

Explanatory note



Explanatory note to the Agenda of the Annual General Meeting of Shareholders of Fortis N.V. on 23 May 2007

Agenda item 2.2.: Dividend

2.2.1. Comments on the dividend policy

Fortis aims to pay, on an annual basis, a dividend which is at least stable or growing, taking into account not only current profitability and solvency but also the prospects of the company. The dividend is paid in cash. An interim dividend is paid in September. The interim dividend will in normal circumstances amount to 50% of the annual dividend over the preceding financial year. This policy confirms the importance that Fortis attaches to creating value for its shareholders.

In accordance with the above policy, Fortis proposes a gross dividend of EUR 1.40 per Fortis Unit for 2006 against EUR 1.16 for 2005. Taking into account the interim dividend of EUR 0.58 per Fortis Unit paid to the shareholders in September 2006, the proposed gross final dividend payable to the shareholders amounts to EUR 0.82 per Fortis Unit.

Agenda item 3: Corporate governance

Note on and discussion of corporate governance at Fortis

Dutch listed companies have been obliged since the beginning of the 2004 financial year to state in their annual reports that they apply the Tabaksblat Code or to explain any deviations.

Since 2005, Belgian listed companies have to explain in their annual report the provisions of the Belgian code on corporate governance, referred to as the Lippens Code, that were not complied with during the year under review.

Notes on how Fortis applies both the Tabaksblat Code and the Lippens Code can be found on page 67 and onwards in the Corporate Governance section of the Fortis Annual Review 2006.

Agenda item 4: Appointments of members of the Board of Directors

4.1.1. Reappointment of Mr Philippe Bodson

The Board of Directors proposes the reappointment of baron Bodson for a period of three years, until the end of the general meeting of shareholders of 2010.

Baron Bodson, a Belgian national, was born in 1944.

He joined Fortis as a member of the Board of Directors of Fortis in 2004. Baron Bodson is also Chairman of the Board of Directors of the Belgian listed company Exmar, Director of Ashmore Energy (USA), Director of CIB, Chairman of Floridienne, Member of CSFB Advisory Board Europe, Director of Hermes Asset Management Europe Ltd. and Director of Cobepa/Cobehold.

Given the experience and knowledge of the managerial and financial aspects of international business of baron Bodson, the Board of Directors proposes that baron Bodson be reappointed for a period of three years, until the end of the general meeting of shareholders of 2010.

4.1.2. Reappointment of Mr Jan-Michiël Hessels

The Board of Directors proposes the reappointment of Mr Jan-Michiël Hessels for a period of three years, until the end of the general meeting of shareholders of 2010.

Mr Hessels, a Dutch national, was born in 1942. He was appointed as member of the Board of Directors of Fortis in 2001. Mr Hessels is also Chairman of the Supervisory Board of Euronext N.V., Member of the Supervisory Board of Royal Philips Electronics N.V., Member of the Supervisory Board of Heineken N.V., Member of the International Advisory Board of Blackstone Group and Chairman of the Supervisory Board of SC Johnson Europlant N.V.

Given the world wide business experience in both the financial and the non-financial sector of Mr Hessels, the Board of Directors proposes that Mr Hessels be reappointed for a period of three years, until the end of the general meeting of shareholders of 2010.

4.1.3. Reappointment of Mr Ronald Sandler

The Board of Directors proposes the reappointment of Mr Ronald Sandler for a period of three years, until the end of the general meeting of shareholders of 2010.

Mr Ronald Sandler, a German national, was born in 1952. He was appointed as member of the Board of Directors of Fortis in 2004. Mr Sandler is also Executive Chairman of the listed company Computacenter PLC, Chairman of Kyte Group, Chairman of Oxygen Group PLC, Advisor Palamon Capital Partners and Chairman of Paternoster Ltd.

Given the sound international experience, and strong expertise in financial, accounting and audit matters of Ronald Sandler, the Board of Directors proposes that Ronald Sandler be reappointed for a period of three years, until the end of the general meeting of shareholders of 2010.

