

Shareholder circular

29 January 2009

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1. Introduction

The purpose of this circular is to provide to the shareholders of Fortis SA/NV details on the agreements entered into by Fortis SA/NV and certain of its subsidiaries in implementation of the decisions of the Board of Directors of Fortis SA/NV of 3 October 2008 and 5/6 October 2008, so as to enable the shareholders to vote in an informed manner on the proposed resolutions submitted for approval to the shareholders' meeting of Fortis SA/NV following the ruling of the Court of Appeal of Brussels of 12 December 2008. This shareholder circular provides a factual description of the agreements that Fortis SA/NV and its (former) subsidiaries were required to enter into in October 2008 in order to safeguard the continuity of the Fortis Group following the liquidity crisis of September and October 2008. It also provides details on the envisaged implementation of and modifications to these agreements as these were negotiated in the weeks leading up to the ruling of the Court of Appeal. Finally, the circular discusses the potential implications of the outcome of the vote of the shareholders' meeting.

Pursuant to the ruling of the Court of Appeal of Brussels of 12 December 2008, the decisions taken by the Board of Directors of Fortis SA/NV on 3 October 2008 and 5/6 October 2008 and the agreements entered into in implementation thereof are to be submitted to the shareholders' meeting of Fortis SA/NV. The ruling of the Court of Appeal can still be challenged by all parties involved by all available legal recourses. The shareholders' meeting imposed by the Court of Appeal has been called by Messrs. G. Horsmans and W. Van Gerven, co-chairmen of the committee of experts appointed by the Court of Appeal, to be held on 11 February 2009. The agenda thereof is set out in the Annex to this circular.

As explained in the 19 November 2008 shareholder circular that was prepared with a view to the shareholders' meeting of Fortis SA/NV of 2 December 2008, the transactions discussed in this circular had to be concluded in the wake of the systemic financial crisis of ever growing and unprecedented proportions that hit Fortis and culminated in the liquidity crisis of September and October 2008. These transactions were aimed at safeguarding the interests of all stakeholders of the Fortis Group by ensuring that the operations of Fortis's large banking and insurance units would continue to function. In the prevailing market conditions, this could only be realized by Fortis agreeing to sell its main banking and insurance activities to strong parties like the Dutch State, the Société Fédérale de Participations et d'Investissement / Federale Participatie- en Investeringsmaatschappij ("SFPI/FPIM") and BNP Paribas.

Please refer to the 19 November 2008 shareholder circular for further details on the acute liquidity crisis that affected Fortis in September and October 2008 and that necessitated the entering into of the agreements and transactions described below and for comprehensive background information on the situation of the Fortis Group at such time. You are therefore urged to read this circular together with the 19 November 2008 circular in order to understand the reasons why Fortis SA/NV entered into these agreements and in order to be able to vote at the 11 February 2009 shareholders' meeting in an informed fashion.

Likewise, shareholders are urged to read the interim report of the committee of experts dated 26 January 2009 and which is available on the website of Fortis.

Since the issuance of the interim report of the committee of experts, negotiations have started between Fortis, BNP Paribas and the SFPI/FPIM to discuss potential further changes to the agreements and transactions described herein, and this against the backdrop of the findings and recommendations of the experts in their interim report. The intention of Fortis was to reflect the outcome of such negotiations and the extra value for the Fortis shareholders resulting therefrom in this circular. This explains why this circular was not issued immediately following the publication of the experts' interim report. As at the date hereof, 29 January 2009, these negotiations have not yet led to a satisfactory outcome for all parties involved. In the interest of informing its shareholders in a timely fashion with a view to the shareholders' meeting of 11 February 2009, Fortis has decided to issue this circular in its present state on 29 January 2009. Any new developments resulting from the negotiations with BNP Paribas and the SFPI/FPIM will be made available as soon as possible by way of an addendum to this circular.

2.2. Sale of 100% of the shares in Fortis Bank Nederland (Holding) N.V., Fortis Verzekeringen Nederland N.V. and Fortis Corporate Insurance N.V. to the State of The Netherlands on 3 October 2008 in implementation of the decision of the Board of Directors of Fortis SA/NV of 3 October 2008 (proposed resolutions 2.4 and 2.5)

The Dutch banking and insurance activities were sold to the Dutch State on 3 October 2008 by way of a sale for cash, by the relevant entities of the Fortis Group, of all of the shares in Fortis Bank Nederland (Holding) N.V., Fortis Verzekeringen Nederland N.V. and Fortis Corporate Insurance N.V. Since RFS Holdings B.V. was a subsidiary of Fortis Bank Nederland (Holding) N.V., this transaction also covered the sale of Fortis's stake in the consortium entity that had acquired ABN AMRO Holding N.V. The Boards of Directors of Fortis SA/NV and Fortis N.V. approved the principles of this transaction during their meeting of 3 October 2008. The sale of these entities to the Dutch State replaced the EUR 4 billion capital increase of Fortis Bank Nederland (Holding) N.V. by the Dutch State that was initially contemplated and that was announced on 29 September 2008.

This transaction was laid down in a Term Sheet Share Sale of 3 October 2008 entered into with the Dutch State. Pursuant to this Term Sheet, the Dutch State agreed to pay an overall consideration of EUR 16.8 billion for the shares in the various entities to be acquired by it. The Dutch State also guaranteed the immediate reimbursement of the short-term debt owed by Fortis Bank Nederland (Holding) N.V. and its subsidiaries to Fortis Bank in the amount of EUR 34 billion. The selling entities of the Fortis Group agreed to continue to provide services and support, on substantially the same arms' length terms, to the entities sold to the Dutch State so as to allow these entities to continue the ordinary course of their operations in the same manner as during the past 12 months and to undo any guarantees provided by the entities sold to the Dutch State to the entities of the Fortis Group and vice versa.

The Term Sheet was implemented and the transaction was closed the same day by four notarial deeds executed by a Dutch notary providing for the transfer to the Dutch State of the shares in Fortis Bank Nederland (Holding) N.V., Fortis FBN(H) Preferred Investments B.V., Fortis Verzekeringen Nederland N.V. and Fortis Corporate Insurance N.V.

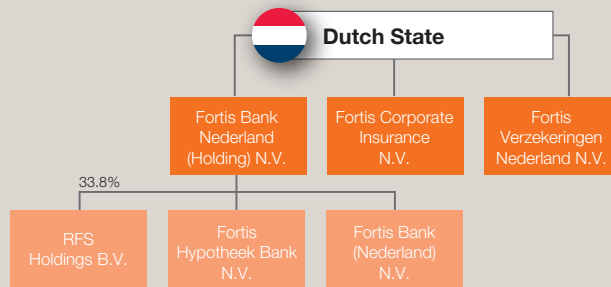
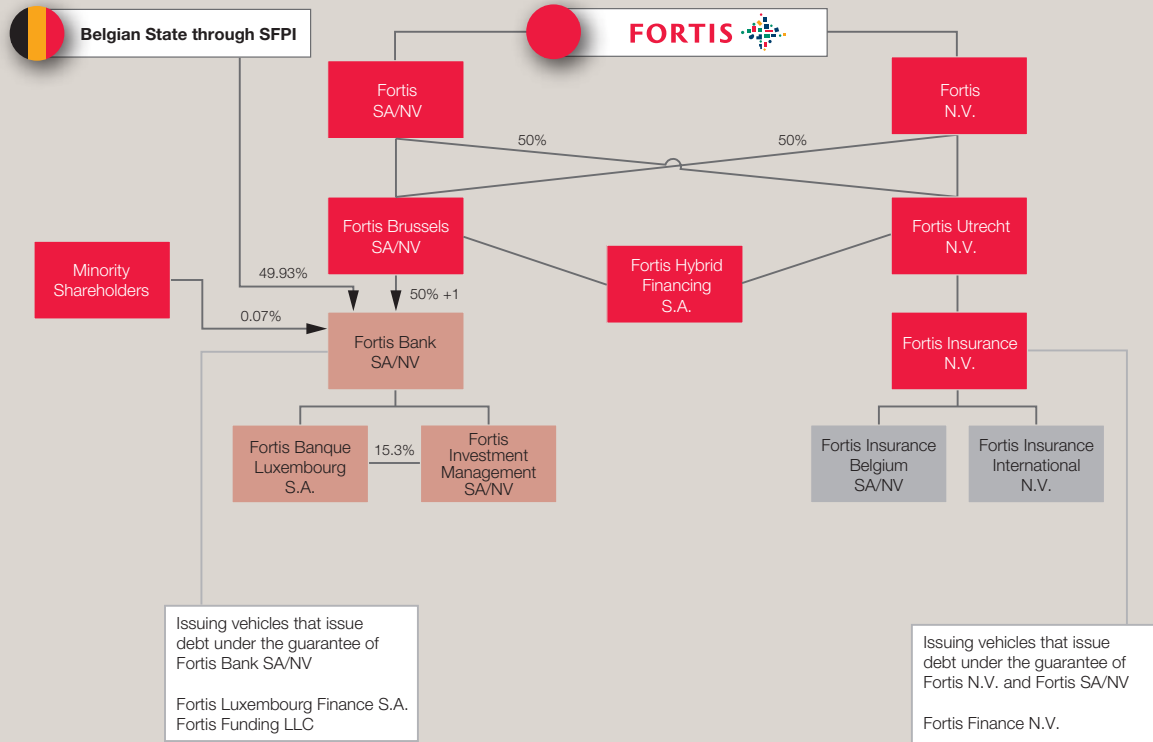
On 3 October 2008 the Dutch State also undertook separately to convert, within a period of one month, the long-term debt of Fortis Bank Nederland (Holding) N.V. and its subsidiaries vis-à-vis Fortis Bank, in the amount of EUR 16 billion, into negotiable financial instruments concluded on the same terms and conditions as the existing debt obligations, but guaranteed by the Dutch State.

