



## Fortis Bank nv-sa

(a company with limited liability (*naamloze vennootschap/société anonyme*) and a bank incorporated under the laws of Belgium)

### Fortis N.V.

(incorporated with limited liability under the laws of The Netherlands)

### Fortis SA/NV

(incorporated with limited liability under the laws of Belgium)

€3,000,000,000

## Convertible And Subordinated Hybrid Equity-linked Securities ("CASHES") (par value of €250,000 each)

### ISSUE PRICE 100%

The undated CASHES will be duly authorized and issued securities of Fortis Bank nv-sa ("**Fortis Bank**"), who, with Fortis N.V. and Fortis SA/NV (together the "**Parent Companies**"), shall be the "**Co-obligors**". The CASHES shall be issued in dematerialized book-entry form and shall constitute direct, secured and subordinated obligations of the Co-obligors and shall have no stated maturity.

Coupons on the CASHES will be payable quarterly in arrears on March 19, June 19, September 19 and December 19 of each year, commencing on March 19, 2008, at a variable rate per annum on their outstanding principal amount equal to 3-month EURIBOR plus 2.0%, calculated on an actual/actual ICMA basis.

At any time from 40 days after the date of issuance, the CASHES may be exchanged at the option of the holder for units issued by Fortis N.V. and Fortis SA/NV, each unit comprised of one ordinary share in the capital of Fortis N.V. twinned with one ordinary share in the capital of Fortis SA/NV, or any successor ordinary share capital issued by either ("**Fortis Shares**"). The CASHES shall be exchangeable at an exchange ratio of 10,442.77 Fortis Shares per €250,000 principal amount of CASHES, subject to adjustment on the occurrence of certain events. In addition, all outstanding CASHES shall be automatically exchanged for Fortis Shares, if, at any time after the seventh anniversary of the issue date, the Volume Weighted Average Price of the Fortis Shares for 20 consecutive Stock Exchange Business Days equals or exceeds the Automatic Exchange Price Level.

The sole recourse of the holders of CASHES against any of the Co-obligors with respect to the principal amount of the CASHES shall be to the 125,313,283 Fortis Shares that are pledged by Fortis Bank in favor of such holders as further described in this Prospectus. These Fortis Shares are referred to as the Underlying Shares and are also the only Fortis Shares available to secure the exchange rights under the CASHES.

Fortis Shares have a dual primary listing on Euronext by Euronext Amsterdam N.V. ("**Euronext Amsterdam**") and on the regulated market of Euronext Brussels SA/NV ("**Euronext Brussels**"). The Fortis Shares are also listed on the regulated market of the Luxembourg Stock Exchange and Fortis has a sponsored over-the-counter ADR program in the United States.

In the event that dividends are not to be paid on the Fortis Shares, or that the dividends to be declared on the Fortis Shares are below a certain threshold with respect to any financial year, and in certain other circumstances, payments on coupons will be made only in accordance with the Alternative Coupon Satisfaction Method, as further described in this Prospectus.

The CASHES are not redeemable at the option of the Co-obligors at any time, and neither any of the Co-obligors nor any of their respective subsidiaries may acquire any of the CASHES, other than in connection with dealing in securities in the ordinary course of business.

All coupon obligations of each of the Co-obligors under the CASHES will be deeply subordinated obligations ranking behind the claims of holders of all other liabilities of such Co-obligor, except any indebtedness or obligation that, expressly or by applicable law, is *pari passu* with or subordinated to the CASHES, and except any ordinary shares of Fortis Bank and the Fortis Shares.

Application has been made to list the CASHES on the Luxembourg Stock Exchange for trading on the Euro MTF market of the Luxembourg Stock Exchange (the "**Euro MTF**").

The Managers (as defined herein) will purchase all of the CASHES offered hereby, if they purchase any of them.

The Managers expect the CASHES will be delivered on or about December 19, 2007

**Investing in the CASHES involves certain risks. See "Risk Factors" beginning on page 34.**

**The CASHES and the Fortis Shares or other securities deliverable upon exchange of the CASHES have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or under any state securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act), unless registered under the Securities Act or an exemption from the requirements of the Securities Act is available. The CASHES are being offered and sold in offshore transactions outside the United States in reliance on Regulation S under the Securities Act. The Fortis Shares to be delivered upon exchange of the CASHES may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.**

This Prospectus may only be used for the purposes for which it has been published.

*Joint Global Co-ordinator and  
Joint Bookrunner*

*Joint Global Co-ordinator and  
Joint Bookrunner*

*Joint Global Co-ordinator and  
Co-Bookrunner*

**Merrill Lynch International**

**JPMorgan**

**Fortis Bank**

*Co-Lead Managers*

**Fox-Pitt Kelton Cochran Caronia Waller**

**Santander Investment**

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Each of Fortis Bank, Fortis N.V. and Fortis SA/NV, having made all reasonable inquiries and having taken all reasonable care to ensure that such is the case, confirms that this Prospectus contains all information with regard to each of them and the CASHES that is material in the context of the issue and offering of the CASHES, that the information contained in this document is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which would make this document or any of such information or the expression of any such opinions or intentions materially misleading. Each of Fortis Bank, Fortis N.V. and Fortis SA/NV accepts responsibility for the information contained in this document.

**We are offering to sell, and are seeking offers to buy, the CASHES only in jurisdictions where offers and sales are permitted. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, the CASHES offered by this Prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. Neither the delivery of this Prospectus nor any sale made under it implies that there has been no change in our affairs or that the information in this Prospectus is correct as of any date after the date of this Prospectus.**

We and Merrill Lynch International (“**Merrill Lynch**”), J.P. Morgan Securities Ltd. (“**JPMorgan**”) and Fortis Bank (Nederland) N.V. and the other Managers named on the cover of this Prospectus (the “**Managers**”) reserve the right to reject any offer to purchase for any reason, or to sell less than all of the CASHES offered by this Prospectus.

**The CASHES described herein have not been and will not be registered under the Securities Act or under any State securities laws and may not be offered or sold in the United States or to, or for the**

account or benefit of US Persons, unless registered under the Securities Act or an exemption from the registration requirements is available. This Prospectus has not been recommended or approved by the United States Securities and Exchange Commission (the “SEC”) or any other regulatory authority and neither the SEC nor any other regulatory authority has passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

In connection with the issue of the Securities, Merrill Lynch International (the “Stabilizing Manager”) (or persons acting on behalf of the Stabilizing Manager) may over-allot Securities (provided that the aggregate principal amount of CASHES allotted does not exceed 105% of the aggregate principal amount of the CASHES) or effect transactions with a view to supporting the market price of the CASHES at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the CASHES is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the CASHES and 60 days after the date of the allotment of the CASHES.

You must (1) comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this Prospectus and the purchase, offer or sale of the CASHES and (2) obtain any consent, approval or permission required to be obtained by you for the purchase, offer or sale by you of the CASHES under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales, and neither we nor the Managers shall have any responsibility therefor.

We have prepared this Prospectus and we are solely responsible for its contents. You may contact us at any time if you need additional information. By purchasing CASHES, you acknowledge that:

- you have not relied on the Managers or any person affiliated with the Managers in connection with your investigation of the accuracy of the information set forth in this Prospectus or your investment decision; and
- no person has been authorized to give any information or to make any representation concerning us or the CASHES, other than as contained in this Prospectus and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the Managers.

Neither the Managers nor the Indenture Trustee and its agents are making any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Prospectus. You should not rely upon the information set forth in this Prospectus, as a promise or representation, whether as to the past or the future.

See “*Risk Factors*” for a description of some important factors relating to an investment in the Securities offered by this Prospectus. None of us, the Managers or any of our respective representatives is making any representation to you regarding the legality of an investment by you under appropriate investment or similar laws. You should consult with your own advisers as to legal, tax, business, financial and related aspects of a purchase of the CASHES.

## **Presentation of Financial Information**

Fortis is not a legal entity but collectively refers to Fortis SA/NV and Fortis N.V. and the group of companies owned and/or controlled by Fortis SA/NV and Fortis N.V. In this Prospectus, “**Fortis Group**” and “**Fortis**” refer to Fortis SA/NV, Fortis N.V. and the group of companies owned and/or controlled by Fortis SA/NV and Fortis N.V., including Fortis Bank.

In this Prospectus, references to “we”, “us” or “our” refer to the Fortis Group and references to the “Parent Companies” mean Fortis SA/NV and Fortis N.V. and their respective successors and not any of their respective subsidiaries.

### ***Consolidated Financial Statements***

Fortis published its full-year 2005 and 2006 results, including comparative numbers for 2004, (the “**Consolidated Financial Statements**”), in accordance with International Financial Reporting Standards including International Accounting Standards and Interpretations and as adopted by the European Union (“**IFRS**”). For IAS 39, *Financial Instruments: Recognition and Measurement* this takes into account the amendments regarding the fair value option as published on June 16, 2005 by the International Accounting

Standards Board (“IASB”) and as adopted by the European Union on November 15, 2005, as well as the exclusion regarding hedge accounting (the so-called ‘carve-out’) decided by the European Union on November 19, 2004.

The Fortis consolidated financial statements for the year ended December 31, 2004 were prepared in accordance with the applicable legal and regulatory requirements in Belgium. Fortis has restated the consolidated financial statements for comparative reasons to comply with IFRS.

