

Extraordinary General Meeting of Shareholders of Fortis N.V. of October 11, 2004

Explanation

Point 2 of the agenda - Appointment of a member of the Board of Directors

The appointment of Mr Votron follows on from Mr Anton van Rossum's decision, announced on 20 September 2004, to hand over his mandate as member of the Board of Directors. Mr van Rossum had previously informed the Board of Directors of his intention to bring his professional career to an end at the latest on reaching the age of 60 (in 2005). Taking into account the immediate availability of a suitable successor, Mr van Rossum has decided to relinquish his mandate earlier than planned. The Board of Directors is infinitely grateful for the sizeable contribution that Mr van Rossum has made to Fortis' current organisation and results, and has therefore most respectfully accepted his decision.

Mr van Rossum is the only member of the Board of Directors to carry out management functions within Fortis N.V. and the Fortis Group. He holds the title of Chief Executive Officer (CEO). Upon appointment, Mr Votron will take over Mr van Rossum's responsibilities and title. The Board of Directors considers Mr Votron to be extremely well positioned to lead Fortis into the next growth phase.

Mr Votron is 53 years old and is a Belgian national. He started his career in 1975 at Unilever, where he had management responsibilities in international sales, marketing and general management. Between 1991 and 1997 he served in different positions with Citibank in Europe and the US. He was President of Citibank Belgium and Marketing Director for Europe, Director of Marketing and technology US and Europe Consumer Bank, Director Insurance in the US, Head of US Investment Business (Chicago), and Chairman and CEO of Citibank FSB, a branch network in the US. After working with ABN-AMRO as Senior Executive Vice-President International Consumer Banking and E-Commerce from 1997 until 2001, he rejoined Citigroup, where he was appointed a member of the Management Committee of Citigroup in 2002. Until recently, Mr. Votron was Citigroup's CEO Retail Bank for Western Europe, Central Europe, Russia, Middle East and Africa. He graduated from ICHEC College in Brussels in 1973 with a master's degree in Commercial and Financial Sciences, followed by a special degree in Business Strategies and International Management.

Mr Votron's term of office is in line with the recommendations of the Dutch Corporate Governance Code of the Tabaksblat Committee (i.e. a maximum of four years). Mr Votron does not hold any directorships at any other listed companies. In accordance with the company's articles of association, he is also appointed as member of the Board of Directors of Fortis SA/NV.

Point 3 of the agenda – Remuneration of the Board of Directors

3.a. Proposal to adopt the remuneration policy for the members of the Board of Directors.

The amendments of the Dutch Civil Code which were approved by the Dutch Senate (“Eerste Kamer”) on 6 July 2004, and which will enter into force on 1 October 2004, require the General Meeting of Shareholders to adopt a remuneration policy for the members of the Board of Directors.

Pursuant to these new statutory provisions, the General Meeting of Shareholders is proposed to adopt such a remuneration policy, the latter including the main characteristics of the remuneration granted in the form of shares and share acquisition rights (options).

The remuneration policy proposed is described in the 2003 Annual Report, on pages 67 to 69, and is supplemented by the elements described below.

By way of a reminder, the Board of Directors of Fortis N.V. is a one-tier Board and is made up of non-executive members and one or more executive members.

Non-executive Board members

For non-executive Board members, the levels and structure of remuneration are determined in view of the Board members’ general and specific responsibilities, and according to general international market practice. The remuneration of non-executive Board members includes regular basis remuneration for Board membership and Board committee meetings attendance fees. The non-executive Board members do not receive annual incentive awards or stock options and are not entitled to pension rights. They are not entitled to any termination indemnity.

Executive Board members

The remuneration of the executive members of the Board of Directors is entirely linked to their executive functions, which implies that they are not entitled to for board membership remuneration.

As regards the executive Board member – the CEO –, or the executive members of the Board of Directors, in case the Board would have more than one executive member, the remuneration is fixed by the Board in application of a policy defined by it in 1999 and implemented constantly since then. The specific details of this policy have been published in the annual report for many years now.

It is this remuneration policy that the Board is proposing to be adopted by the General Meeting. Any amendments to it that the Board might consider important to make, will in the future be subject to the approval of the General Meeting of Shareholders.

The remuneration policy applicable to the executive member(s) of the Board also applies for the remuneration of those members of the Executive Committee who are not members of the Board. However, for them the Board has the authority to amend the policy as it sees fit, on the basis of recommendations made by the Nomination and Remuneration Committee. In the event of any such amendments, appropriate commentaries on them will be drawn up and included, at the latest, in the first annual report published after the amendments were adopted.