The allocation of the overall consideration of EUR 16.8 billion agreed between Fortis and the Dutch State in the Term Sheet was subsequently set by the Belgian government as follows: EUR 12.8 billion for the sale by Fortis Bank SA/NV of the Dutch banking activities (sale of the shares in Fortis Bank Nederland (Holding) N.V., i.e. including Fortis's stake in ABN AMRO) and EUR 4 billion for the sale by Fortis Insurance N.V. of the Dutch insurance activities (sale of the shares in Fortis Verzekeringen Nederland N.V. and Fortis Corporate Insurance N.V.).

On 3 October 2008, Fortis SA/NV issued a press release relating to the main features of the transactions with the Dutch State.

The chart hereafter sets out the structure of the Fortis Group after the 3 October 2008 sale of the Dutch banking and insurance activities to the Dutch State.

3 October 2008



2.3. Sale of the remaining 50% + 1 share in Fortis Bank SA/NV to the SFPI/FPIM on 10 October 2008 and the transactions to be entered into, as the case may be, with the SFPI/FPIM in implementation of the decision of the Board of Directors of Fortis SA/NV of 5 and 6 October 2008 (proposed resolutions 2.6 and 2.7)

At the meeting of the Boards of Directors of Fortis SA/NV and Fortis N.V. held on 5 and 6 October 2008, Fortis SA/NV approved the principles of a transaction to be entered into with the SFPI/FPIM relating to sale by Fortis Brussels SA/NV of its remaining stake of 50% + 1 share in Fortis Bank to the SFPI/FPIM for a consideration in cash of EUR 4.7 billion. The main features of this transaction were laid down in a term sheet of 6 October 2008. The term sheet specifically mentions the SFPI/FPIM's intention to subsequently transfer, by way of a separate agreement, a majority stake in Fortis Bank to BNP Paribas in exchange for BNP Paribas shares. The term sheet also refers to the undertaking of Fortis, the SFPI/FPIM and BNP Paribas to jointly fund - in proportions of 66% for Fortis, 24% for the SFPI/FPIM and 10% for BNP Paribas - a new special purpose vehicle ("SPV") that would acquire a structured credits portfolio from Fortis Bank. The instrument for this separate agreement, which also includes the obligations of Fortis, the SFPI/FPIM and BNP Paribas to fund the SPV, was the Protocole d'Accord of 10 October 2008 referred to in section 2.4.

The main features of the agreement between Fortis and the SFPI/FPIM were set out in the press releases issued by the Belgian government on 5 October 2008 and by Fortis SA/NV on 6 October 2008.

Following negotiations during the week of 6 October 2008, the term sheet was implemented on 10 October 2008 by way of a Share Purchase Agreement between Fortis and the SFPI/FPIM. These parties also simultaneously signed a Pledge Agreement and a Share and Receivable Pledge Agreement of 10 October 2008.

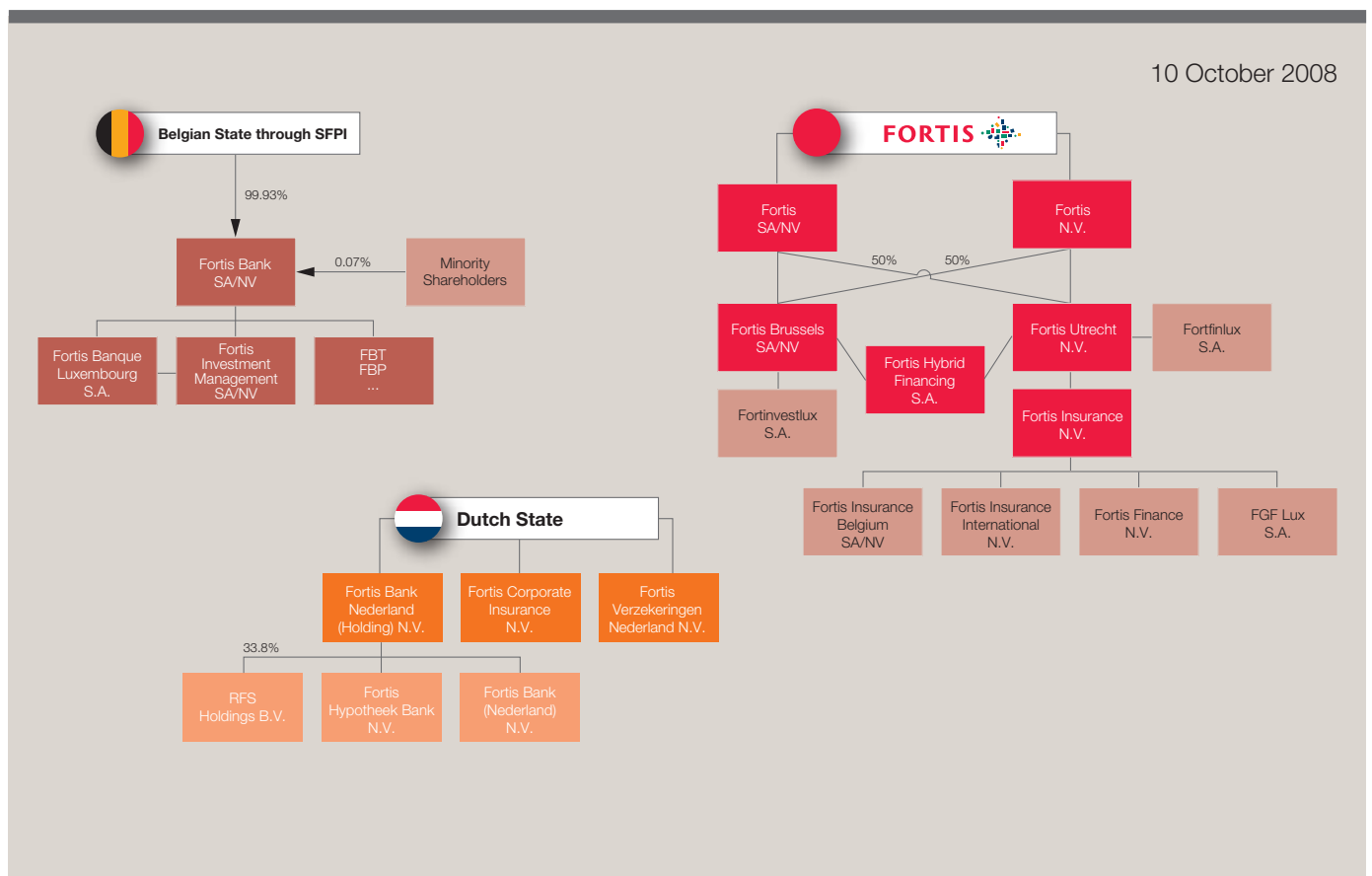
Pursuant to these agreements:

- Fortis Brussels sold to the SFPI/FPIM its stake of 50% + 1 share in Fortis Bank (i.e. 241,620,577 shares) for a price of EUR 4.7 billion. This price corresponds to the amount that the SFPI/FPIM paid, by way of a capital increase, on 29 September 2008, to acquire 49.93% of Fortis Bank (please refer to section 2.1 in this respect). This transaction was closed on 10 October 2008, i.e. title to the 50% + 1 share in Fortis Bank passed to the SFPI/FPIM and the price of EUR 4.7 billion was paid in full on that date.
- Fortis and the SFPI/FPIM agreed to a fallback scenario whereby the SPV would be funded by the two of them in case the Protocole d'Accord with BNP Paribas would not take effect (please refer to section 2.4 for the principles of funding the SPV as set out in the Protocole d'Accord). In that case, Fortis and the SFPI/FPIM agreed that the SPV will have to be funded by Fortis and the SFPI/FPIM alone (Fortis providing 731/3% of the funding and the SFPI/FPIM 262/3%) and that the SPV would acquire the structured credits portfolio from Fortis Bank for a price representing 90% of the conventional purchase price agreed in the Protocole d'Accord (meaning that in absolute terms the amount of the funding to be provided by Fortis would remain the same as in the case of a funding of the SPV by Fortis, BNP Paribas and the SFPI/FPIM in accordance with the Protocole d'Accord referred to in section 2.4). This fallback transaction has been suspended as a result of the ruling of the Court of Appeal of Brussels of 12 December 2008.

- Fortis Brussels SA/NV pledged, to the benefit of the SPV in formation and to the SFPI/FPIM, its bank account and the EUR 4.7 billion purchase price received from the SFPI/FPIM for the sale of 50% + 1 share in Fortis Bank as security for the obligations of the Fortis Group to fund the SPV under the Protocole d'Accord or under the fallback provision of the Share Purchase Agreement. The Pledge Agreement gives Fortis Brussels the right to request that the SPV and the SFPI/FPIM release the pledge to the extent required to enable Fortis Brussels to pay certain debts that have become due and payable. This pledge was perfected on 10 October 2008. In the meantime, the SFPI/FPIM has granted Fortis Brussels a full release of the amount of EUR 4.7 billion to enable the Fortis Group to service its debts. The Fortis Group has used these amounts to redeem a portion of its Commercial Paper and Euro Medium Term Note programs.
- Fortis Insurance N.V. pledged, to the benefit of the SPV in formation and to the SFPI/FPIM, the shares in Fortis Insurance Belgium SA/NV and Fortis's receivable on BNP Paribas for the payment of the purchase price for these shares as security for the obligations of the Fortis Group to fund the SPV under the Protocole d'Accord or under the fallback provision of the Share Purchase Agreement. This pledge was perfected on 10 October 2008.