Fortis publishes its financial statements in euros. References to “€”, “euro”, “EUR” and “Euro” are to the euro, the single unified currency that was introduced in Belgium and The Netherlands and nine other member states of the European Union on January 1, 1999.

#### ***Fortis Bank nv-sa Financial Statements***

Fortis Bank (and, together with its consolidated subsidiaries, “**Fortis Bank Group**”) prior to January 1, 2006, prepared its consolidated financial statements in accordance with generally accepted accounting principles in Belgium (“**Belgian GAAP**”). Beginning with the financial year ending December 31, 2006, the consolidated financial statements of Fortis Bank Group have been prepared, for the first time, in accordance with International Financial Reporting Standards as adopted by the European Union (“**IFRS**”). Such financial statements include comparative financial statements for the year ended December 31, 2005.

#### ***Information Regarding ABN AMRO Holding N.V. (“ABN AMRO”)***

The information about ABN AMRO presented in this Prospectus in the sections “Risk Factors — Risks related to ABN AMRO and the ABN AMRO Businesses” and under the captions “Information About the ABN AMRO Acquisition — The ABN AMRO Businesses”, — “Business rationale of the ABN AMRO Acquisition”, — Overview of the integration process” and “— Financial information relating to the acquisition of the ABN AMRO Businesses”, including all ABN AMRO financial information on the pages and in the Sections referred to, is derived from publicly available information (essentially (i) the ABN AMRO Form 20-F as referred to herein in the section “*Risk Factors — Risks related to ABN AMRO and the ABN Businesses*” and (ii) the Current Reports on Form 6-K as referred to on page 42, both filed with or furnished to the U.S. Securities and Exchange Commission (the “SEC”) and available on the SEC website at [www.sec.gov](http://www.sec.gov), and (iii) the ABN AMRO annual reports 2005 and 2006 as well as (iv) the ABN AMRO six-month 2007 results, both available on the ABN AMRO website at [www.abnamro.nl](http://www.abnamro.nl). ABN AMRO has not published interim financial statements for the nine months ended September 30, 2007. The information derived from such reports has been accurately reproduced. Although the Consortium Banks (as defined herein) have declared their offer for ABN AMRO to be unconditional and now acquired 98.8% of the ABN AMRO Shares, the members of the Consortium, including Fortis, have only recently gained limited access to additional ABN AMRO information. As access remains limited, the information included herein remains based on the information derived from the publicly available sources as described above. Based on the limited information Fortis has received to date, Fortis has no knowledge that would indicate that any statements contained in this Prospectus based upon information contained in such reports are inaccurate, incomplete or untrue. Fortis was not involved in the preparation of such reports and, therefore, cannot verify the accuracy, completeness or truth of the information obtained from such reports or any failure by ABN AMRO to disclose events that may have occurred, but that are unknown to Fortis, that may affect the significance or accuracy of the information contained in such reports. Fortis is not aware, as far as it has been able to ascertain from information published by ABN AMRO in such reports or through the limited additional information that has been received to date, that any facts have been omitted which would render the reproduced information inaccurate or misleading. Such reports are not to be considered part of this Prospectus and are not incorporated by reference herein.

In addition, given that ABN AMRO does not disclose detailed financial information regarding the ABN AMRO Businesses (as defined below) to be acquired by Fortis and has provided Fortis only with limited access to ABN AMRO’s accounting records, Fortis does not have the information necessary to verify certain adjustments and assumptions independently, and therefore was not able to verify such adjustments and assumptions, with respect to ABN AMRO’s financial information in preparing the pro forma and combined financial information and synergy and cost saving information presented in this Prospectus. In particular, certain financial and other information with respect to the ABN AMRO Business Unit Netherlands in this Prospectus includes estimates based on ABN AMRO’s 2005 publicly reported information as ABN AMRO did not report separate information at the same level of detail for this Business Unit in 2006. Any financial information regarding ABN AMRO that may be detrimental to Fortis (including information relating to the ABN AMRO Businesses Fortis is acquiring upon completion of the transaction) and that has not been publicly

disclosed by ABN AMRO, or misapprehensions in Fortis' estimates due to limited access to ABN AMRO, may have an adverse effect on the benefits Fortis expects to achieve in the transaction as well as result in material inaccuracies in the illustrative financial information and synergy and cost saving information included in this Prospectus. Fortis may be subject to liabilities of ABN AMRO of which it is currently not aware. These liabilities may have an adverse effect on Fortis' profitability, results of operations and financial position.

## FORWARD-LOOKING INFORMATION

There are statements in this Prospectus, such as statements that include the words or phrases "will likely result", "are expected to", "will continue", "is anticipated", "estimate", "project", or similar expressions, that are "forward-looking statements". These statements are subject to certain risks and uncertainties. Actual results may differ materially from those suggested by these statements due to risks or uncertainties associated with Fortis' expectations with respect to, among others, its market risk evaluations or potential acquisitions, potential cost and revenue synergies associated with acquisitions, or with respect to expansion and premium growth and investment income or cash flow projections and, more generally, to general economic conditions, including changes in interest rates and the performance of the financial markets, changes in domestic and foreign laws, regulations and taxes, changes in competition and pricing environments, regional or general changes in asset valuations, the occurrence of significant natural disasters, the inability to reinsure certain risks economically, the adequacy of technical provisions, as well as general market conditions, competition, pricing and restructurings, uncertainties over the acquisition of the ABN AMRO Businesses (the "**ABN AMRO Acquisition**") and the integration of those ABN AMRO Businesses into Fortis and the costs and liabilities related to such an acquisition. See "*Risk Factors*" for further discussion of risks and uncertainties that could impact the Fortis Group's business.

These forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Fortis and are difficult to predict, that may cause actual results or developments to differ materially from any future results or developments expressed or implied from the forward-looking statements. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include, among other factors:

- costs (including taxes) or difficulties related to the integration of acquisitions, including the acquisition of ABN AMRO and the ABN AMRO Businesses, may be greater than expected;
- the risk of unexpected consequences resulting from acquisitions, including the acquisition of ABN AMRO and the ABN AMRO Businesses;
- our ability to achieve revenue synergies and cost savings from the integration of the ABN AMRO Businesses and related assets;
- any change-of-control provisions in ABN AMRO's agreements that might be triggered by the transactions described in this Prospectus;
- the potential exposure of Fortis and ABN AMRO to various types of market risks, such as interest rate risk, foreign exchange rate risk and commodity and equity price risk. Such statements are subject to risks and uncertainties. For example, certain of the market risk disclosures are dependent on choices about key model characteristics and assumptions and are subject to various limitations. By their nature, certain of the market risk disclosures are only estimates and, as a result, actual future gains and losses could differ materially from those that have been estimated;
- general economic conditions in the European Union, in particular in Belgium and The Netherlands, and in other countries in which we or ABN AMRO have significant business activities or investments, including the United States;
- the monetary and interest rate policies of central banks, in particular the Dutch Central Bank, the European Central Bank, the Board of Governors of the U.S. Federal Reserve System, the Bank of England, and other G-7 central banks;
- changes or volatility in interest rates, foreign exchange rates (including the sterling/U.S. dollar and Euro/U.S. dollar rates), asset prices, equity markets, commodity prices, inflation or deflation;
- the effects of competition and consolidation in the markets in which we or ABN AMRO operate, which may be influenced by regulation, deregulation or enforcement policies;



- tax consequences of restructuring;
- changes in consumer spending and savings habits, including changes in government policies which may influence investment decisions;
- changes in applicable laws, regulations and taxes in jurisdictions in which we and ABN AMRO operate, including the laws and regulations governing the structure of the transactions described in this Prospectus, as well as actions or decisions by courts and regulators;
- natural and other disasters;
- the inability of Fortis or ABN AMRO to hedge certain risks economically;
- the adequacy of our or ABN AMRO's impairment provisions and loss reserves;
- technological changes; and
- the success of Fortis and/or ABN AMRO in managing the risks involved in the foregoing.

We caution that these statements are further qualified by the risk factors disclosed in this Prospectus that could cause actual results to differ materially from those in the forward-looking statements. See “*Risk Factors*” beginning on page 34. Without prejudice to our obligations under Belgian law in relation to disclosure and ongoing information, we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The statements relating to the revenue synergies, costs savings and business growth opportunities Fortis expects to achieve following the transactions are based on assumptions. However, these expected revenue synergies, cost savings and business growth opportunities may not be achieved. There can be no assurance that we will be able to implement successfully the strategic and operational initiatives that are intended.

The prospective financial information included in this Prospectus, in the summary and in the “*Information About the ABN AMRO Acquisition — Combination with the ABN AMRO Businesses*”, “*— Business rationale of the ABN AMRO Acquisition*” and “*— Overview of the integration process*” sections below has been prepared by, and is the responsibility of, Fortis’ management. PricewaterhouseCoopers Reviseurs d’Entreprises SCCRL and KPMG Accountants N.V. have neither examined nor compiled the prospective financial information and, accordingly, PricewaterhouseCoopers Reviseurs d’Entreprises SCCRL and KPMG Accountants N.V. do not express an opinion or any other form of assurance with respect thereto. The auditors’ reports incorporated by reference in this Prospectus relate to the Fortis’ historical financial information. They do not extend to the prospective financial information and should not be read to do so.

This prospective financial information was not prepared with a view to complying with published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information.

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Some figures in this Prospectus may not sum due to rounding. Some percentages in this Prospectus have been calculated using unrounded figures.