4.1.4. Reappointment of Mr Piet Van Waeyenberge

The Board of Directors proposes the reappointment of baron Van Waeyenberge for a period of one year, until the end of the general meeting of shareholders of 2008.

Baron Van Waeyenberge, a Belgian national, was born in 1938 and has been member of the Board of Directors of Fortis since 1988. Baron Van Waeyenberge is also Chairman of De Eik N.V., Board Member of Electrabel N.V., Board Member of S.E.S. SA, Chairman of Omroepgebouw Flagey N.V., (Vice) Chairman of Indufin N.V., Board Member of Suez Energy Services S.A. and Director of Stichting Continuïteit Fortis.

Considering baron Van Waeyenberge's wide business experience in Fortis's home countries, his contribution to Fortis and to the Board and the fact that he will reach in 2008 the age limit of 70, the Board recommends to depart from the rule stating that a member can serve for a maximum of 12 years and to submit the reappointment of baron Van Waeyenberge for a period of one year until the end of the general meeting of shareholders of 2008. The Board also considers that this exception does not affect the independence of baron Van Waeyenberge.

4.2. Appointment of Mr Herman Verwilt

The Board of Directors proposes that Mr Herman Verwilt be appointed executive director for a period of three years, until the end of the general meeting of shareholders of 2010.

Herman Verwilt (CV in annex) has, as Chief Operating Officer, Fortis-wide responsibility for Human Resources, Technologies, Operations & Process Services, Facility & Purchasing and PCA Shared Services. In addition to his responsibilities as COO,

Herman Verwilt has also been Fortis's Deputy CEO since 2000 and Chairman of the Management Committee of Fortis Bank since its creation in 1998.

The nomination and appointment of Mr Verwilt as executive member of the Board has no effect, and will have no effect, on the contract concluded in 1999 (in Belgium) between Fortis and Mr Verwilt in his capacity of Executive manager. The main aspects of the contract of the Executive managers are detailed in the Annual Report (Note 11 to the Annual Accounts). Mr Verwilt normal retirement age is 65. In case of early termination of the contract at the initiative of Fortis, the contract provides for an indemnity equal to a maximum of three years cash compensation (base salary and target annual incentive). However no amount will be granted if Mr Verwilt's departure stems from his gross negligence or willful misconduct.

The nomination and appointment of Mr Verwilt as executive member of the Board has no effect, and will have no effect, on his compensation, which relates exclusively to Mr Verwilt's position of Executive Manager. This compensation has been set in conformity with the Remuneration Policy approved by the General Shareholders Meeting of Fortis N.V. on 11 October 2004. This remuneration Policy is detailed in the Fortis Governance Statement and in the Annual Report (Note 11 to the Annual Accounts).

Mr Verwilt's current annual base salary amounts to EUR 695.000 (gross) and his target annual incentive and long-term incentive are set at respectively 100% and 85% of his base salary.

Agenda item 5: Acquisition of Fortis Units

The reason for this authorisation to allow the Board of Directors to acquire Fortis Units for a period of 18 months, is to provide the Board of Directors with the flexibility necessary to manage net equity and to respond appropriately to any demand for Fortis twinned shares that may arise at any time. This authorisation may, for example, be used if shares need to be acquired to hedge share and option schemes, or to prevent the dilution of earnings per share.

By law, this authorisation may not exceed a period of eighteen months and must specify the exact number of shares that the Board can acquire¹ and the maximum and minimum price that may be paid.

¹ The number of shares that may be acquired, bearing in mind the maximum number permitted under the Dutch Civil Code, Book 2, section 98, subsection 2, may represent no more than 10 per cent of the issued share capital.

Agenda item 6: Amendments to the Articles of Association

6.1. Section: Capital - Shares

Principe:

The amendments are required to facilitate for the Fortis twinned share the dematerialisation of bearer shares as will be imposed by Belgian law starting as of 1 January 2008. As of 31 December 2013, all bearer shares should either be in the Giro System or have been converted into registered shares. Fortis N.V. will issue a global note to Euroclear Belgium to allow the twinned shares issued by both Fortis N.V. and Fortis SA/NV (together the unit) to be included in the Giro System as dematerialised shares.