On 14 October 2008 Fortis issued a press release reflecting, amongst others, the main features of the Share Purchase Agreement with the SFPI/FPIM. The 14 October 2008 press release contained pro forma figures representing the expected impact of the closing of all transactions with the SFPI/FPIM and with BNP Paribas as set out in sections 2.3 and 2.4 (including an assumed three-way funding of the SPV by Fortis, BNP Paribas and the SFPI/FPIM in accordance with the Protocole d'Accord, as set out in section 2.4).

The chart hereafter sets out the structure of the Fortis Group after the 10 October 2008 sale of the remaining 50% + 1 share in Fortis Bank to the SFPI/FPIM.



2.4. Sale of 100% of the shares in Fortis Insurance Belgium SA/NV to BNP Paribas S.A. on 10 October 2008 and the transactions to be entered into with BNP Paribas S.A. and the SFPI/FPIM in implementation of the decision of the Board of Directors of Fortis SA/NV of 5 and 6 October 2008 (proposed resolutions 2.8 and 2.9)

At the meeting of the Boards of Directors of Fortis SA/NV and Fortis N.V. held on 5 and 6 October 2008, Fortis SA/NV also approved the principles of a transaction including the sale by Fortis Insurance N.V. to BNP Paribas of 100% of the shares in Fortis Insurance Belgium SA/NV. In parallel, the SFPI/FPIM was to transfer 74.94% of the shares in Fortis Bank to BNP Paribas in two stages. The transfer by Fortis Insurance N.V. to BNP Paribas of the shares in Fortis Insurance Belgium was to occur simultaneously with the first stage of the transfer by the SFPI/FPIM of the shares in Fortis Bank to BNP Paribas.

The main features of the agreement between Fortis, BNP Paribas and the SFPI/FPIM were set out in the press releases issued by the Belgian government on 5 October 2008 and by Fortis SA/NV and by BNP Paribas on 6 October 2008.

Following negotiations during the week of 6 October 2008, the agreement with BNP Paribas was implemented on 10 October 2008 by way of a Protocole d'Accord between the Fortis Group, BNP Paribas and the SFPI/FPIM.

Pursuant to the Protocole d'Accord:

- The SFPI/FPIM agreed to transfer 74.94% of the shares in Fortis Bank to BNP Paribas in exchange for shares in BNP Paribas representing 11.6% of the capital of BNP Paribas. It was agreed that this transfer would be effected in two stages, with the first 54.55% (263,568,083 shares in Fortis Bank) to be transferred to BNP Paribas on the date of the closing of the Protocole d'Accord and the issuance of shares approved by the Board of Directors of BNP Paribas. The transfer of the second tranche of 98,529,695 shares in Fortis Bank, representing 20.39% of the capital of Fortis Bank, required BNP Paribas shareholder approval for the issuance of the BNP Paribas shares to be issued as consideration and was intended to be effected no later than 28 February 2009. Pursuant to the ruling of the Court of Appeal of Brussels of 12 December 2008, the SFPI/FPIM has been prohibited from transferring 241,620,557 shares in Fortis Bank prior to 16 February 2009.
- Fortis Insurance N.V. agreed to sell, on the date of the closing of the Protocole d'Accord, 100% of the shares in Fortis Insurance Belgium SA/NV to BNP Paribas for EUR 5.5 billion, it being understood that Fortis would be entitled to an upwards purchase price adjustment equal to half of the net capital gain (capped at EUR 225 million) realized by Fortis Insurance Belgium in case of a total or partial transfer (including by way of contribution), prior to date of the closing of the Protocole d'Accord, of its shareholding in Interparking SA. This transaction has been suspended as a result of the ruling of the Court of Appeal of Brussels of 12 December 2008.
- Fortis, the SFPI/FPIM and BNP Paribas agreed to jointly fund, on the date of the closing of the Protocole d'Accord, the SPV that was to acquire part of the structured credits portfolio of Fortis Bank (Fortis having to fund 66%, the SFPI/FPIM 24% and BNP Paribas 10%). The purchase price to be paid by the SPV to Fortis Bank was set at EUR 10.4 billion, to be adjusted for exchange rate fluctuations between 31 August 2008 and the date of the closing of the Protocole d'Accord. It was further agreed that the portion of the portfolio denominated in euro was to be funded through equity contributions to the SPV and that the portion of the portfolio denominated in foreign currencies was to be funded through debt

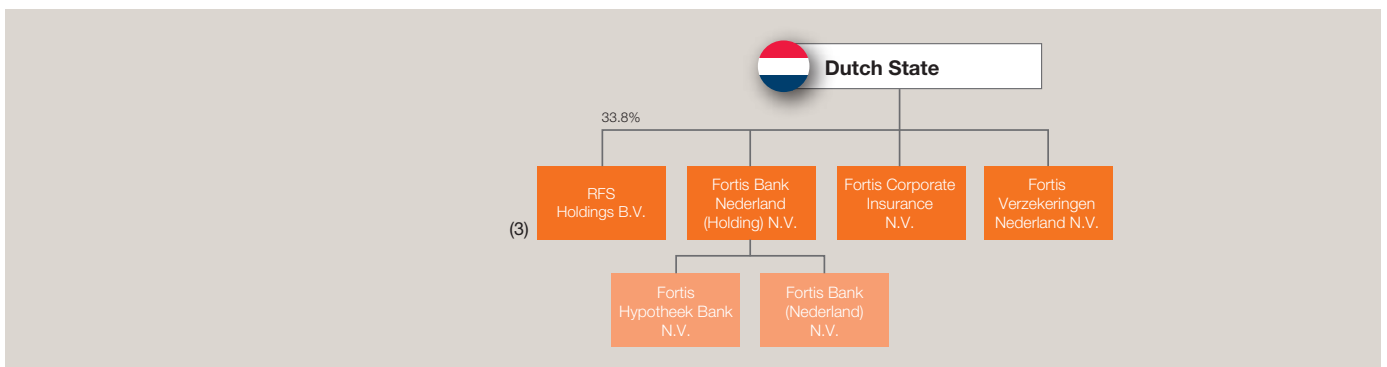
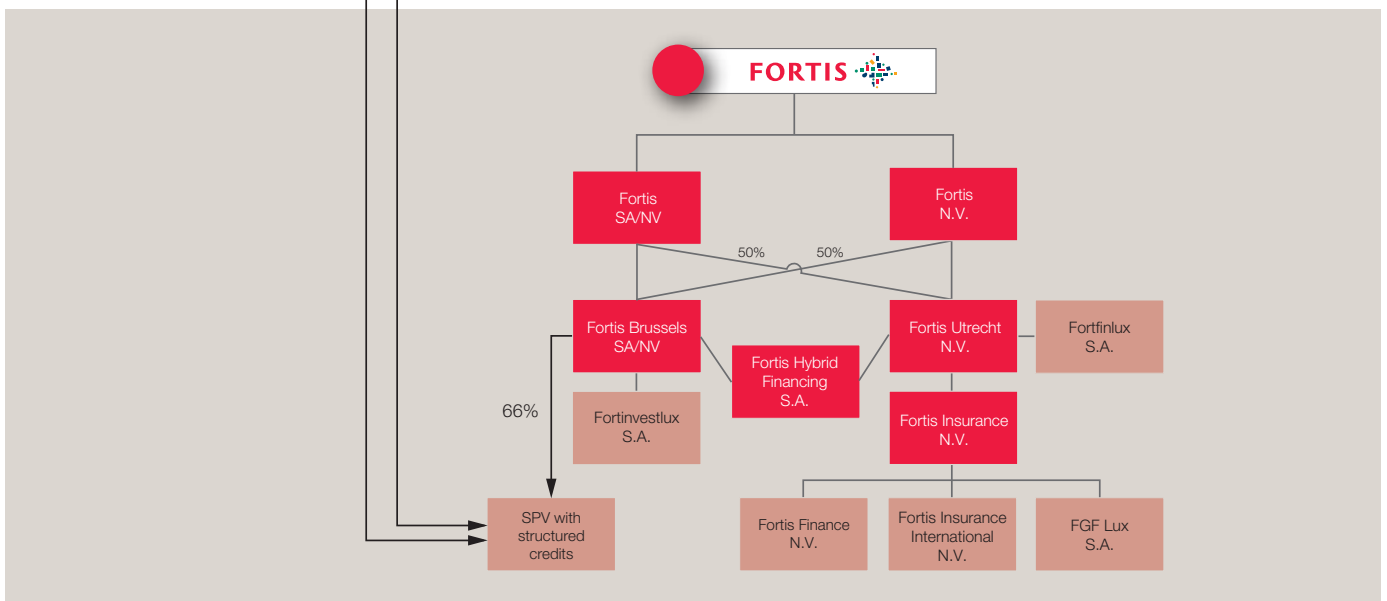
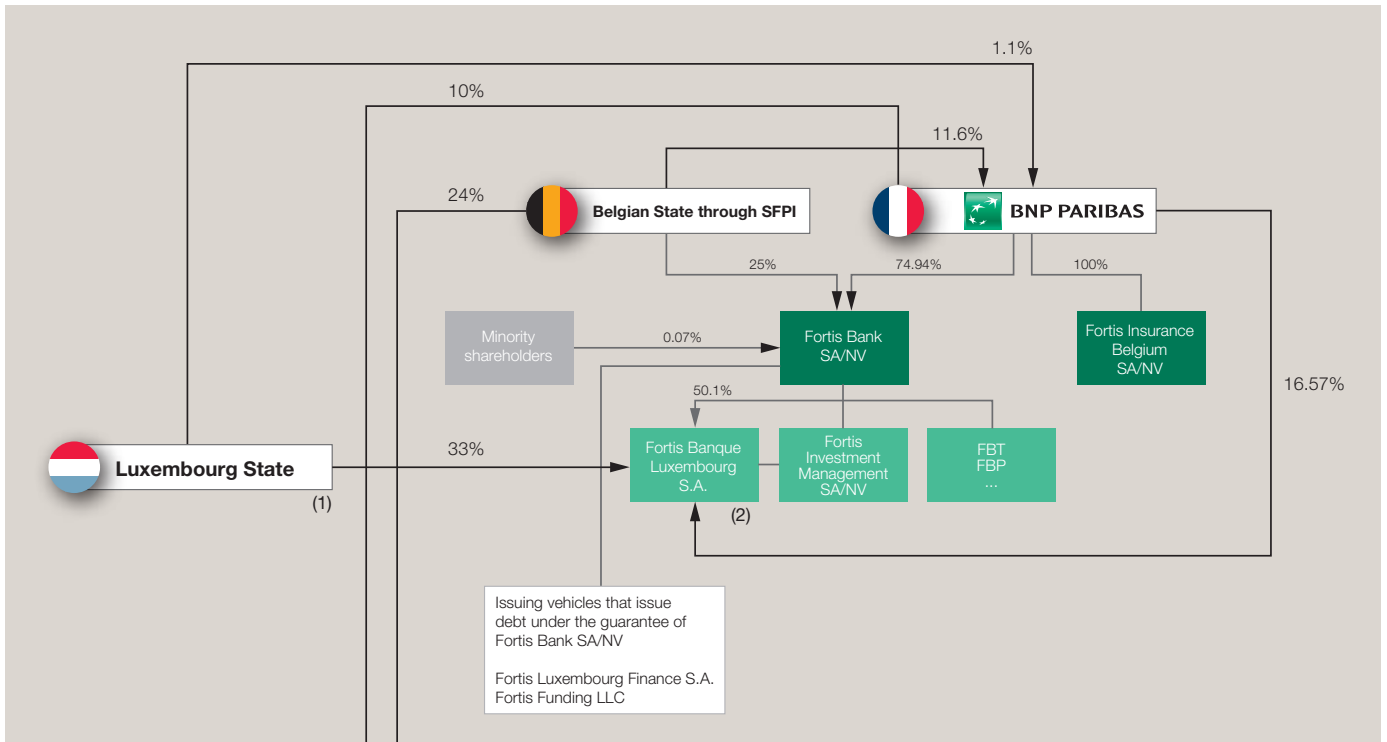
financing to be made available by the shareholders to the SPV. Pursuant to a commitment letter dated 13 October 2008, the SFPI/FPIM agreed to make available, under certain conditions, an amount of up to EUR 3 billion, either directly to the SPV or to Fortis, in order to enable Fortis to fund 66% of the SPV. Based on a purchase price of EUR 10.4 billion and assuming EUR 3 billion to be funded in equity and EUR 7.4 billion in debt, Fortis's part of the debt financing was to be EUR 4.9 billion, of which EUR 1.9 billion was to be funded externally and secured by a cash pledge and of which up to EUR 3 billion was to be loaned directly by the SFPI/FPIM to the SPV and secured with shares held by Fortis in the SPV. The amount of up to EUR 3 billion committed by the SFPI/FPIM assumed the closing of all transactions with the SFPI/FPIM and with BNP Paribas as set out in sections 2.3 and 2.4 (including an assumed three-way funding of the SPV by Fortis, BNP Paribas and the SFPI/FPIM in accordance with the Protocole d'Accord) and took account the expected liquidity position of the Fortis Group as a result of such closing. This transaction has been suspended as a result of the ruling of the Court of Appeal of Brussels of 12 December 2008.