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Parts of this Prospectus contain information regarding European Embedded Value (“**EEV**”), Annual Premium Equivalent (“**APE**”), Value Added by New Business (“**VANB**”), Present Value of New Businesses Premiums (“**PVNB**”) and other banking- and insurance- specific measures and other financial information that are sometimes used by investors to evaluate the performance of companies in the banking and insurance sectors. The financial information included in this Prospectus is not intended to comply with SEC or other specific reporting requirements. Compliance with such requirements would require the modification or exclusion of some of these financial measures. EEV, APE, VANB, PVNB and such other financial information included herein are industry measures and investors should not consider such items as alternatives to the applicable GAAP measures.

These alternative financial measures are explained in detail in this Prospectus and investors should review such explanations to understand fully how they have been prepared. In particular, an investor should not consider EEV, APE, VANB, PVNB or such other financial information as measures of the Fortis Group’s financial performance or liquidity under IFRS or U.S. GAAP or as an alternative to profit for the period, operating profit or any other performance measures derived in accordance with IFRS or U.S. GAAP.

## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents which have previously been published and have been filed with the Luxembourg Stock Exchange shall be incorporated in, and form part of, this Prospectus:

### **Financial Statements of Fortis for the Financial Years ended December 31, 2006, 2005 and 2004**

(a) the audited Consolidated Financial Statements of Fortis prepared in accordance with IFRS for the financial years ended December 31, 2006 and 2005 (the “**2006 Consolidated Financial Statements**”) (including the 2006 statutory auditors’ report).

(b) the audited Consolidated Financial Statements of Fortis prepared in accordance with IFRS for the financial years ended December 31, 2005 and 2004 (including the 2005 statutory auditors’ report).

(c) the consolidated financial statements of Fortis prepared in accordance with the applicable legal and regulatory requirements in Belgium for the financial year ended December 31, 2004 (including the 2004 statutory auditors’ report).

### **Financial Statements of Fortis for the Nine Months ended September 30, 2007 and 2006**

(a) the unaudited Consolidated Interim Financial Statements of Fortis prepared in accordance with IFRS for the nine-months ended September 30, 2007 and 2006.

### **Financial Statements of Fortis Bank for the Financial Years ended December 31, 2006 and 2005**

(a) the audited consolidated financial statements of Fortis Bank prepared in accordance with IFRS for the financial years ended December 31, 2006 and 2005 (including the statutory auditors’ report with respect thereto).

Any other information not listed above but contained in such documents is incorporated by reference for information purposes only.

Copies of the documents incorporated by reference in this Prospectus can be obtained from the principal executive offices of each Parent Company (Fortis SA/NV, Rue Royale 20, 1000 Brussels, Belgium; Fortis N.V., Archimedeslaan 6, 3584 BA Utrecht, The Netherlands), from the offices of Fortis Bank at Montagne du Parc 3, 1000 Brussels, Belgium, from Fortis’s website at [www.fortis.com/Shareholders/annualreports.asp](http://www.fortis.com/Shareholders/annualreports.asp) and from the specified office of the paying agent for the time being in Luxembourg.

This Prospectus and the documents incorporated by reference will be available for viewing at [www.bourse.lu](http://www.bourse.lu) upon approval of this Prospectus by the Luxembourg Stock Exchange. Fortis can be contacted by telephone on +31(0) 30 226 6222.

## SUMMARY

*This summary highlights information contained elsewhere in this Prospectus. This summary is not complete and does not contain all of the information that may be important to you. You should read the entire Prospectus, including all of the financial statements and related notes, before making an investment decision. A glossary of selected insurance and banking terms used in this summary and elsewhere in this Prospectus can be found in this Prospectus under "Glossary".*

### Issuer and Co-obligor

Fortis Bank is a company incorporated with limited liability (*naamloze vennootschap/société anonyme*) and a bank incorporated under the laws of Belgium and is registered with the register of legal entities under enterprise number 0403.199.702. Fortis Bank's registered office is at Montagne du Parc 3, 1000 Brussels, Belgium and its telephone number is +32(0)2 565 1111.

### Co-obligors

#### *Fortis N.V.*

Fortis N.V. is a public company with limited liability incorporated under the laws of The Netherlands, with its registered office at Archimedeslaan 6, 3584 BA Utrecht, The Netherlands, and registered with the Trade Register at the Chamber of Commerce of Utrecht under number 30072145.

#### *Fortis SA/NV*

Fortis SA/NV is a public company with limited liability incorporated under the laws of Belgium, with its registered office at Rue Royale 20, 1000 Brussels, Belgium, and registered with the register of legal entities under enterprise number 0451.406.524.

### Fortis Bank and Fortis Bank Group

Fortis Bank Group delivers a comprehensive package of financial products and services through its own distribution channels and via intermediaries and other partners.

Fortis Bank is one of the 20 largest banks in Europe based on assets as of December 31, 2006. Fortis Bank Group offers a wide range of retail banking, commercial banking, corporate banking, private banking, investment banking and asset management services in the Benelux countries. Fortis Bank Group offers a more selective range of financial products in other European countries and in certain Asia/Pacific and African countries as well as in the United States.

Fortis Bank Group's home market is the Benelux, one of Europe's wealthiest regions, where it occupies a leading position in each of its principal business segments. Fortis Bank Group's retail banking operations are a market leader in the Benelux region and, building on that leadership, Fortis Bank Group has developed an integrated, European-wide network to serve its international client base. It uses the same expertise it has developed in its home market to provide high net worth individuals, enterprises and entrepreneurs with advanced financial services tailored to their specific needs.

Fortis Bank Group also operates successfully worldwide in selected activities, such as fund administration, trade finance, shipping finance, export and project finance and global markets.

As of January 1, 2007 Fortis reorganized its banking business, integrating its three banking business lines into two business units; Retail Banking and Merchant & Private Banking (which combined the Merchant Banking and Commercial & Private Banking business lines into a single business unit).

As a result of these organizational changes (effective as of January 1, 2007) Fortis Bank Group is principally organized along the following business lines:

- *Retail Banking:* provides financial services to individuals, professionals and small businesses.
- *Merchant & Private Banking:* offers tailored financial products and skill-oriented services to large international companies and institutions, Europe-oriented medium-sized enterprises and entrepreneurs, and private banking clients.

Fortis Bank Group's third-party asset management activities are part of Fortis Bank's Retail Banking business. Fortis Bank Group believes its Benelux asset management operations are number two in the Benelux based on assets under management at December 31, 2006.



At June 30, 2007, Fortis Bank Group had consolidated assets of EUR 814,851 million. Net profit attributable to shareholders for the six months ended June 30, 2007 of the Fortis Bank Group was EUR 2,066 million, with total net interest income of EUR 2,655 million.

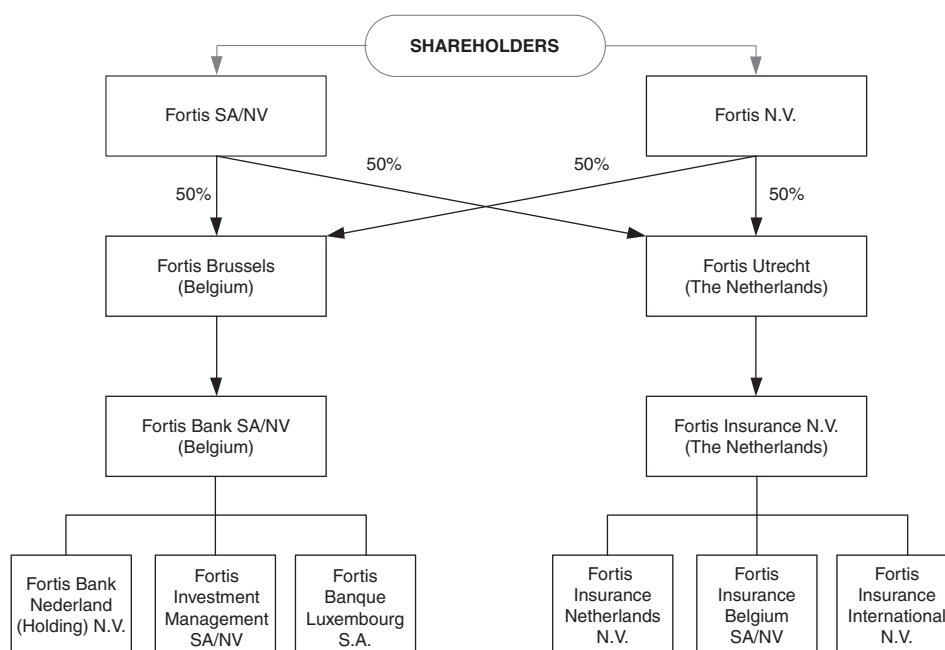
## Fortis Group

Fortis N.V. and Fortis SA/NV are the parent companies of the Fortis Group. Fortis Group was created in 1990 when the activities of AG Group (the predecessor of Fortis SA/ NV), a large Belgian insurer and AMEV/VSB (the predecessor of Fortis N.V.) combined their respective operations. AMEV, a large Dutch insurer, and VSB, a medium-sized Dutch savings bank, merged earlier that year. The Parent Companies have remained separate legal entities. Since the merger, the operating businesses of Fortis have been managed together.