Amendments:

- Proposal to amend article 10 of the articles of association as follows (changes underlined):

Article 10: Form of the shares

- Twinned Shares shall be either registered or bearer shares, such at the discretion of the shareholder. However, as from 1 January 2008, no physical bearer Twinned Shares will be issued anymore, except for inclusion in the Giro System. Holders of existing bearer Twinned Shares must have their bearer Twinned Shares converted into registered Twinned Shares or included in the Giro System by the 31 December 2013 at the latest.*
- Each Twinned Share which is not included in the Giro System has the same set of characteristics and shall be of the same form as the Fortis SA/NV share with which such Twinned Share is twinned in a Unit and vice versa.*
- The board of directors shall keep a register similar to the register kept by the board of directors of Fortis SA/NV in which the names and addresses of all holders of registered Twinned Shares are recorded. The holders are obliged to notify the Company in the event the place of residence or address change. If so requested, the board of directors shall provide, free of charge, an extract from the register to a holder of registered Twinned Shares pertaining to his right to such shares. The board of directors of Fortis SA/NV shall provide a similar extract from the register of Fortis SA/NV.*
- At the shareholder's request, registered Twinned Shares may be converted to bearer Twinned Shares and as from 1 January 2008 to bearer Twinned Shares for inclusion in the Giro System only, by cancellation of the entry in the register. Bearer Twinned Shares may be converted to registered Twinned Shares, by submitting the physical share, if any, and the corresponding entry in the shareholders' register.*

Nevertheless, the conversion of a Twinned Share into another form is suspended as far as the Twinned Shares have been lodged for a general meeting of shareholders pursuant to article 21 a) until the end of the general meeting of shareholders, unless the board of directors has determined a registration date in accordance with article 21 c).

- The board of directors of the Company shall determine the manner, form and the conditions the Twinned Shares may be entered into the Giro System or removed from such system.*

Paragraph 10 d) of the present articles of association (issue physical K-stukken) is proposed to be deleted. The language of the present article 25 e) 4) (dividend election; to be renumbered into article 26 e) 4)) will also be amended to ensure consistency.

6.2. Section: Board of Directors and Management

Principe:

The proposed amendment will authorise the Board of Directors to take decisions by unanimous written consent of the Board Members without the need to meet in person. This authority may only be used in exceptional cases and when required by urgent necessity and in the interest of the company. Because of the insertion of this new article 14, the next articles will have to be renumbered and cross-references have to be changed accordingly.

Amendments:

- Proposal to insert the following new article 14:

Article 14: Deliberations and decisions

- The board of directors shall deliberate and decide according to the rules described in the Fortis Governance Statement as amended from time to time in accordance with its terms.*
- In exceptional cases, when required by urgent necessity and the interest of the Company, decisions of the board of directors may be adopted without a meeting being held by unanimous written consent of the board members."*

6.3. Section: General Meetings of Shareholders

6.3.1. Date of the annual General Meeting of Shareholders

Principe:

In line with international recommendations, it is proposed to bring forward the date of the General Meeting of Shareholders from the last Wednesday of May to the last Wednesday of April (unless provided otherwise in the convocation). If the General Meeting of Shareholders accepts the proposal, this will be the case for the first time in 2008.

Amendments:

- Proposal to amend the current article 17 a) (to be renumbered into article 18 sub a)) as follows (changes underlined):
 - a) *The annual general meeting of shareholders shall be held on the last Wednesday of April of each year in Utrecht or Amsterdam, at 2.30 p.m., or at any other time, date or place in the Netherlands mentioned in the convocation.*

6.3.2. Registration date and lodging of the proxies**Principle:**

This amendment will authorise the Board of Directors for an indefinite period to introduce a registration date for the company as referred to in section 2:119 Civil Code. If the Board of Directors would set a registration date, a person will be entitled to attend the General Meeting of Shareholders and to vote there for the number of twinned shares recorded in such person's name on the registration date in a record designated for that purpose by the Board of Directors, irrespective of whether or not such person is the rightful owner of such Twinned Shares at the time of the General Meeting of Shareholders. This proposal is in line with the proposal of Directive of the European Parliament and the Council on the exercise of shareholders' rights in listed companies, aiming at abolishing share blocking requirements.