- Fortis agreed to certain arrangements in respect of the CASHES. The CASHES are tradable securities that Fortis Bank had issued for a principal amount of EUR 3 billion to strengthen its solvency and that can only be reimbursed through an exchange against 125,313,283 Fortis shares held by Fortis Bank, which had pledged these shares in favour of the holders of the CASHES. In the Protocole d'Accord, Fortis agreed to the terms under which Fortis and Fortis Bank would terminate an existing agreement between them pursuant to which Fortis had agreed to neutralize any impact of the CASHES on Fortis Bank resulting from fluctuations in value between the CASHES booked on the liabilities side of Fortis Bank's balance sheet and the Fortis shares booked on the assets side. Fortis and Fortis Bank also would enter into a total return swap entitling Fortis to the right to the value of the underlying Fortis shares upon exchange of the CASHES as well as to the future dividends paid on those Fortis shares. The agreement under the Protocole d'Accord would have resulted in a payment by Fortis to Fortis Bank of an amount of approximately EUR 2.35 billion on the date of the closing of the Protocole d'Accord. This transaction has been suspended as a result of the ruling of the Court of Appeal of Brussels of 12 December 2008.

On 14 October 2008 Fortis issued a press release reflecting, amongst others, the main features of the agreement with BNP Paribas and the SFPI/FPIM pursuant to the Protocole d'Accord. The 14 October 2008 press release contained pro forma figures representing the expected impact of the closing of all transactions with the SFPI/FPIM and with BNP Paribas as set out in sections 2.3 and 2.4 (including an assumed three-way funding of the SPV by Fortis, BNP Paribas and the SFPI/FPIM in accordance with the Protocole d'Accord).

The chart hereafter sets out the structure of the Fortis Group as if the closing under the Protocole d'Accord would have taken place.

As if closing under Protocole would have taken place

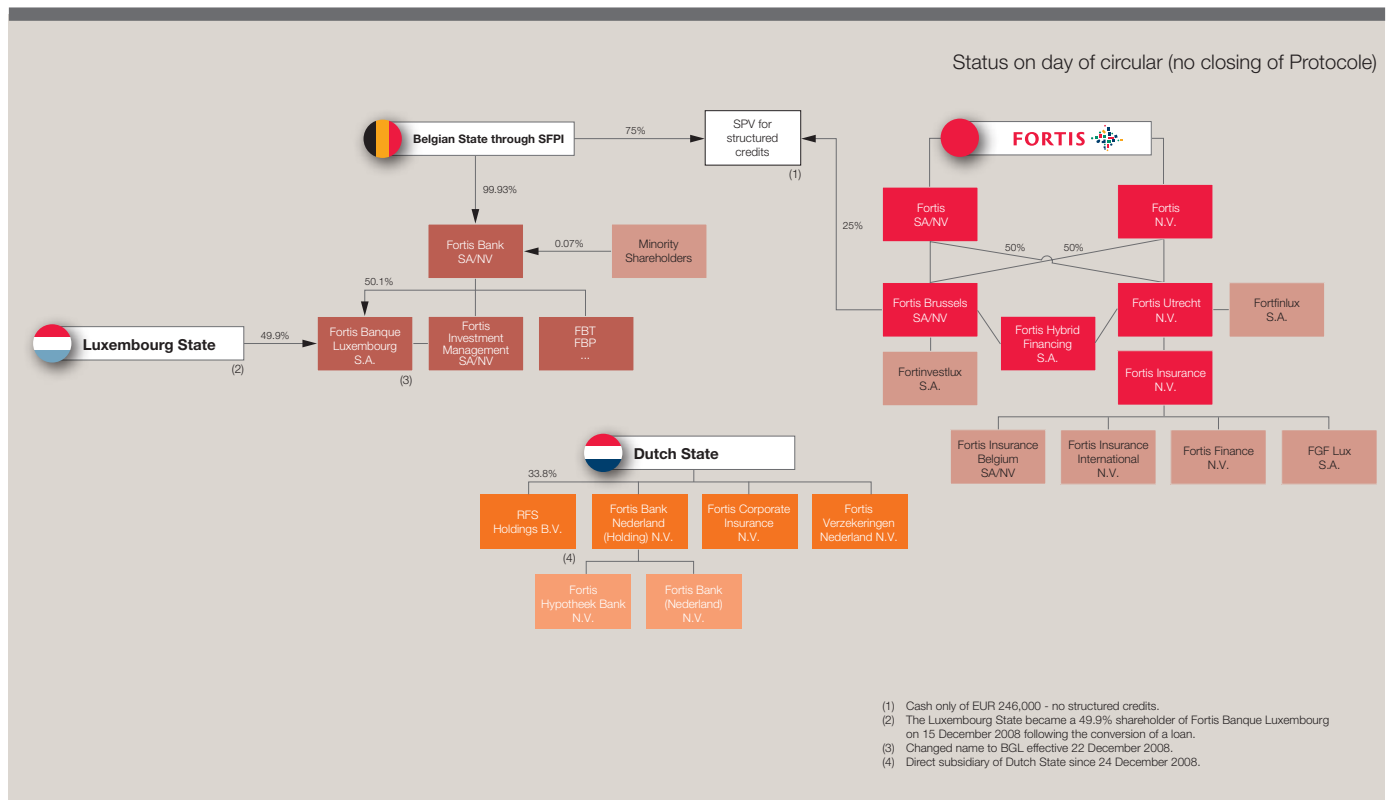


(1) The Luxembourg State became a 49.9% shareholder of Fortis Banque Luxembourg on 15 December 2008 following the conversion of a loan. Pursuant to separate agreements between the Luxembourg State and BNP Paribas - to which the Fortis Group is not a party - the Luxembourg State had agreed to transfer 16.57% of the shares in Fortis Banque Luxembourg to BNP Paribas in exchange for BNP Paribas shares representing 1.1% of the capital of BNP Paribas. The 19 December 2008 shareholders' meeting of BNP Paribas convened to issue shares to the Belgian and Luxembourg States was cancelled by BNP Paribas following the ruling of the Court of Appeal of Brussels of 12 December 2008.