The Fortis Share, which was created after a unification process which was completed in December 2001, represents the twinned shares of Fortis SA/NV and Fortis N.V. The Fortis Share is listed on the Eurolist of Euronext Brussels and the Eurolist of Euronext Amsterdam. Fortis also has a secondary listing on the EU Regulated Market of the Luxembourg Stock Exchange and a sponsored over-the-counter ADR program in the United States.

As part of the unification process, Fortis implemented a number of mergers and other legal steps. The operating companies of the Fortis Group are owned by Fortis Bank SA/NV (principally banking and asset management) and Fortis Insurance N.V. (principally insurance). Fortis's banking operations, which include its asset management operations, and Fortis's insurance operations contributed approximately 72% and 33%, respectively, to net profit for 2006. The general segment (which consists of group treasury and finance and other holding activities) reduced net operating profit by approximately 5% in 2006.

The diagram below summarizes the legal structure of Fortis as of September 30, 2007 and shows Fortis Bank's place in the legal structure.



## Overview

Fortis is an international provider of banking and insurance products and services to personal, business and institutional customers through its own distribution channels and via intermediaries and other partners.

In its home market, the Benelux countries, Fortis occupies a leading position in each of its principal business segments, banking and insurance. Fortis's retail banking operations are a market leader in the Benelux region — one of Europe's wealthiest regions. Building on that leadership, Fortis has developed an integrated, European-wide network to serve its international client base. The same expertise it has developed in its home market is used to provide high net worth individuals, enterprises and entrepreneurs with advanced financial services tailored to their specific needs. Fortis also operates worldwide in selected activities, such as fund administration, trade finance, shipping finance, export and project finance and global markets.

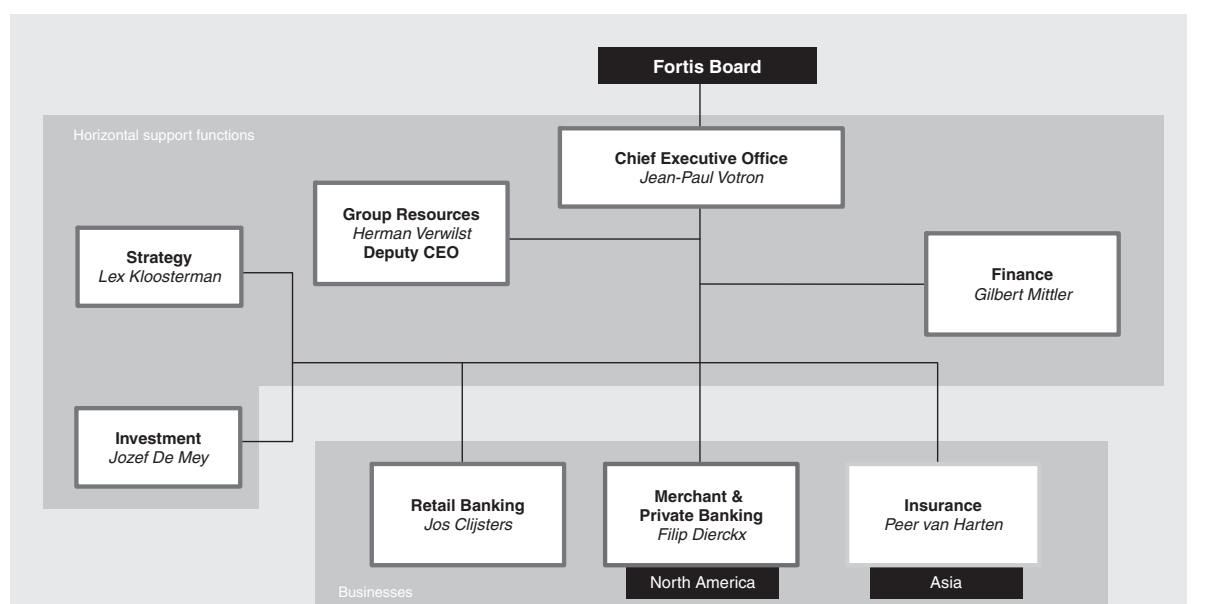
With total assets of EUR 775.2 billion and total equity of EUR 20.6 billion at December 31, 2006 (at September 30, 2007, respectively, EUR 875.8 billion and EUR 20.3 billion),<sup>1</sup> Fortis ranks among the 20 largest financial institutions in Europe based on market capitalization.<sup>2</sup> With its sound solvency position, broad risk spread and the extensive expertise of its approximately 57,000 employees (full time equivalents) as of December 31, 2006 (approximately 62,000 at September 30, 2007), Fortis combines an international presence with local flexibility to provide strong support to its customers. As at December 31, 2006, Fortis core equity<sup>3</sup> was EUR 19,532 million and total capital<sup>4</sup> was EUR 31,781 million (at September 30, 2007, respectively EUR 21,403 million and EUR 34,551 million)<sup>1</sup>, largely exceeding the minimum regulatory solvency requirements of Fortis (EUR 22,898 million at December 31, 2006 and EUR 26,005 million at September 30, 2007).<sup>3</sup>

## Fortis Management Structure

The management structure of Fortis provides unity of management within Fortis and contributes to management efficiency. This structure can be summarized as follows:

- one board, with the boards of directors of Fortis SA/NV and Fortis N.V. composed of the same members with the Chief Executive Officer and the Deputy CEO as the only two board members holding an executive position;
- one Chief Executive Officer;
- one Executive Committee (to be renamed “Group Executive Committee” as of January 1, 2008), chaired by the Chief Executive Officer responsible for the day-to-day operations of Fortis, with members having overall responsibility for the businesses and support functions of Fortis; and
- from January 1, 2008, one Business Executive Committee, with members assisting the Group Executive Committee and responsible for their respective business and support functions.

The diagram below outlines Fortis’s management structure as of the date of this Prospectus. See “*Management*” for additional information regarding changes to Fortis’s management structure being implemented from January 1, 2008.



<sup>1</sup> The figures at September 30, 2007 are unaudited.

<sup>2</sup> Source: Bloomberg December 31, 2006.

<sup>3</sup> Fortis core equity includes equity capital and reserves and required deductions from core equity. See also “*Operating and Financial Review and Prospects — Liquidity and Capital Resources — Group Solvency*” regarding solvency.

<sup>4</sup> Total capital includes equity capital, reserves and supplementary capital elements and required deductions from total capital. See also “*Operating and Financial Review and Prospects — Liquidity and Capital Resources — Group Solvency*” regarding solvency.

All managers shown in the table above are members of Fortis's Executive Committee.

### Fortis Operating Structure

Prior to January 1, 2007, Fortis organized its activities between six business lines, three in each segment. Within Banking, the business lines were Retail Banking, Commercial & Private Banking and Merchant Banking. Within insurance the business lines were Insurance Belgium, Insurance Netherlands and Insurance International. Each business line had its own business head that was a member of the Executive Committee.

As of January 1, 2007, Fortis has reorganized its activities into three core businesses:

*Retail Banking:* provides financial services to individuals, professionals and small businesses.

*Merchant & Private Banking:* offers tailored financial products and skill-oriented services to large international companies and institutions, to Europe-oriented medium-sized enterprises and entrepreneurs, and to private banking clients.

*Insurance:* provides life and non-life products in our home markets of Belgium and The Netherlands and in selected European and Asian markets.

Fortis's businesses are supported by the following support functions:

*Group Resources.* This function includes Technology, Operations & Process Services (TOPS), Human Resources, Facilities and Purchasing.

*Finance.* This function includes Performance Management, Consolidation & Accounting, Group Development & Acquisitions, Tax and Reporting, Ratings, Structuring & Capital Management.

*Strategy.* This function includes Strategy, Investor Relations, Global Branding & Communications, Public Affairs, CSR and Fortis Investments.

*Risk.* This function includes Risk, Legal, Compliance, Investigations and Customer & Management Processes. A key objective is to enhance risk strategies and further develop the risk function across Fortis. It will also drive the businesses and support functions to improve quality of processes.

*Investment.* This function includes Asset & Liability Management (ALM) which has been established to enhance Fortis-wide synergies in this area and to optimize return on assets.

As per Fortis's management structure, each core business and support function is managed by a member of the Executive Committee.

### Competitive Strengths

Fortis believes that there are certain characteristics that set it apart from its competitors in its core Benelux markets and which contribute generally to its strength. Fortis believes these characteristics will be reinforced by the ABN AMRO Businesses (as defined in “— *Recent Developments — ABN AMRO Acquisition*” below) it acquired as a result of the ABN AMRO Acquisition (as defined in “— *Recent Developments — ABN AMRO Acquisition*” below), and intends to build upon them following the acquisition:

- A unique position in an attractive Benelux market, the fifth largest market for financial services in Europe.<sup>5</sup>
- One of the largest banking and insurance financial institutions in the Benelux.<sup>6</sup>
- Successful management of multiple distribution channels, including a unified cross-border distribution network focusing on medium-sized enterprises and delivering high levels of private banking services.
- Proven ability to create value through cross-border combinations of banking activities and through a strong bancassurance operating model.
- Strong expertise in broker management.
- A strong track record in insurance joint ventures.
- A proven ability to develop profitable niches within its international banking business.

<sup>5</sup> Source: The Banker July 2007, based on total assets 2006.

<sup>6</sup> Source: Assuralia (<http://www.assuralia.be>, section: cijfergegevens/chiffres utiles), year 2005 and Assurantie Magazine (AM Jaarboek 2006 based on DNB numbers) based on premium income 2005.

