *I.e.* 90% of the conventional purchase price of EUR 10.4 billion.

2 *I.e.* the Shareholder circular of 29 January 2009 and the Addendum to the Shareholder circular of 31 January 2009.

These recommendations have, in turn, led Fortis, BNP Paribas and the Belgian State to enter into the *Avenant* to the *Protocole d'Accord*, in which the parties agreed to limit the sale of shares of Fortis Insurance Belgium to BNP Paribas to a sale of 10% of the shares (instead of 100%).

Therefore, it is in line with the ruling of the Court of Appeal to ask the shareholders' meeting to vote on the transaction referred to in resolution 2.9 on the terms as amended by said *Avenant*.

Q3. Why does a "YES" vote on both resolutions 2.7 and 2.9 matter?

As a result of a specific condition precedent in the *Avenant*, a "YES" vote on both resolutions 2.7 and 2.9 is a requirement for the *Avenant* to take effect. As a result, the closing of the transactions with BNP Paribas and the Belgian State can take place at the improved terms set out in the *Avenant* only if there is a "YES" vote on both resolutions 2.7 and 2.9.

A "YES" vote on resolution 2.7 would mean an approval by the shareholders of the sale of 50% + 1 share in Fortis Bank to the Belgian State on the terms of the Share Purchase Agreement with the Belgian State, thereby allowing the Belgian State to subsequently transfer these shares to BNP Paribas. The Share Purchase Agreement specifically contemplates an onward transfer of the shares to BNP Paribas under the improved conditions of funding of the SPV set out in the *Avenant* and mentioned below.

A "YES" vote on resolution 2.9 would mean an approval by the shareholders of the sale of 10% of the shares in Fortis Insurance Belgium to BNP Paribas, as well as certain other transactions to be entered into by Fortis with BNP Paribas and the Belgian State on the improved conditions of the *Avenant* to the *Protocole d'Accord* with BNP Paribas and the Belgian State, including the continuity of the agreements for the distribution of the insurance products of Fortis Insurance Belgium through the Fortis Bank network, the funding of the SPV on improved terms for Fortis (for an amount reduced to approximately EUR 1 billion), certain interest payments in respect of the Relative Performance Note (linked to the CASHES) and the call option for Fortis in respect of the BNP Paribas shares held by the Belgian State (on any upside above EUR 68).

Q4. What does a "NO" vote on resolution 2.5 mean?

A "NO" vote on resolution 2.5 would mean a rejection by the shareholders of the sale of the Dutch banking and insurance activities to the Dutch State.

However, in spite of a "NO" vote, Fortis would still continue to be bound by the agreements entered into with the Dutch State. These transactions could only be unwound if the parties to these agreements so agreed or if, failing such agreement, a court decision on the merits were to annul the transactions.

Q5. What does a "NO" vote on resolution 2.7 mean?

A "NO" vote on resolution 2.7 would mean a rejection by the shareholders of the sale of 50% + 1 share in Fortis Bank to the Belgian State.

However, in spite of a "NO" vote, Fortis would still continue to be bound by the Share Purchase Agreement with the Belgian State.

In case of a "NO" vote, the sale of 50% + 1 share in Fortis Bank to the Belgian State could only be unwound if Fortis and the Belgian State so agreed or if, failing such agreement, a court decision on the merits were to annul the transaction, which would entail the reimbursement by the Fortis Group of EUR 4.7 billion to the Belgian State and the re-integration and consolidation by the Fortis Group of Fortis Bank (including Fortis Bank's entire structured credits portfolio).

If the sale of 50% + 1 share in Fortis Bank to the Belgian State were maintained, but the onward transfer to BNP Paribas failed to be closed, Fortis would, under the terms of the Share Purchase Agreement with the Belgian State, be under an obligation to fund the SPV to the extent of EUR 6.86 billion (*i.e.* $73^{1/3}$% of EUR 9.36 billion[3]). Fortis's funding obligation is secured by a pledge on Fortis's shares in Fortis Insurance Belgium.

Another consequence of a "NO" vote on resolution 2.7 would be that the *Avenant* will not take effect.

Finally, a "NO" vote on resolution 2.7 will render a vote on resolution 2.9 obsolete since the sale of 50% + 1 share in Fortis Bank to the Belgian State is a prerequisite to the transactions within the scope of resolution 2.9.

Q6. What does a "NO" vote on resolution 2.9 mean?

A "NO" vote on resolution 2.9 would mean a rejection by the shareholders of the sale of 10% of the shares in Fortis Insurance Belgium to BNP Paribas (see Q2 above) and the other revised conditions of the *Avenant*.

A "NO" vote on resolution 2.9 would also mean a rejection by the shareholders of the initial conditions of the initial *Protocole d'Accord* with BNP Paribas and the Belgian State.

As a consequence of a "NO" vote on resolution 2.9, the *Avenant* would not take effect. However, a "NO" vote would not in and of itself set aside the initial *Protocole d'Accord* with BNP Paribas and the Belgian State, which would continue to bind Fortis unless the parties agreed to terminate the *Protocole d'Accord* or a court decision on the merits found the *Protocole d'Accord* to be null and void. The initial *Protocole d'Accord* with BNP Paribas and the Belgian State comprises the sale of 100% of Fortis Insurance Belgium, an upfront payment of EUR 2.35 billion for the CASHES and the obligation of Fortis to fund 66% of EUR 10.4 billion in respect of the SPV (of which EUR 3 billion would be covered by a loan from the Belgian State).

In case of a "NO" vote, the Board of Directors of Fortis will need to take a position on whether or not to close the initial *Protocole d'Accord.* If the Board of Directors of Fortis were to decide not to close the *Protocole d'Accord*, BNP Paribas and the Belgian State could still seek to enforce the initial *Protocole d'Accord* in court (or claim damages for breach of the *Protocole d'Accord*).

In addition, should the *Protocole d'Accord* not be closed, Fortis would continue to be bound under the Share Purchase Agreement with the Belgian State, regardless of the outcome of the vote on resolution 2.7. Fortis would, under the terms of this Share Purchase Agreement, be under an obligation to fund the SPV to the extent of EUR 6.86 billion (*i.e.* $73^{1/3}$% of EUR 9.36 billion[4]). Fortis's funding obligation is secured by a pledge on Fortis's shares in Fortis Insurance Belgium.

[3] *I.e.* 90% of the conventional purchase price of EUR 10.4 billion.

[4] *I.e.* 90% of the conventional purchase price of EUR 10.4 billion.