(2) Changed name to BGL effective 22 December 2008.

(3) Direct subsidiary of Dutch State since 24 December 2008.

As mentioned above, the transactions envisaged under the Protocole d'Accord have been suspended as a result of the ruling of the Court of Appeal of Brussels. The chart hereafter therefore sets out the structure of the Fortis Group on the date of this shareholder circular.



3. Events subsequent to 14 October 2008 - Description of the envisaged implementation of and modifications to the initial agreements

In the weeks between 14 October 2008, the date on which trading in the Fortis shares resumed, and 12 December 2008, the date on which the Court of Appeal of Brussels handed down its ruling, Fortis, the SFPI/FPIM and BNP Paribas negotiated the implementation and the closing of the Protocole d'Accord.

As far as Fortis was concerned this process mainly consisted of negotiating with BNP Paribas and the SFPI/FPIM the incorporation and funding of the SPV, which required additional agreements implementing the Protocole d'Accord. Please refer to section 3.1 for a description of the arrangements that were envisaged in this respect. In addition, with a view to maximizing shareholder value for the Fortis shareholders, the Board of Directors of Fortis SA/NV also pursued negotiations on other aspects of the envisaged transactions, as set out in sections 3.2 and 3.3.

Separately (i.e. with no direct involvement from Fortis being required) but in parallel, the SFPI/FPIM and BNP Paribas prepared the envisaged transfer, in two stages, by the SFPI/FPIM to BNP Paribas of 74.94% of the shares in Fortis Bank in exchange for shares in BNP Paribas.

In the weeks leading up to mid December, negotiations took place between Fortis, BNP Paribas and the SFPI/FPIM to implement the transactions along the lines of what is described in sections 3.1 through 3.3. Since there was not yet a full and final agreement between all parties on all aspects of the closing of the Protocole d'Accord, Fortis was not yet in a position to communicate on the terms of the envisaged transactions. Accordingly, the terms set out in sections 3.1 through 3.3 were not made public and have not been made public to date. In addition, negotiations with a view to the closing of the Protocole d'Accord were aborted following the ruling of the Court of Appeal of Brussels of 12 December 2008 which suspended the Share Purchase Agreement and Protocole d'Accord of 10 October 2008 insofar as they had not yet been closed.

In preparing the closing of the Protocole d'Accord, the Board of Directors of Fortis SA/NV made every effort to maximize value for the Fortis shareholders, in addition to what was agreed with BNP Paribas in October 2008.

In particular, the Board of Directors of Fortis SA/NV made substantial efforts to:

- optimize arrangements for the funding of the SPV (please refer to section 3.1)
- obtain the highest possible value for the shares in Fortis Insurance Belgium (please refer to section 3.2)
- implement the 3 October 2008 agreement with the Dutch State relating to certain receivables held by Fortis Bank against Fortis Bank Nederland with a total principal amount of approximately EUR 16 billion, so as to ensure that the extra value resulting from the guarantee of the Dutch State on these bonds would accrue to the Fortis Group and not to Fortis Bank (please refer to section 3.3)
- modify the Protocole d'Accord with regard to the payment by Fortis to Fortis Bank of an amount of EUR 2.35 billion relating to the CASHES (please refer to section 3.4).

3.1. Incorporation and funding of the SPV

On 20 November 2008, the SPV was incorporated under the name Royal Park Investments SA/NV by Fortis Brussels SA/NV and Fortis Utrecht N.V. with an initial share capital of EUR 61,500. On 28 November 2008, pursuant to the Share Purchase Agreement with the SFPI/FPIM of 10 October 2008, the SFPI/FPIM subscribed to a capital increase in cash of the SPV in the amount of EUR 184,500. As a result, as of today, Fortis holds 25% of the SPV and the SFPI/FPIM 75%.

The principles of the initial framework for the funding of the SPV, which was to acquire part of the structured credits portfolio of Fortis Bank, were set out in the Protocole d'Accord of 10 October 2008. As set out in section 2.4, it was initially envisaged that, based on a purchase price of EUR 10.4 billion * to be paid by the SPV for part of the structured credits portfolio (of which EUR 3 billion was to be funded in equity and EUR 7.4 billion in debt), Fortis's part of the debt financing was to be EUR 4.9 billion. An amount of EUR 1.9 billion was to be funded externally and secured by a cash pledge. Fortis also obtained through a separate arrangement of 13 October 2008 that an amount of up to EUR 3 billion was to be loaned by the SFPI/FPIM either to Fortis (that would then on-lend to the SPV) or directly to the SPV. The SFPI/FPIM's loan was to be senior to Fortis's rights and secured with shares held by Fortis in the SPV.

At the end of November 2008, BNP Paribas made its final selection of the portfolio to be transferred by Fortis Bank to the SPV, as contemplated by the Protocole d'Accord. Based on the exchange rates of 1 December 2008 and taking into account redemptions until such date, the purchase price for the portfolio would have been EUR 10.7 billion.

The table below contains an overview of the selected assets based on the exchange rates of 1 December 2008 and taking into account the redemptions made until then.

	agreed price (in EUR bln)	agreed price (as % of par)
US RMBS	4.0	
- subprime	0.4	57%
- midprime	1.0	58%
- Alt-A/Jumbo	1.1	60%
- NegAm	1.3	56%
- HELOC	0.2	54%
ABS CDO Origination	1.3	
- Super Senior High Grade	1.2	25%
- Super Senior mezzanine	0.1	10%
- Warehouses	0.1	10%
US multi-sector CDO	0.7	66%
US Student loans (private)	0.7	79%
CRE CDOs	0.4	91%
ABS CDOs & Other	1.0	
- US	0.2	56%
- ROW	0.7	84%
High Yield CBO	0.1	96%
European RMBS	2.6	
- Spanish RMBS	1.6	86%
- UK Non Conforming	1.0	91%
Total	10.7	55%

* It being understood that this amount was subject to change as a result of fluctuations in exchange rates since 31 August 2008 and based on the final selection of the portfolio to be made by BNP Paribas.

In the course of November and early December, Fortis, BNP Paribas and the SFPI/FPIM negotiated the arrangements to implement the provisions of the Protocole d'Accord relating to the SPV so as to enable the funding of the SPV and the closing of the Protocole d'Accord as soon as possible.

As a result of these negotiations, Fortis, BNP Paribas and the SFPI/FPIM agreed in principle on a slightly revised funding structure. In particular, following discussions, it was agreed in principle that Fortis would not make use of the external funding of EUR 1.9 billion pursuant to which it would have been required to fund a cash pledge with BNP Paribas that would then have made a loan in the relevant currency directly to the SPV. Rather, Fortis decided to fund that portion directly to the SPV in the relevant currency. Furthermore, it was agreed that the SFPI/FPIM would loan the EUR 3 billion directly to the SPV in the relevant currency (rather than to Fortis which would have had to on-lend it to the SPV). As set out in section 2.3 above, this loan was provided by the SFPI/FPIM in order to enable Fortis to meet its funding commitments in respect of the SPV.

In order to be able to implement this structure, the parties agreed to split the funding of the SPV in three layers:

- an equity component in EUR, with Fortis providing 66%, the SFPI/FPIM 24% and BNP Paribas 10%;
- subordinated debt in USD, GBP and AUD, provided for 66% by Fortis, 24% by the SFPI/FPIM and 10% by BNP Paribas; and
- senior debt in USD, whereby the SFPI/FPIM would have taken over Fortis's 66% funding obligations (by making the abovementioned EUR 3 billion loan available to the SPV in USD), thus providing 90% of this tranche, with BNP Paribas providing the remaining 10%.

As mentioned above, the SFPI/FPIM made the EUR 3 billion loan conditional upon Fortis agreeing that it would not be entitled to receive any repayment of principal from the SPV for so long as the SFPI/FPIM would have an exposure under that portion of the loan. Accordingly, under the envisaged structure, Fortis would, at least in an initial phase, not have been entitled to any repayment of principal as these amounts would have been applied towards repayment of the EUR 3 billion loan from the SFPI/FPIM.

The funding of the SPV, as envisaged by the above agreement in principle, has been suspended as a result of the ruling of the Court of Appeal of Brussels of 12 December 2008.

3.2. Revised purchase price for the sale of 100% of the shares in Fortis Insurance Belgium to BNP Paribas

In parallel with the discussions with BNP Paribas and the SFPI/FPIM on the funding of the SPV set out in section 3.1, Fortis pursued negotiations with BNP Paribas to revisit certain aspects of the Protocole d'Accord, more specifically relating to the price to be paid by BNP Paribas to the Fortis Group for the shares in Fortis Insurance Belgium that Fortis had agreed to sell to BNP Paribas pursuant to the Protocole d'Accord.