The remuneration of the executive Board member – or members, as the case may be – is linked solely to the exercising of management functions within Fortis N.V. or more generally within companies forming part of Fortis. This remuneration includes a basesalary, an annual incentive, a long-term incentive and participation in pension plans and insurance cover arrangements such as healthcare insurance. Moreover, when the initial contract with Fortis is signed, the CEO is granted “Stock Appreciation Rights” (SARs). These entitle the beneficiary, at the end of his initial contract, to receive an amount in cash calculated according to how the Fortis share has performed during the period of his initial contract, subject to maximum and minimum amounts.

A detailed presentation of the policy relating to each of these components is presented in the Annual Report relating to the year 2003 (p. 66 to 69), and it is this policy that is being submitted for adoption by the General Meeting of Shareholders on 11 October 2004.

In accordance with the amendments to the Dutch Civil Code concerning the remuneration of members of the Board of Directors, which become effective on October 1, 2004, it is stipulated that in the event of the CEO leaving before the end of his initial contract, the maximum amount that can be granted to him amounts to twice his fixed annual salary. However, no amount will be granted to him if his departure is the result of his own initiative or stems from his gross negligence or wilful misconduct.

3.b. Proposal to establish the maximum number of stock options and restricted shares to be granted to the executive members of the Board of Directors.

The Long-term Incentive component of the executive Board member’s (or members’) remuneration is given in the form of options on Fortis shares, Fortis shares or other rights to Fortis shares. The annual amount of the Long-term Incentive is determined by the Board of Directors, on the basis of recommendations made by the Nomination and Remuneration Committee, by application of the criteria concerning the performance of the Fortis share, as described in the 2003 Annual Report (p. 68 and 69).

In order to comply with the provisions of the Dutch Civil Code, the proposal is made to the General Meeting of Shareholders to set the maximum number of options, restricted shares or other rights to Fortis shares that can be granted to the CEO in the course of a specific financial year. It is proposed that the General Meeting limit the maximum number for each identified category to 65,000, subject to an overall maximum of 130,000.

For information purposes, it is stated that since 1999 no Long-term Incentive granted to executive members of the Board has involved new shares being issued or being covered by the commitment to issue new shares, and that the lowest and highest (cumulated) number of options and restricted shares granted to the CEO during the course of one year in the period 2000-2004 has been 24,450 and 61,480, respectively.

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The main aspects of the contract between Fortis and Mr J.P. Votron, for the exercising of his function of CEO of Fortis, are presented for information purposes below.

Mr Votron's contract is for a fixed term, taking effect on 11 October 2004 and coming to an end at the end of the Annual General Meeting to be held in 2008, but at the latest on 31 May 2008.

Mr Votron's financial package is established by application of the remuneration policy adopted by the Board in 1999, applied constantly since then and which is the subject of a resolution to be taken by the General Meeting of Shareholders of Fortis N.V. on 11 October 2004.

Mr Votron's base annual salary will be EUR 750,000 (gross). It may only be adjusted by decision of the Board of Directors. The structure and levels of Mr Votron's variable remuneration, as well as the performance criteria specific to him, are fixed by the Board of Directors, in accordance with the remuneration policy. The specific annual performance objectives are not (and will not be) published, since this is sensitive information. Mr Votron's annual incentive and long-term incentive will be 100% (at target) of his base gross salary. The amount to which Mr Votron will be entitled through the exercising of t Stock Appreciation Rights at the end of his initial contract will amount to a minimum of EUR 1,000,000 and a maximum of EUR 2,750,000, in function of the performance of the Fortis share during the period of this initial contract. Mr Votron will participate in the pension plan, the medical cover plan and other insurance policies established within Fortis, with the contribution paid by Fortis not exceeding EUR 500,000 per year. If Fortis brings the contract to an end, Mr Votron will be paid gross compensation amounting to a maximum of twice his base salary. However, no compensation shall be due if the contract is discontinued on account of gross negligence or wilful misconduct.

In addition to the main conditions of his contract, Mr Votron also benefits from additional arrangements, such as expense allowances and company car. These benefits are in accordance with those applied for Fortis Executives in Belgium. Mr. Votron will also benefit from coverage under the Company's Directors and Officers (D&O) policies.