- Highly diversified portfolio of banking and insurance activities.
- Sound and disciplined cost management.
- High ratings and a strong solvency position.

## Strategic Direction

### *Mission*

Fortis aims to be one of Europe's most dynamic and sustainable financial services brands by delivering specialized, innovative and pragmatic customer solutions across a network of channels and by leveraging its operational and entrepreneurial expertise. Fortis believes that its acquisition of the ABN AMRO Businesses (as defined below) will strongly support these aims.

### *Strategic Targets*

- Strong focus on organic growth.
- Seize non-organic growth opportunities such as acquisitions and strategic partnerships in order to accelerate growth plans.
- Sharpened customer focus as key to sustainable and profitable growth.
- Continued intended commitment to increase non-Benelux net profit share to at least 30% by 2009 (21% in 2006).
- Continue to pursue efficient cost management.
- Strengthen and develop Fortis's position as a leading, Benelux-based financial services provider.

### *Main elements of Fortis growth strategy*

- Strengthen our competitive position in established markets or client/product segments by focusing on the customer and optimizing cross-selling opportunities.
- Enhance our support functions ('enablers') to increase efficiency and facilitate controlled growth.
- Roll out our core competencies built in the Benelux to new markets.
- Accelerate growth through smart acquisitions.
- Concentrate on Europe while pursuing selective growth in Asia and North America.

## Recent Developments

### *ABN AMRO Acquisition*

On May 29, 2007, Fortis, RBS and Santander (collectively, the "**Consortium Banks**") announced the terms of their proposed offer (the "**Proposed Offer**") for 100% of the issued and outstanding share capital of ABN AMRO.

The Proposed Offer was subject to certain conditions and pre-conditions, including that the Dutch Supreme Court upheld the preliminary ruling of the Dutch Enterprise Chamber that the Purchase and Sale Agreement dated as of April 22, 2007, between Bank of America and ABN AMRO in respect of ABN AMRO North America Holding Company, the holding company for LaSalle Bank Corporation (the "**Bank of America Agreement**") must be approved by ABN AMRO shareholders by the requisite vote in a general meeting. In these circumstances, the Proposed Offer was to be conditional upon, among other things, ABN AMRO shareholders having failed to approve the Bank of America Agreement.

On July 13, 2007, the Dutch Supreme Court overturned the ruling of the Dutch Enterprise Chamber permitting ABN AMRO to complete the sale of LaSalle Bank Corporation to Bank of America under the Bank of America Agreement without seeking the approval of the ABN AMRO shareholders. ABN AMRO stated its intention to proceed with the sale (which was completed on October 1, 2007). Notwithstanding this development, on July 16, 2007 the Banks confirmed their intention to proceed with a revised offer for ABN AMRO. Following receipt of the required regulatory clearances, RFS Holdings BV ("**RFS**" or "**RFS Holdings**") a company jointly owned by the Banks, on July 23, 2007, launched a formal offer for 100% of the issued and outstanding share capital of ABN AMRO Holding N.V. (the "**ABN AMRO Offer**"), with the initial

offer period running to October 5, 2007 (the “**Offer Period**”). The ABN AMRO Offer consideration payable by RFS Holdings in the aggregate amounts to approximately EUR 71.1 billion.<sup>7</sup> For each ABN AMRO ordinary share tendered, RFS Holdings paid:

- EUR 35.60 in cash, without interest; and
- 0.296 newly issued RBS ordinary shares, nominal value £0.25 per share.

RFS is controlled by RBS and, following the successful outcome of the ABN AMRO Offer, acquired ABN AMRO. In due course RFS will implement an orderly separation of the business units of ABN AMRO through a Consortium and Shareholders Agreement which governs the relationship among the Banks and RFS with respect to the ABN AMRO Offer and the transfer of the ABN AMRO Businesses (as defined below). As a result of the ABN AMRO Offer, Fortis will acquire the ABN AMRO Businesses (the “**ABN AMRO Acquisition**”), for a consideration of €24.0 billion, representing 33.8% of the total consideration payable in the ABN AMRO Offer.

To finance its acquisition of the ABN AMRO Businesses, Fortis raised €13 billion of new equity financing via a rights issue (the “**Rights Offer**”). Fortis is financing its remaining portion of the ABN AMRO Offer consideration as follows:

- EUR 2 billion from the sale on July 11, 2007 of Conditional Capital Exchangeable Notes exchangeable into Mandatory Convertible Securities; and
- EUR 9.5 to 11.0 billion from the proceeds of a combination of (i) the issue of other Tier 1 capital instruments (approximately EUR 3.0-5.0 billion), including the proceeds of this Offering; (ii) the sale of specific non-core assets (approximately EUR 2.5 billion); (iii) sale of shared assets of the Consortium (approximately EUR 2.0 billion); and (iv) securitization and other similar transactions (approximately 2.0 billion).

In this respect, Fortis announced on July 12, 2007 that EUR 1.6 billion (sale price) of such an amount had been raised, representing a capital relief of EUR 1.2 billion due to the decrease in the risk weighted assets, by divesting various assets and shareholdings in European financial institutions. This amount includes the proceeds (EUR 980 million) from the sale by Fortis, announced on July 11, 2007, of its share in the joint venture CaiFor to its Spanish partner “la Caixa”. This transaction closed on November 13, 2007.

The Rights Offer was made to the public in Belgium, The Netherlands and Luxembourg and, subject to the satisfaction of certain conditions, in private placements to institutions in other jurisdictions. Existing Fortis shareholders and persons who acquired rights in the Rights Offer during the subscription period acquired new Fortis shares at the subscription price of €15 per new share (existing shareholders acquired the right to subscribe to two new Fortis shares for every three existing Fortis shares held as of September 24, 2007). The Rights Offer closed on October 11, 2007 and 100% of the new shares offered were subscribed.

On October 3, 2007, Fortis received approval from the European Commission for the acquisition of the ABN AMRO Businesses upon the successful completion of the ABN AMRO Offer. Such approval was conditional upon Fortis selling a portion of the ABN AMRO Businesses following their acquisition as a result of the ABN AMRO Offer (the “**Divestment**”). The Divestment represents approximately 10% of the ABN AMRO Business Unit Netherlands in terms of assets, income and projected revenue and cost synergies.

On October 8, 2007, the Banks announced that, as of the expiration of the Offer Period, 1,590,339,614 ABN AMRO ordinary shares, representing approximately 86% of ABN AMRO’s share capital, had been tendered in the Offer. This satisfied the minimum acceptance condition.

On October 10, 2006, the Banks declared the Offer unconditional. In accordance with normal practice in The Netherlands, the Banks provided a subsequent offer period (the “**Subsequent Offer Period**”) to allow ABN AMRO shareholders who had not yet accepted the ABN AMRO Offer to tender their ABN AMRO shares for the same consideration and pursuant to the same terms described in the documents relating to the ABN AMRO Offer; the Subsequent Offer Period started on October 11, 2007 and ended on October 31, 2007. On completion of the Subsequent Offer Period, RFS Holdings had acquired 98.8% of ABN AMRO’s share capital.

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<sup>7</sup> Based on undiluted number of shares of ABN AMRO as at December 31, 2006, a price of RBS shares of 568 p. at the close of business on August 30, 2007, as listed on the London Stock Exchange Daily Official List on August 30, 2007 and an exchange rate of EUR 1.00 per £0.6767 as published in the *Financial Times* on August 30, 2007. On a fully diluted basis, the ABN AMRO Offer consideration amounted to EUR 73 billion.



Information in respect of each of the ABN AMRO Businesses is set out below, based on publicly available information and limited information provided to Fortis by ABN AMRO.

#### *Plans for the ABN AMRO Businesses*

With the successful completion of the ABN AMRO Offer, RFS Holdings has acquired ABN AMRO and ABN AMRO will be governed and reorganized as contemplated by the Consortium and Shareholders' Agreement among the Consortium Banks. As a result of the completion of the ABN AMRO Offer, Fortis holds shares in RFS Holdings that equal its proportionate funding commitment (33.8%) for the ABN AMRO Offer consideration and the capital and income rights of shares issued to each of the Consortium Banks are linked to the net assets and income of the respective ABN AMRO Businesses that each of them will acquire following the reorganization of ABN AMRO. Following the reorganization, Fortis will acquire:

- the ABN AMRO Business Unit Netherlands (excluding the former Dutch wholesale clients, Interbank, DMC Consumer Finance, as well as certain assets including Hollandsche Bank Unie N.V. proposed to be divested by Fortis following the acquisition of the ABN AMRO Businesses as described further in this summary and in the cautionary statement at the beginning of the "Information About the Acquisition of ABN AMRO" section of the Prospectus),
- the ABN AMRO Business Unit Private Clients globally,
- the ABN AMRO Business Unit Asset Management globally, and
- the ABN AMRO brand name (collectively, the "**ABN AMRO Businesses**").

During the reorganization period, the Consortium Banks, through their ownership in RFS Holdings, will retain a shared economic interest in all central functions (including Head Office functions) that provide support to ABN AMRO's Businesses. The Consortium Banks will also retain shared economic interests, through their ownership in RFS Holdings, in certain assets and liabilities of ABN AMRO which the Banks regard as non-strategic. These include ABN AMRO's private equity portfolio, its stakes in Capitalia and Saudi Hollandi, and Prime Bank. These are expected to be disposed of over a period of time with a view to maximising value.