Following negotiations early December 2008, an agreement in principle was reached between Fortis and BNP Paribas to increase the "base" purchase price for the shares in Fortis Insurance Belgium compared to the Protocole d'Accord. It was agreed that the "base" purchase price, immediately payable upon the closing of the Protocole d'Accord, would amount to EUR 5,612,500,000 (compared to EUR 5,500,000,000 under the Protocole d'Accord), it being understood that such price was to be increased by an amount equal to half of the net capital gain realized by Fortis Insurance Belgium (after deduction of an amount of EUR 112,500,000) in the event of a total or partial transfer (including by way of a contribution) of its shareholding in Interparking SA, provided such transfer took place within 12 months from the closing date. The price adjustment amount was not to exceed EUR 225,000,000. In other words, the base purchase price was to be increased by an additional EUR 112,500,000 (which represents an amount equal to half of the capital gain capped at EUR 225,000,000).

This upwards adjustment of the "base" purchase price was intended to be reflected in an "Avenant" or addendum to the Protocole d'Accord.

However, the sale of the shares in Fortis Insurance Belgium to BNP Paribas has been suspended as a result of the ruling of the Court of Appeal of Brussels of 12 December 2008.

3.3. Amendment to the Protocole d'Accord relating to the Dutch State guaranteed bonds

In addition to revisiting the purchase price for the shares in Fortis Insurance Belgium, the Board of Directors of Fortis SA/NV pursued negotiations with BNP Paribas on transferring to the Fortis Group value created within Fortis Bank as a result of the negotiations between Fortis SA/NV and the Dutch State in October 2008.

In the course of December 2008, Fortis and BNP Paribas reached an agreement in principle relating to certain receivables held by Fortis Bank (at that time held by the SFPI/FPIM and intended to be transferred up to 74.94% to BNP Paribas) against Fortis Bank Nederland (at that time held by the Dutch State) and which were transformed into bonds guaranteed by the Dutch State. Fortis successfully asserted in its discussions with BNP Paribas on the closing of the Protocole d'Accord that the guarantee of the Dutch State, which Fortis negotiated with the Dutch State in October 2008, increased the value of the bonds and that this extra value (estimated by Fortis to amount to approximately EUR 500 million on bonds with a total principal amount of approximately EUR 10 billion) was to accrue to the Fortis Group and not to Fortis Bank.

The Fortis Group and BNP Paribas reached an agreement in principle relating to the Dutch State guaranteed bonds in December 2008. Pursuant thereto, Fortis Bank was to grant to the Fortis Group an option to purchase the bonds (having a total principal amount of approximately EUR 10 billion), such that Fortis

could on-sell these bonds and pocket any capital gain on such sale. Any net capital gain realized by Fortis on such on-sale was to be used by Fortis Brussels to purchase from the SFPI/FPIM portions of the receivable representing the senior USD debt to be made available by the SFPI/FPIM to the SPV (see section 3.1 in this respect). This agreement in principle was intended to be reflected in an “Avenant” to the Protocole d’Accord as mentioned above.

The negotiations initiated by Fortis to obtain a similar arrangement for Dutch State guaranteed bonds having a total principal amount of approximately EUR 6 billion were, however, unsuccessful.

Although this is not specifically covered by the ruling of the Court of Appeal of Brussels of 12 December 2008 (as this agreement in principle had not yet been made public), this transaction can be deemed to have been suspended as a result of such ruling (as it constitutes an amendment to the Protocole d’Accord).

3.4. CASHES

In the framework of the discussions with BNP Paribas referred to in section 3.3, Fortis also attempted to revisit the arrangements set out in the Protocole d’Accord in relation to the CASHES, including in particular the payment to be made by the Fortis Group to Fortis Bank. However, these negotiations did not lead to a satisfactory outcome for the Fortis Group.

4. Consequences of the outcome of the vote by the shareholders' meeting of Fortis SA/NV

This section aims at describing the legal implications of the outcome of the vote of the 11 February 2009 shareholders' meeting. It also aims at adjusting the pro forma financial position, as at 30 September 2008, as communicated by Fortis on, as the case may be, 14 November 2008 and 24 December 2008, to give pro forma effect to certain potential scenarios following the vote of the shareholders' meeting.

The figures in this section are indicative pro forma figures to reflect the estimated impact of the closing or non-closing of certain transactions. These figures have not been audited and are solely based on information made publicly available (including by way of this shareholder circular). Moreover, these figures are based on a pro forma financial position as at 30 September 2008 which does not take into account the impact of the results of the fourth quarter of 2008, except for the net loss reported on 24 December 2008.

As explained in Fortis's press release of 24 December 2008, this net loss of EUR 295 million relates to the sale of US dollars and pounds sterling purchased on 8 December 2008. These foreign currencies had been purchased for the funding of the SPV in order to close the Protocole d'Accord. Following the suspension of this transaction pursuant to the ruling of the Court of Appeal of 12 December 2008, Fortis decided to sell these foreign currencies again in the market.

Fortis is still in the process of compiling and reviewing the results for the fourth quarter of 2008. In accordance with Fortis's financial calendar, these will be made public together with Fortis's annual results on 31 March 2009. As mentioned in the press release of 17 December 2008, Fortis expects its fourth quarter results to be impacted by further impairments, capital losses and the volatility of the Relative Performance Note ("RPN"), which is linked to the CASHES. On the other hand, Fortis expects that its equity will be positively impacted by the unrealized capital gain on the bond portfolio held by Fortis Insurance Belgium and Fortis Insurance International (due to the decrease in the interest rates in the fourth quarter of 2008).

For purposes of calculating Fortis's share in the funding of the SPV, total funding of the SPV has been assumed to amount to EUR 10.8 billion, being the total purchase price of EUR 10.7 billion plus accrued interest and operating costs calculated as at 1 December 2008. In the event of an effective closing of the funding of the SPV, these figures would have to be adapted to reflect the evolution of the exchange rates and the redemptions made in respect of the portfolio since 1 December 2008.

It should also be noted that the pro forma figures set out in this section 4 do not purport to reflect the evolution of the underlying value of the structured credits to be acquired by the SPV from Fortis Bank after 30 September 2008, nor the evolution of the value of Fortis Insurance Belgium or Fortis Insurance International after 30 September 2008. Moreover, this circular does not purport to express an opinion on the merits of an investment by Fortis in the structured credits portfolio through the SPV, nor to give any assurance as to the future performance thereof, Fortis Insurance Belgium or Fortis Insurance International.

Finally, the pro forma figures do not take into account the effect of a potential unwinding of certain transactions in the event of a negative vote, as set out in more detail in section 4.2.2.

4.1. Positive vote on all proposed resolutions

If the outcome of the vote on all proposed resolutions 2.5, 2.7 and 2.9 of the agenda of the shareholders' meeting is positive, there should be no impediment for Fortis SA/NV to close the transactions with BNP Paribas and the SFPI/FPIM under the Protocole d'Accord as set out in sections 2.4 and 3. It goes without saying that before the parties are able to effectively close the Protocole d'Accord, the agreements implementing and modifying the Protocole d'Accord would have to be fully finalized and agreed (including the implementation of the funding structure for the SPV) and would still require customary final approvals (including from the Boards of Directors of the various parties involved).

Given that the ruling of the Court of Appeal prohibits the SFPI/FPIM from transferring 241,620,557 shares in Fortis Bank prior to 16 February 2009, the closing of the Protocole d'Accord could in any event not take place before such date. In case of a closing of the Protocole d'Accord, no further action under the 10 October 2008 Share Purchase Agreement with the SFPI/FPIM would be required.

Assuming the closing of the Protocole d'Accord would take place under the terms described in sections 2.4 and 3, the closing would:

- yield EUR 5.6 billion of cash for the sale of the shares in Fortis Insurance Belgium to BNP Paribas;
- require a cash outlay of EUR 4.1 billion (based on the numbers of 1 December 2008) representing Fortis's share in the equity and subordinated debt funding of the SPV; and
- require a cash outlay of EUR 2.35 billion for the payment to Fortis Bank in relation to the CASHES.

The closing of the Protocole d'Accord would result in a pro forma net cash position of Fortis as at 30 September 2008 of EUR 1.0 billion, compared to EUR 1.6 billion as reported on 14 November 2008. This decrease in Fortis's pro forma net cash position would be due to (i) the difference between the actual purchase price received for the shares in Fortis Insurance Belgium of EUR 5.6 billion compared to an assumed purchase price of EUR 5.7 billion as reported on 14 November 2008; (ii) an actual financing commitment of EUR 4.1 billion for the SPV compared to an assumed amount of EUR 3.9 billion (EUR 2.0 billion equity and EUR 1.9 billion cash pledge) as reported on 14 November 2008; and (iii) the currency loss of EUR 0.3 billion reported on 24 December 2008.

The closing of the Protocole d'Accord would result in pro forma net equity attributable to shareholders of Fortis as at 30 September 2008 of EUR 7.8 billion, compared to EUR 7.7 billion as reported on 14 November 2008. This increase in the pro forma shareholders' equity as at 30 September 2008 would be due to (i) a negative impact of EUR 0.1 billion resulting from the difference between the actual purchase price received for the shares in Fortis Insurance Belgium of EUR 5.6 billion compared to an assumed purchase price of EUR 5.7 billion as reported on 14 November 2008; (ii) the negative impact of the currency loss of EUR 0.3 billion reported on 24 December 2008 and (iii) the positive impact of EUR 0.5 billion resulting from the estimated capital gain on the sale of the Dutch State guaranteed bonds.

As set out above in the introduction to section 4, these figures do not reflect, amongst others, the evolution of the value of the structured credits portfolio since 30 September 2008.