Amendments:

- Proposal to amend the current article 20 (to be renumbered into article 21) as follows:
 - To insert the following new paragraph c):

c) *"The board of directors shall be authorized to set a registration date as referred to in section 2:119 of the Civil Code at midnight of the seventh working day before the date of the general meeting. If the board of directors has set such registration date, paragraphs a) and b) above shall not apply. In this case, a person is entitled to attend the general meeting of the Company as a shareholder and to exercise voting rights in respect of the number of Twinned Shares recorded in such person's name on the registration date in a record designated for that purpose by the board of directors, irrespective of whether or not such person is the rightful owner of such Twinned Shares at the time of the general meeting. The registration date, if set, shall be mentioned in the notice of the meeting."*
 - To amend the last two paragraphs of the current paragraph c) (to be renumbered into paragraph d) (changes underlined):

"(..) The proxy must be lodged at the registered office of the Company, in any case, at the latest five working days prior to the meeting."

6.4. Section: Financial year – Annual accounts – Dividends

Proposal to amend paragraph a) of the current article 25 (to be renumbered into article 26) to the effect that the references to Necigef and CIK are replaced by the names: Euroclear Nederland and Euroclear Belgium, respectively.

6.5 Additional proposal

- Articles 9 b) and 11: the mandates which have already been granted by the General Meeting of Shareholders to the Board of Directors on 31 May, 2006, are proposed to be incorporated for the ease of reference.
- Proposal to authorise each civil-law notary, prospective civil-law notary and notarial paralegal, of Allen & Overy in Amsterdam, respectively, to do everything that is or may be required to obtain the required nihil obstat from the Ministry of Justice and to execute the deed of amendment of the Articles of Association.

The full text of the Articles of Association of the Company, as amended in accordance with the foregoing paragraphs, is available for inspection at the offices of Fortis N.V..

Annex

Herman Verwilst (1947)

Deputy Chief Executive Officer (Deputy CEO)
Chief Operating Officer

Herman Verwilst has a Master's Degree in Economics from the University of Ghent (1970), and a Ph.D. in Monetary Economics from the Johns Hopkins University, USA (1974).

Prior to his career in the financial sector, Herman Verwilst gained experience in both the academic sphere and public service. After working as an economist with the IMF for two years, he joined the University of Ghent as Professor of Economics. He then moved on to public life, first as Head of the Private Office of the Minister for Economic Affairs and Planning from 1988 to 1991 and then as a Senator in the Belgian Federal Parliament from 1991 to 1992.

Herman Verwilst moved to Banking in 1992 when he was appointed Chairman of ASLK-CGER Holding, then a state-owned company. Upon the acquisition of ASLK-CGER by Fortis in 1993, he became Managing Director and Chairman of the Executive Committee of ASLK-CGER Bank (1993-1996) and joined the Board of Directors of Fortis (1993-1996).

Herman Verwilst went on to serve Fortis in several other capacities. He was Managing Director of AG 1824 (now Fortis Insurance Belgium) from 1997 to 1998; CEO of Fortis Belgium from 1997 to 1998; and Managing Director of Fortis (B) from 1997 to 2000. After Fortis acquired Générale de Banque in 1998, he headed Banking activities as Chairman of the Management Committee of Fortis Bank.

As Chief Operating Officer (appointed 2004), Herman Verwilst has Fortis-wide (Banking and Insurance) responsibility for Human Resources, Technologies, Operations & Process Services, Facility & Purchasing and PCA Shared Services. In addition to his responsibilities as COO, Herman Verwilst has also been Fortis's Deputy CEO since 2000 and Chairman of the Management Committee of Fortis Bank since its creation.