#### *Combination with the ABN AMRO Businesses*

*The following discussion is based on publicly available information regarding the ABN AMRO Businesses and estimates and assumptions regarding the synergies, cost savings and business growth opportunities Fortis expects to achieve following the completion of the acquisition of the ABN AMRO Businesses as well as assumptions regarding the comparability of Fortis and ABN AMRO information. There can be no assurance as to the accuracy, completeness or truth of the ABN AMRO information or the estimates and assumptions upon which these synergies, cost savings and business growth opportunities are based. In addition, actual synergies, cost savings and business growth may differ from those that Fortis expects to achieve. In particular, certain financial and other information with respect to the ABN AMRO Business Unit Netherlands in this Prospectus includes estimates based on ABN AMRO's 2005 publicly reported information as ABN AMRO did not report separate information at the same level of detail for this Business Unit in 2006. In addition, there can be no assurance that Fortis will be able to successfully implement the strategic or operational initiatives that are intended or that the combined information presented is an indication of future results. See also "Information Regarding ABN AMRO", "Risk Factors" and "Forward-Looking Statements".*

*The following discussion is further based on certain assumptions in respect of certain divestment measures to be implemented by Fortis following the acquisition of the ABN AMRO Businesses (the "Divestment"), as further described in the Cautionary Statement to the "Information About the Acquisition of ABN AMRO" section of the Prospectus.*

The successful combination of Fortis and the ABN AMRO Businesses is expected to create a top European financial institution. Based on pro forma 2006 published data, the combined businesses would have more than 80,000 employees worldwide, more than 10 million customers in the Benelux alone, revenues of EUR 16.4 billion, total net profit of more than EUR 5.5 billion (which is among the top five in the Euro area), 2,500 retail branches and 145 business centres across Europe.

The combination resulting from Fortis and the ABN AMRO Businesses will enjoy pre-eminent positions in all major market segments in the Benelux.

- *Leading positions in The Netherlands.*<sup>8</sup> This transaction is truly transformational and a unique opportunity for Fortis to cement its position as a leading financial institution in The Netherlands. The new combined group is expected to occupy a leading position in Retail Banking (No. 3 based on retail banking assets and main bank relationships), Commercial Banking (No. 1 based on number of main bank relationships) and Private Banking (No. 1 based on assets under management). Based on 2006 data, the combined businesses would have had total revenues of EUR 5.12 billion and net profit of EUR 1.027 billion in The Netherlands.
- *A Leading European Private Bank.*<sup>9</sup> Fortis and ABN AMRO's combined private bank would be the third largest European private bank with more than EUR 200 billion in assets under management ("AuM") globally, based on 2006 data. With one integrated network and a large European and Asian footprint, the combined private bank will be positioned to be the service provider of choice for high net worth clients and ultra high net worth clients, based on a dedicated, broad and differentiated service offering. Based on pro forma 2006 data, the combined private banking businesses would have had total revenues of EUR 2,092 million and net profit of EUR 456 million.
- *Top-tier Asset Management.*<sup>10</sup> The combined businesses would also be a top-tier European asset manager, with more than EUR 300 billion in AuM globally based on 2006 data making it the twelfth largest in Europe. The combined asset management business is expected to benefit from a larger geographic footprint and enhanced offering to third-party distributors, leveraging on a wide, innovative and well-performing product range. The combined product range is anticipated to reach top quartile position across many asset classes and achieve scale in core growth products. Based on 2006 data, the combined asset management businesses would have had total revenues of EUR 1,092 million and net profit of EUR 236 million.

Fortis believes that the acquisition will allow it to accelerate its strategy to become one of Europe's most dynamic and sustainable financial services providers, helping it to grow its businesses in "Enlarged Europe", and selectively in Asia and North America.

In addition, Fortis believes that its acquisition of the ABN AMRO Businesses will create substantial synergies. The expected pre-tax synergies are estimated at EUR 1.3 billion, 87% on the cost savings side and 13% on the revenue benefit side. Fortis expects that these synergies will be realized in stages, approximately 30% in 2008, another 40% in 2009 and the remaining 30% in 2010.

Fortis intends to integrate the ABN AMRO Businesses over a 36-month period, focusing on, amongst others, the identification and mitigation of all relevant integration risks. During the integration process, Fortis will focus on ensuring minimal disruption for clients. Fortis expects the total integration costs to be EUR 1.54 billion.

The following table sets out the benefits that Fortis expects to gain within three years of completion of the transaction as a result of the integration of the ABN AMRO Businesses. For further information about the plans, proposals, estimates and assumptions of Fortis for achieving these benefits, see the "*Information About the Acquisition of ABN AMRO — ABN AMRO Offer*" and "*— Plans for the ABN AMRO Businesses*" sections of the Prospectus.

<sup>8</sup> Source: Greenwich Associate 2007 based on, amongst others, Credit impact on Domestic and Overall International Cash Management Relationships (2006) and Overall Relationship Performance (2006) (Greenwich Quality Index Score), TOF (*Totaal Onderzoek Financiële Diensten*) Particulier 2006 (2-yearly survey on the retail banking sector in The Netherlands) based on consumer credits, customer cards, investment funds, mortgages, etc., all cross-checked against the overall market data available in reports by the DNB on the Dutch market and in annual accounts.

<sup>9</sup> Source: Publicly available information: annual accounts 2006.

<sup>10</sup> Source: Global Investor Magazine based on total third party assets under management 2006.

<u>Figures Before Tax</u>	Estimated Cost	Estimated Revenue
	Savings per Annum by End of 2010	Synergies per Annum by End of 2010
	(EUR million)	
Dutch Retail Business <sup>11</sup> .....	295-300	45-50
Dutch Commercial Business <sup>12</sup> .....	80-85	5-10
Private Banking .....	160	43
Asset Management .....	145	15
Central Functions .....	414	54
<b>Total</b> .....	<b>1,094-1,104</b>	<b>162-172</b>

Allowing for the acquisition of the ABN AMRO Businesses, Fortis Bank's Tier 1 capital ratio is expected to evolve close to 6.7% after the successful completion of the reorganization of ABN AMRO. After the acquisition, Fortis intends to maintain its previously announced solvency target (i.e. Tier 1 capital ratio at 7%). This projection considers that the acquisition, the financing, the reorganization and the separation of the ABN AMRO Businesses, the sale of non-core assets and other capital relief transactions are fully executed. After the successful completion of the reorganization of ABN AMRO and in a situation of full consolidation, the total goodwill will be deducted from Tier 1 capital.

Based on Fortis' forecasts for business growth and transaction benefits, the acquisition is expected to lead to a 2.7%<sup>12</sup> accretion in cash earnings per share in 2010 and to produce a return on investment on a cash basis of 11.1% in 2010. The foregoing is based on the assumption that the proceeds of the Divestment will be used to reduce the core capital as appropriate. These calculations take into account the capital requirements of the organic growth plan for the 2006-2011 period and were calculated on the basis of the current solvency framework (Basel II and Solvency II were not taken into account).

### ***Ping An Group***

On November 29, 2007 Fortis SA/NV and Fortis N.V. and Ping An Insurance (Group) Company of China, Ltd. ('**Ping An Group**') jointly announced that, as at close of trading on Euronext Amsterdam and Euronext Brussels on November 28, 2007, Ping An Life Insurance Company of China Ltd., a subsidiary of Ping An Group, owned approximately 4.18% of Fortis Shares.

In line with its strategy to grow outside of the Benelux, and recognizing the increasing importance of the Asian markets, the Fortis Board of Directors has invited Louis CHEUNG Chi Yan, Executive Director & Group President of Ping An Group, to become a member of the Fortis Board, upon approval by the General Meetings of Shareholders in April 2008.

<sup>11</sup> Taking into account the impact of the Proposed Development.

<sup>12</sup> This percentage is based on a Fortis Share price at the close of the relevant stock exchanges on September 19, 2007, is computed compared to the analyst consensus and is based on the assumption that the proceeds of the Divestment will be used to reduce the core capital as appropriate.

## RISK FACTORS

*Any investment in the CASHES involves risks, including those described in this section. You should carefully consider the following risks and the other information in this Prospectus before deciding whether an investment in the CASHES is suitable for you. If any of the following risks actually occur, the trading price of the CASHES could decline and you could lose all or part of your investment. Additional risks not currently known to Fortis or Fortis Bank or that Fortis or Fortis Bank now deems immaterial may also harm Fortis or Fortis Bank and affect your investment.*

### **Risk Factors Relating to our Business**

***As part of the financial services industry, we face substantial competitive pressures which could adversely affect our results of operations.***

There is substantial competition in the Benelux and the other regions in which we do business for the types of insurance, banking and asset management, and other products and services we provide. Such competition is most pronounced in our core Benelux markets (79% of net profit in 2006 was derived from the Benelux) where we face competition from companies such as ING Group, Aegon N.V., Rabobank, KBC Bank N.V. and Dexia. As a result, our strategy is to maintain customer loyalty and retention, which can be influenced by a number of factors, including service levels, the prices and attributes of products and services, financial strength and claims-paying ratings and actions taken by competitors. If we are unable to compete with attractive product and service offerings that are profitable, we may lose market share or incur losses on some or all of our activities.