4.2. Negative vote on one or more proposed resolutions

4.2.1. Legal analysis

If the outcome of the vote on one or more of the proposed resolutions 2.5, 2.7 and 2.9 is negative, Fortis SA/NV would nevertheless remain contractually bound vis-à-vis the other parties. Insofar as Fortis SA/NV is a party to the agreements mentioned above, it is bound by contracts that have been validly entered into. All of the agreements mentioned above to which Fortis SA/NV is a party have been validly entered into by Fortis SA/NV and bind Fortis SA/NV, unless a competent court deciding on the merits of the case would decide otherwise. As a result, a negative vote on one or more of the proposed resolutions 2.5, 2.7 and 2.9 submitted for approval to the 11 February 2009 shareholders' meeting would not as such affect the validity and binding nature of the agreements entered into by Fortis SA/NV.

Consequently, BNP Paribas and the SFPI/FPIM could seek in court the forced execution in kind of the agreements (or compensatory damages) in the event that Fortis SA/NV would refuse to close the Protocole d'Accord or the Share Purchase Agreement and would commit a breach of contract. The SFPI/FPIM would also be entitled to enforce the pledge of the shares in Fortis Insurance Belgium, which secures Fortis's obligation to fund the SPV both under the Protocole d'Accord and the fallback scenario under the Share Purchase Agreement.

It goes without saying that in the event of a negative vote, all parties could by mutual consent (i.e. if, and only if, all the parties consent thereto) agree to renegotiate the Protocole d'Accord and the Share Purchase Agreement or alternatively agree to terminate such agreements. Under the Protocole d'Accord, BNP Paribas (but not the other parties) is entitled to walk away from the deal and let the Protocole d'Accord lapse on 28 February 2009 in case the conditions precedent thereto (including the funding by Fortis of the SPV) are not fulfilled by such date.

The Board of Directors of Fortis will have the duty to assess the outcome of the vote by the 11 February 2009 shareholders' meeting of Fortis SA/NV and to take a position vis-à-vis BNP Paribas and the SFPI/FPIM on whether or not to proceed with the closing of the transactions that have not yet been closed under the Protocole d'Accord and the Share Purchase Agreement. In doing so, the Board must weigh the interests of all stakeholders of the company (including of course the Fortis shareholders). It will also have to take into account that, from a legal point of view, regardless of the outcome of the vote, Fortis SA/NV remains bound by contracts that have been validly entered into and that a decision not to proceed with the closing thereof could lead to liability for Fortis SA/NV if BNP Paribas or the SFPI/FPIM would seek the forced execution thereof or compensatory damages in court.

In this respect, it should be noted that the funding of the SPV is an obligation for the Fortis Group both under the Protocole d'Accord (pursuant to which the SPV is to be funded by Fortis, BNP Paribas and the SFPI/FPIM, as set out in sections 2.4 and 3.1) as well as under the 10 October 2008 Share Purchase Agreement with the SFPI/FPIM (pursuant to which the SPV is to be funded solely by Fortis and the SFPI/FPIM, as set out in section 2.3). In the event that, as a result of a negative vote on resolution 2.9 of the agenda of the 11 February 2009 shareholders' meeting, the closing of the Protocole d'Accord does not take place (e.g. because BNP Paribas walks away from the deal), the Fortis Group would still be required to fund the SPV (e.g. following a positive vote on resolution 2.7 of the agenda relating to the Share Purchase Agreement or because the SFPI/FPIM requests and obtains the forced execution in kind of the Share Purchase Agreement in spite of a negative vote on resolution 2.7).

Transactions that have already been closed (i.e. the sale of the activities to the Dutch State in resolution 2.5 of the agenda or the sale of the remaining 50% + 1 share in Fortis Bank to the SFPI/FPIM in resolution 2.7 of the agenda) would not be immediately impacted by the outcome of the vote of the shareholders' meeting. These transactions could only be reversed if the relevant (former) Fortis entities were able to successfully obtain, before the competent court judging on the merits of the case, the annulment of the agreements.

4.2.2. Impact on pro forma financial position

As set out above in the introduction to section 4, the pro forma figures below do not take into account the effect of a potential unwinding of certain transactions in the event of a negative vote and as such only address the short term impact of certain scenarios following the outcome of the vote. Such unwinding would be the result of an annulment of the relevant agreements as set out above in section 4.2.1 and would imply that the transaction be undone so as to restore the parties' situation as it was immediately before the closing of the relevant transaction (for example in the case of a negative vote on resolution 2.7, the purchaser (the SFPI/FPIM) transferring back the 50% + 1 share in Fortis Bank to the seller (Fortis Brussels) and the seller (Fortis Brussels) returning the purchase price of EUR 4.7 billion to the purchaser (the SFPI/FPIM)). Pro forma figures purporting to reflect the unwinding of a transaction would be highly speculative and uncertain. Given that it can take years before an annulment procedure has run its course in the judicial system, pro forma figures reflecting the unwinding of one or more transactions would not present a fair view. In addition, it should be noted that the ruling of the Court of Appeal of Brussels was rendered in summary proceedings and that such a procedure does not imply a judgment on the merits of the case. The unwinding and annulment of a transaction therefore is not the object of the procedure before the Court of Appeal.

(i) Negative outcome of the vote on resolutions 2.7 and 2.9

A negative outcome of the vote on resolutions 2.7 and 2.9 could have as effect that neither the closing of the Protocole d'Accord nor the closing of the fallback scenario for the funding of the SPV under the Share Purchase Agreement takes place (assuming neither BNP Paribas nor the SFPI/FPIM request and/or obtain the forced execution in kind of the Protocole d'Accord or the Share Purchase Agreement, as the case may be).

As a result:

- the shares in Fortis Insurance Belgium would remain within the Fortis Group and the Fortis Group would forego EUR 5.6 billion of cash for the sale thereof to BNP Paribas;
- there would be no cash outlay of EUR 4.1 billion (again, based on the numbers of 1 December 2008) representing Fortis's share in the funding of the SPV; and
- there would be no cash outlay of EUR 2.35 billion for the payment to Fortis Bank in relation to the CASHES (it being understood, however, that the RPN would remain in place).

This would result in a pro forma net cash position of Fortis as at 30 September 2008 of EUR 1.8 billion and pro forma net equity attributable to shareholders of Fortis as at 30 September 2008 of EUR 6.4 billion, which is a confirmation of the press release of 24 December 2008.

Again, as set out above in the introduction to section 4, these figures do not reflect, amongst others, the possible impact of a change in the value of Fortis Insurance Belgium since 30 September 2008.

(ii) Negative vote on resolution 2.9 and positive vote on resolution 2.7

Conversely, if there is only a negative vote on resolution 2.9 and a positive vote on resolution 2.7, the Fortis Group would still be required to fund the SPV under the fallback scenario of the Share Purchase Agreement, unless the SFPI/FPIM would agree to terminate such agreement or modify the terms thereof.

In this scenario, where the closing of the Protocole d'Accord would not take place (and BNP Paribas would walk away from the deal) but the fallback funding scenario for the SPV would take effect (because the SFPI/FPIM would hold Fortis to the Share Purchase Agreement *):

- the shares in Fortis Insurance Belgium would remain within the Fortis Group and the Fortis Group would forego EUR 5.6 billion of cash for the sale thereof to BNP Paribas;
- the Fortis Group would still be required to effect a cash outlay of EUR 4.1 billion (again, based on the numbers of 1 December 2008) representing Fortis's share in the funding of the SPV under the fallback scenario (which, as set out in section 2.3, would remain the same in absolute terms as the amount of the funding to be provided by Fortis in case of a funding of the SPV by Fortis, BNP Paribas and the SFPI/FPIM, even though the aggregate price to be paid by the SPV for the portfolio would be 90% of the price due under the Protocole d'Accord); and
- there would be no cash outlay of EUR 2.35 billion for the payment to Fortis Bank in relation to the CASHES (it being understood, however, that the RPN would remain in place).

This would result in a negative pro forma net cash position of Fortis as at 30 September 2008 of EUR - 2.3 billion, compared to EUR 1.8 billion as reported on 24 December 2008. This decrease in Fortis's pro forma net cash position would be due to the amounts required for the funding of the SPV.

Pro forma net equity attributable to shareholders of Fortis as at 30 September 2008 would amount to EUR 6.4 billion, which is a confirmation of the press release of 24 December 2008.

Again, as set out above in the introduction to section 4, these figures are based on 30 September 2008 figures, which do not reflect, amongst others, the evolution of the underlying value since then.

In this scenario, the EUR 3 billion of funding committed by the SFPI/FPIM on 13 October 2008 would remain available. As set out in section 2.4, it should be noted that the EUR 3 billion loan was calculated in the assumption of the closing of all transactions with the SFPI/FPIM and with BNP Paribas as set out in sections 2.3 and 2.4 and on the basis of the funding needs that Fortis would have had in case of a sale of the shares in Fortis Insurance Belgium to BNP Paribas. However, in this scenario where only Fortis and the SFPI/FPIM would fund the SPV and the shares in Fortis Insurance Belgium would remain within the Fortis Group, Fortis would have to seek external financing in order to enable it to fulfil its funding obligations vis-à-vis the SPV under the fallback scenario and to fund the liquidity shortfall.

If there is only a negative vote on resolution 2.9 and a positive vote on resolution 2.7, the closing of the Protocole d'Accord would still have to take place if BNP Paribas requests and obtains the forced execution in kind of the Protocole d'Accord.

* This scenario could also materialize in the event of a negative vote on both resolutions 2.7 and 2.9 where only the SFPI/FPIM requests and obtains the forced execution in kind of the Share Purchase Agreement (and where BNP Paribas does not hold Fortis to the Protocole d'Accord).

As set out in section 4.1, in case of a (forced) closing of the Protocole d'Accord, no further action under the 10 October 2008 Share Purchase Agreement with the SFPI/FPIM would be required.