Competition in the financial services industry is affected by a high level of consolidation, both at a national and an international level, in the markets in which we operate, as well as by the emergence of alternative distribution channels for many of the products we offer. Consumer demand, technological changes, regulatory actions and other factors also affect competition in our industry. In other international markets, we face competition from the leading domestic and international institutions active in the relevant national and international markets. Competitive pressures could result in increased pricing pressures on a number of our products and services, particularly as competitors seek to win market share, and may harm our ability to maintain or increase profitability.

***Market conditions and volatility can adversely affect our results.***

Each of our business segments is affected by changing general market conditions, which can cause our results to fluctuate from year to year, as well as on a long-term basis. These conditions include economic cycles such as insurance industry cycles, particularly with respect to non-life insurance, financial market cycles, including volatile movements in market prices for securities, and banking industry cycles. The non-life insurance industry cycles are characterized by periods of price competition, fluctuations in underwriting results and the occurrence of unpredictable weather-related and other losses. Fluctuations in interest rates and exchange rates, monetary policy, consumer and business spending, demographics and changes with respect to mortality, particularly with respect to life insurance, and competitive and other factors also influence our performance. As a result of changing market conditions, and the influence of financial and industry cycles, our results of operations are subject to volatility that may be outside our control. In particular, the profits of most of our merchant banking, securities trading and brokerage activities before taxation may vary significantly from year to year depending on market conditions. Since July of this year, market conditions have been significantly more volatile than in previous periods and there can be no assurance as to the effect of this volatility, particularly if it is prolonged, on the profits of most of our merchant banking, securities trading and brokerage activities before taxation.

As has been well publicized recently, credit markets and sub-prime residential mortgage markets, particularly in the U.S. but also worldwide, have experienced severe dislocations and liquidity disruptions. Sub-prime mortgage loans have recently experienced increased rates of delinquency, foreclosure and loss. These and other related events have had a significant impact on the capital markets associated not only with sub-prime mortgage backed securities, asset backed securities and collateralized debt obligations, but also with credit and financial markets as a whole. As a result, on the date of this Prospectus, banks world-wide operate in a difficult environment characterized by liquidity constraints and increased short-term funding costs. If such circumstances were further to deteriorate or continue for protracted periods of time, this could have a negative impact on the results of our banking business. Although we do not have any direct mortgage financing activities in the U.S., we are exposed to the U.S. sub-prime mortgage market through our ownership of mortgage backed securities, asset backed securities and collateralized debt obligations. In addition, the values

of many of the other instruments we hold and invest in are sensitive to dislocations and disruptions in those markets and the valuing of certain of those instruments has become both more uncertain and more difficult due to volatility and lack of liquidity. In addition, as more hedge funds, banks and other institutions are negatively affected by these market disruptions, our merchant banking, securities trading and brokerage activities may be further affected.

***Securities market volatility or downturns can adversely affect our banking, asset management and insurance activities.***

Market volatility and overall declines in market indices can negatively affect our merchant banking, securities trading, brokerage, asset management and insurance activities. Volatility and declines in market indices can reduce unrealized gains in our various portfolios, the excess solvency margin of our insurance subsidiaries or the demand for some of our banking, asset management or insurance products. We were affected by such declines during the stock market declines in 2000-2002, which adversely impacted investments in, and sales of products linked to, financial assets, particularly equity securities during this period. During this period net operating profit and solvency levels were materially adversely impacted by declines in equity values which affected our operating profit and group equity. Since 2003, financial markets, and equity markets in particular, have recovered and improved significantly, particularly in 2005, which improvement had a material positive effect on various of our businesses. Since July of this year, however, both the credit and the equity markets have been very volatile. There is no assurance that such a volatility will not result in a prolonged market decline, or such market declines for other reasons will not occur in the future. Such market declines, if they did occur, could have a material adverse effect on our financial condition and results of operations. Market downturns and high volatility can occur not only as a result of purely economic factors, but also as a result of war, acts of terrorism, natural disasters or other similar events outside our control.

***Volatility in interest rates may adversely affect our insurance, banking and asset management businesses.***

Fluctuations in interest rates affect the returns we earn on fixed interest investments. Interest rate changes also affect the market values of, and the amounts of capital gains or losses we take on, the fixed interest securities we hold. These fluctuations and changes affect our net interest income and recognized gains and losses on securities held in our investment portfolios.

While we reduce the impact of interest rate fluctuations on our life insurance business by transferring interest rate exposure to some policyholders through product design, our insurance business can be adversely affected by sustained low interest rates as well as certain interest rate movements. In particular, the profitability of spread-based insurance products depends in large part upon the ability to manage interest rate spreads and the credit and other risks inherent in the investment portfolio. In addition, certain of our traditional life insurance products provide for guaranteed returns. Although the impact of such guarantees on results of operations will be spread out over a period of years in a sustained low interest rate environment, such guarantees may also affect profitability. There can be no assurance that we will be able to successfully manage interest rate spreads or the potential negative impact of risks associated with sustained low rates or interest rate changes.

The results of our banking operations are affected by our management of interest rate sensitivity. Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income. The composition of our banking assets and liabilities, and any gap position resulting from the composition, causes our banking operations' net interest income to vary with changes in interest rates. In addition, variations in interest rate sensitivity may exist within the repricing periods or between the different currencies in which we hold interest rate positions. A mismatch of interest-earning assets and interest-bearing liabilities in any given period may, in the event of changes in interest rates, have a material effect on the financial condition or results of operations of our banking businesses.

***Asset illiquidity can adversely affect our business.***

Liquidity risk is inherent in much of our business. Each asset purchased and liability sold has liquidity characteristics that are unique. Some liabilities are surrenderable while some assets, such as privately placed loans, mortgage loans, real estate and limited partnership interests, have low liquidity. Additionally, protracted market declines can reduce the liquidity of markets that are typically liquid. If, in the course of our banking, insurance or other activities, we require significant amounts of cash on short notice in excess of anticipated



cash requirements, we may have difficulty selling these investments at attractive prices, in a timely manner, or both.

***Our risk management methods may leave us exposed to unidentified, unanticipated or incorrectly quantified risks, which could lead to material losses or material increases in liabilities.***

We devote significant resources to developing risk management policies, procedures and assessment methods for our banking, insurance and asset management businesses. We use a sophisticated value-at-risk (VaR) model, duration analysis and sensitivity analysis as well as other risk assessment methods. Nonetheless, our risk management techniques and strategies may not be fully effective in mitigating our risk exposure in all economic market environments or against all types of risk, including risks that we fail to identify or anticipate. Some of our qualitative tools and metrics for managing risk are based upon use of observed historical market behaviour. We apply statistical and other tools to these observations to arrive at quantifications of risk exposures. These tools and metrics may fail to predict future risk exposures. Our losses thus could be significantly greater than our measures would indicate. In addition, our quantified modelling does not take all risks into account. Our more qualitative approach to managing risks takes into account a broader set of risks, but is less precise than quantified modelling and could prove insufficient. Unanticipated or incorrectly quantified risk exposures could result in material losses in our insurance, banking and asset management businesses.

***While we manage our operational risks, these risks remain an inherent part of all of our businesses.***

The operational risks that we face include the possibility of inadequate or failed internal or external processes or systems, human error, regulatory breaches, employee misconduct or external events such as fraud. These events can potentially result in financial loss as well as harm to our reputation. Additionally, the loss of key personnel could adversely affect our operations and results.

Our business inherently generates operational risks. The business is dependent on processing a large number of complex transactions across numerous and diverse products, and is subject to a number of different legal and regulatory regimes. Additionally, because of the long-term nature of much of our business, accurate records have to be maintained for significant periods.

We attempt to keep operational risks at appropriate levels by maintaining a sound and well controlled environment in light of the characteristics of our business, the markets and the regulatory environments in which we operate. While these control measures mitigate operational risks they do not eliminate them.

***Our insurance business is subject to risks concerning the adequacy of our technical provisions to cover future losses and benefits.***

Our technical provisions may prove to be inadequate to cover our actual losses and benefits experience. For example, we derive our life and health insurance reserves from actuarial practices and assumptions, including an assessment of mortality and morbidity rates. If the actual future mortality and morbidity rates deviate from those we have projected, our insurance reserves could be inadequate. Other assumptions that influence insurance reserves relate to long-term development of interest rates, guaranteed return levels, investment returns, policyholder bonus rates, policyholder lapses and future expense levels. Additionally, some of our insurance products are affected by certain unpredictable events, including catastrophic events. For example, some weather-related events could result in substantial costs to us.

To the extent that technical provisions are insufficient to cover our actual insurance losses, loss adjustment expenses or future policy benefits, we would have to add to these technical provisions and incur a charge to our earnings. Additional losses, including losses arising from changes in the legal environment, the type or magnitude of which we cannot foresee, may emerge in the future. Any insufficiencies in technical provisions for future claims could have a material adverse effect on our consolidated financial condition, results of operations and cash flows.