Assuming that the closing of the Protocole d'Accord would take place as a result of a forced execution in kind and under the terms described in sections 2.4 and 3, the impact of the closing of the Protocole d'Accord would be the same as set out in section 4.1.

4.3. Schematic overview of pro forma financial position in certain scenarios

The table below provides a schematic overview of the pro forma financial position as set out in sections 4.1 and 4.2.2.

The information presented below is subject to all the limitations set out in the introduction to section 4, as well as to the legal considerations set out in section 4.2.1. Without limiting the generality of the foregoing, the pro forma figures set out in sections 4.1 and 4.2.2 and repeated below provide a pure static and historical view based on the values of the underlying assets as at 30 September 2008. These pro forma figures do not reflect the evolution or performance of the underlying assets since 30 September 2008, nor do such figures purport to attribute any estimated value or potential upside or downside to the underlying assets or their performance during the fourth quarter of 2008 or their expected future performance. Likewise, the pro forma figures do not take into account the effect of a potential unwinding of certain transactions in the event of a negative vote and as such only address the short term impact of certain scenarios following the outcome of the vote.

Outcome of vote on resolutions			Pro forma net cash (EUR bio) 30/09/08	Pro forma net equity (EUR bio) 30/09/08	Comments
2.5	2.7	2.9			
YES	YES	YES	1.0	7.8	Fortis would consist of (i) Fortis Insurance International, (ii) the General Account and (iii) the SPV with BNP Paribas and the SFPI/FPIM.
YES	NO	NO	1.8	6.4	Fortis would consist of (i) Fortis Insurance International, (ii) the General Account and (iii) Fortis Insurance Belgium.
YES	YES	NO	-2.3	6.4	Fortis would consist of (i) Fortis Insurance International, (ii) the General Account, (iii) the SPV with the SFPI/FPIM and (iv) Fortis Insurance Belgium.
NO	NO	NO	1.8	6.4	Fortis would consist of (i) Fortis Insurance International, (ii) the General Account and (iii) Fortis Insurance Belgium.

Important remarks:

"YES" means the 11 February 2009 shareholders' meeting approves the relevant resolution and the relevant transaction, insofar as not yet closed, is subsequently closed.

“NO” means the 11 February 2009 shareholders’ meeting does not approve the relevant resolution and assumes that:

- the relevant transaction, insofar as not yet closed, is not closed (e.g. because the relevant agreement is terminated by mutual consent of all parties thereto or because, even in the absence of a formal termination, Fortis is not held to the agreement by the other parties involved and such agreement is not annulled);
- the relevant transaction, insofar as already closed, is not unwound as a result of the annulment of the relevant agreement.

“NO” does not take into account the effect of an unwinding of a transaction that has already been closed following the annulment of the relevant agreement by a competent court deciding on the merits and does not address any potential liquidity issues arising for the Fortis Group from the requirement to return the purchase price to the purchaser in case of such an annulment. In particular, the quantification of the impact of a negative vote on resolution 2.7 assumes that the Fortis Group would not be required to return to the SFPI/FPIM the EUR 4.7 billion received for the sale of 50% + 1 share in Fortis Bank and that the Fortis Group would not be held to its obligation to fund the SPV in accordance with the fallback provision of the Share Purchase Agreement. Likewise, the quantification of the impact of a negative vote on resolution 2.9 assumes that the Fortis Group would not be held to its obligations under the Protocole d’Accord in relation to the sale of the shares in Fortis Insurance Belgium, the funding of the SPV and the payment in relation to the CASHES.

In other words, in section 4 a “NO” simply illustrates the short term effect. It is impossible to calculate the long term effect on the Fortis Group of a negative outcome on one or more proposed resolutions (including the effect of unwinding the transactions that have been closed and of the subsequent requirement to return to the relevant purchasers the proceeds received from the various transactions).

As set out in the fourth paragraph of section 4.2.1, in the event of a “NO” vote, the Board of Directors of Fortis will have the duty to take a position on whether or not to proceed with the closing of the transactions that have not yet been closed under the Protocole d’Accord and the Share Purchase Agreement. From a legal point of view, even in the event of a “NO” vote, Fortis SA/NV remains bound by contracts that have been validly entered into. A decision not to proceed with the closing in the event of a “NO” vote could lead to liability for Fortis SA/NV if BNP Paribas or the SFPI/FPIM seeks and obtains the forced execution of the relevant agreements or compensatory damages in court.

As a result, the pro forma figures set out in section 4 should be read with great caution. Moreover, “net cash” and “net equity” are financial metrics which are derived from historical financial statements. They are not meant to reflect the potential value or performance of a particular asset.

Annex

Agenda of the shareholders' meeting of 11 February 2009 convened by the co-chairmen of the committee of experts appointed by the Court of Appeal

Approval of the decisions taken on 3, 5 and 6 October 2008 by the Board of Directors of Fortis SA/NV and of the agreements entered into in implementation of these decisions (General Meeting of Shareholders convened by the co-chairmen of the Committee of Experts appointed by the Court of Appeal of Brussels)

- 2.1 Report of the Board of Directors.
- 2.2 Interim report of the Committee of Experts: conclusions and prospects.
- 2.3 Comments of the Board of Directors on the interim report of the Committee of Experts.
- 2.4 Proposal to vote on item 2.5 on the agenda.
- 2.5 Proposal to approve the sale of 100% of the shares of Fortis Bank Nederland (Holding) N.V., Fortis Verzekeringen Nederland N.V. and Fortis Corporate Insurance N.V. to the Dutch state on 3 October 2008 in implementation of the decision of the Board of Directors of 3 October 2008, as summarised in the shareholder circular.
- 2.6 Proposal to vote on item 2.7 on the agenda.
- 2.7 Proposal to approve the sale of the remaining 50% + 1 share of Fortis Bank SA/NV to the Federal Participation and Investment Corporation (SFPI/FPIM) on 10 October 2008 and the transactions to be entered into, as the case may be, with the SFPI/FPIM in implementation of the decision of the Board of Directors of 5 and 6 October 2008, as this sale and these transactions are summarised in the shareholder circular.
- 2.8 Proposal to vote on item 2.9 on the agenda.
- 2.9 Proposal to approve the sale of 100% of the shares of Fortis Insurance Belgium SA/NV to BNP Paribas S.A. on 10 October 2008 and the transactions to be entered into with BNP Paribas S.A. and the Federal Participation and Investment Corporation (SFPI/FPIM) in implementation of the decision of the Board of Directors of 5 and 6 October 2008, as this sale and these transactions are summarised in the shareholder circular.

Glossary of asset classes of structured credits portfolio

ABS – Asset Backed Security.

Agency – Agency loans are originated by Fannie Mae, Freddie Mac and Ginnie Mae. The first two are government-sponsored enterprises, and the pools they create have the implicit guarantee of the U.S. government with respect to timely payment of principal and interest. Ginnie Mae, which is part of the U.S. Department of Housing and Urban Development, is explicitly backed by the full faith and credit of the U.S. government.

CDO – A Collateralised Debt Obligation (CDO) is a type of asset-backed security and structured credit product. CDOs provide exposure to a portfolio of fixed-income assets and divide the credit risk among different tranches with different credit ratings. A CDO can comprise Collateralized Loan Obligations (CLOs), Collateralized Bond Obligations (CBOs) and Collateralized Synthetic Obligations (CSOs).

CRE – Commercial Real Estate.

FICO – FICO is an acronym for “Fair Isaac Corporation”. FICO score is the most widely used borrower credit score model in the USA, summarising the information on a consumer’s credit file. (A credit score is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation). A FICO score is a single 3-digit number ranging from 300–850, which rank orders consumers according to risk. Higher scores equate to lower future risk of default. In general, the FICO score evaluates five main categories of information: payment history, amounts owed, length of credit history, new credit and type of credit used.

HELOC – Home Equity Lines of Credit (HELOC) refers to a loan in which the lender agrees to lend a maximum amount within an agreed period. This differs from a conventional home equity loan (which is a revolving, open-end loan extended under a line of credit and secured by the borrower’s residential property) in that the borrower is not advanced the entire sum up, but uses the line of credit to borrow sums that total no more than the amount.

Jumbo/Alt A – Loans where a borrower is unable or unwilling to provide the full documentation required by the agencies, but with strong credit history qualify for Alternative-A (Alt-A). Compared to agency loans, Alt-A loans have following characteristics:

- (a) higher proportion of investor properties;
- (b) slightly lower credit quality;
- (c) lower proportion of single-family properties;
- (d) higher average loan balances;
- (e) higher debt-to-income ratios; and
- (f) more heterogeneous pools, including a greater dispersion of loan balances and FICO scores.

Mid-prime – Loan characteristics show a high resemblance with Residential B/C loans but borrowers have a higher personal credit score (FICO > 625). Residential B/C loans are loans for borrowers with weaker than average and imperfect credit standing (FICO below 625). Loans are characterized by a lower loan balance than Alt-A as well as a higher percentage of equity extraction, a higher weighted average coupon and shorter reset periods making borrowers more dependent on refinancing.

NegAm – A Negative Amortization (NegAm) product is the result of a mortgage repayment plan in which the borrower makes payments that amount to less than the interest due. Unpaid interest is then added to the outstanding loan balance, causing the outstanding loan balance to increase instead of decrease.

RMBS – A Residential Mortgage Backed Security (RMBS) is a type of security whose cash flows come from residential debt such as mortgages, home-equity loans and subprime mortgages.

Subprime – An asset is considered as subprime within Fortis if it relates to US mortgages loans with a FICO < 625.