***We have significant counterparty risk exposure.***

We are subject to general credit risks, including credit risks of borrowers, as well as credit risks of our reinsurers. Third parties that owe us money, securities or other assets may not pay or perform under their obligations. These parties include borrowers under loans made, the issuers whose securities we hold, customers, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their

obligations to us due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

We transfer our exposure to certain risks in our non-life and life insurance businesses to others through reinsurance arrangements. Under these arrangements, other insurers assume a portion of our losses and expenses associated with reported and unreported losses in exchange for a portion of policy premiums. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly. Any decrease in the amount of our reinsurance relative to our own primary insurance liability will increase our risk of loss. When we obtain reinsurance, we are still liable for those transferred risks if the reinsurer cannot meet its obligations. Therefore, the inability of our reinsurers to meet their financial obligations could materially affect our results of operations. Although we conduct periodic reviews of the financial statements and reputations of our reinsurers, the reinsurers may become financially unsound by the time they are called upon to pay amounts due, which may not occur for many years.

***Catastrophic events, terrorist attacks and other acts of war could have a negative impact on our business and results.***

Catastrophic events, terrorist attacks, other acts of war or hostility, and responses to those acts may create economic and political uncertainties, which could have a negative impact on economic conditions in the regions in which we operate and, more specifically, on our business and results in ways that cannot be predicted.

***Our results of operations can be adversely affected by significant adverse regulatory developments, including changes in tax laws.***

We conduct our businesses subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies and interpretations in the European Union, the Benelux and the other regions in which we do business. The timing and form of future changes in regulation are unpredictable and beyond our control, and changes made could materially adversely affect our business, the products and services we offer or the value of our assets or extent of our liabilities.

Insurance products enjoy certain tax advantages, particularly in The Netherlands, which permit the tax-deferred accumulation of earnings on the premiums paid by the holders of annuities and life insurance products under certain conditions and within limits. Taxes, if any, are payable on accumulated tax-deferred earnings when earnings are actually paid. Recent tax changes have included the abolition of a standard amount of tax-deductible life insurance premium. This has reduced the attractiveness of life insurance products in The Netherlands. The current administration in The Netherlands has indicated that it is contemplating further changes in tax law. These changes could affect the tax advantages of certain of our products, including group savings products. twenty-eight per cent of our total insurance business in 2006, (based on gross premiums written), was derived from our Netherlands life insurance business. Any changes in Dutch tax law, or the tax laws of other jurisdictions in which we operate which affect our products, could have a material adverse effect on our insurance or other businesses and results of operations and financial condition.

***Our business is sensitive to changes in governmental policies and international economic conditions that could limit our operating flexibility and reduce our profitability.***

Our business and results of operations may be materially affected by market fluctuations and by economic factors, including governmental, political and economic developments relating to inflation, interest rates, taxation, currency fluctuations, trade regulations, social or political instability, diplomatic relations, international conflicts and other factors that could limit its operating flexibility and reduce our profitability. In addition, results of operations in the past have been, and in the future may continue to be, materially affected by many factors of a global nature, including: political, economic and market conditions; the availability and cost of capital; the level and volatility of equity prices, commodity prices and interest rates; currency values and other market indices; technological changes and events; the availability and cost of credit; inflation; and investor sentiment and confidence in the financial markets. In addition, there has been a heightened level of legislative, legal and regulatory developments related to the financial services industry in the European Union, the United States and elsewhere that potentially could increase costs, thereby affecting our future results of operations. Such factors may also may have an impact on our ability to achieve our strategic objectives on a global basis.

In addition, there is continuing political and regulatory scrutiny of the operation of the retail banking and consumer credit industries in Belgium, The Netherlands and elsewhere. The nature and impact of future

changes in policies and regulatory action are not predictable and are beyond our control but could have an adverse impact on our businesses and earnings.

In the European Union, these regulatory actions included an inquiry into retail banking in all of the Member States by the European Commission's Directorate General for Competition. The inquiry examined retail banking in Europe generally. On January 31, 2007, the European Commission announced that barriers to competition in certain areas of retail banking, payment cards and payment systems in the European Union had been identified. The European Commission indicated that it will use its powers to address these barriers and will encourage national competition authorities to enforce European and national competition laws where appropriate. Any action taken by the European Commission and national competition authorities could have an adverse impact on our payment cards and payment systems businesses and on our retail banking activities in the European Union countries in which we operate.

***Litigation or other proceedings or actions may adversely affect our business, financial condition and results of operations.***

Our business is subject to the risk of litigation by customers, employees, shareholders or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation or similar proceedings or actions is difficult to assess or quantify. Plaintiffs in these types of actions may seek recovery of large or indeterminate amounts or other remedies that may affect our ability to conduct business, and the magnitude of the potential loss relating to such actions may remain unknown for substantial periods of time. The cost to defend future actions may be significant. There may also be adverse publicity associated with litigation that could decrease customer acceptance of our services, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, litigation may adversely affect our business, financial condition and results of operations.

**Risks relating to the ABN AMRO Acquisition**

***The uncertainties about the effects of the ABN AMRO Acquisition could materially and adversely affect the businesses and operations of ABN AMRO to be acquired by Fortis.***

Uncertainty about the effects of the ABN AMRO Acquisition on employees, partners, regulators and customers may materially and adversely affect the ABN AMRO Businesses acquired by Fortis and their operations. These uncertainties could cause customers, business partners and other parties that have business relationships with ABN AMRO to defer the consummation of other transactions or other decisions concerning ABN AMRO Businesses, or to seek to change existing business relationships with ABN AMRO. In addition, employee retention may be challenging until the ABN AMRO Acquisition is completed.

***We may fail to realize the anticipated business growth opportunities, synergies and other benefits anticipated from the transaction and our results of operations, financial condition and the price of our ordinary shares may suffer.***

There is no assurance that our acquisition of the ABN AMRO Businesses will achieve the anticipated business growth opportunities, synergies and other benefits Fortis anticipates. Fortis believes the offer consideration is justified, in part, by the business growth opportunities, synergies, revenue benefits, cost savings and other benefits it expects to achieve by combining its operations with the ABN AMRO Businesses. However, these expected business growth opportunities, synergies and other benefits may not develop and other assumptions upon which Fortis determined the offer consideration may prove to be incorrect, as, among other things, such assumptions were based on publicly available information.

The reorganization plan is complex and involves a restructuring of, and the implementation of substantial changes to, a significant portion of ABN AMRO's operations. In addition, the reorganization contemplates actions being taken in a number of businesses and jurisdictions simultaneously. Implementation of the planned reorganization and realisation of the forecast benefits will be challenging within the timeframe contemplated. Successful implementation of this plan will require a significant amount of management time and, thus, may affect or impair management's ability to run the business effectively during the period of implementation. In addition, we may not have, or be able to retain, personnel with the appropriate skill sets for the tasks associated with Fortis' reorganization plan, which could adversely affect the implementation of the plan.

The estimated expense savings and revenue synergies contemplated by the reorganization plan are significant. There can be no assurance that Fortis will realize these benefits in the time expected or at all. In addition, Fortis currently anticipates that the total costs associated with the implementation of the

reorganization will amount to approximately EUR 1.54 billion and there can be no assurance that the costs will not exceed this amount.

In particular, the reorganization plan currently contemplated may have to be modified as a result of employee consultations and approvals, which may delay its implementation. Fortis may also face challenges in obtaining the required approvals of various regulatory agencies, any of which could refuse or impose conditions or restrictions on its approval, retaining key employees, redeploying resources in different areas of operations to improve efficiency, minimising the diversion of management attention from ongoing business concerns, and addressing possible differences between our business culture, processes, controls, procedures and systems and those of the ABN AMRO Businesses. In addition, because Fortis has had only limited access to information regarding ABN AMRO's tax situation and structure, unanticipated substantial tax costs may be incurred in the implementation of the reorganization plan.

***The complex nature of the reorganization plan and the level of cooperation required among the Consortium Banks could have adverse consequences on the transaction and our ability to realize benefits therefrom.***

Although the Consortium and Shareholders' Agreement (as defined in "Information About the Acquisition of ABN AMRO" below) provides a mechanism for assets to be re-allocated or transferred among the Consortium Banks where it is established that any asset is held by or will be held by the wrong Consortium Bank, disputes may otherwise arise in implementing the Consortium and Shareholders' Agreement. Such disputes would be resolved in accordance with the dispute resolution processes set out in the Consortium and Shareholders' Agreement. Whilst these processes have been designed to resolve any disagreements swiftly, such disputes could result in delay to implementation of the reorganization.

Under any of these circumstances, the business growth opportunities, synergies, revenue benefits, cost savings and other benefits anticipated by Fortis to result from the reorganization may not be achieved as expected, or at all, or may be delayed. To the extent that Fortis incurs higher integration costs or achieves lower revenue benefits or fewer cost synergies than expected, its results of operations, financial condition and the price of our ordinary shares may suffer.

***Compliance with conditions and obligations imposed in connection with regulatory approvals in connection with the ABN AMRO Acquisition could adversely affect Fortis businesses and the ABN AMRO Businesses.***

The acquisition and subsequent proposed restructuring of ABN AMRO has required various approvals or consents from, among others, the Dutch Central Bank, the Board of Governors of the U.S. Federal Reserve System, the UK Financial Services Authority (the "FSA"), the Bank of Spain, the European Commission and various other bank regulatory, antitrust, securities, insurance and other authorities in The Netherlands, the United States, the UK, Spain, Belgium, other countries of the European Union and any other member state of the European Union that has successfully sought jurisdiction to review the ABN AMRO Offer under its national competition law and certain other jurisdictions. The subsequent proposed restructuring of the ABN AMRO group may also require further antitrust clearance in, among other jurisdictions, the United States, Russia and Argentina. The governmental entities from which these approvals are required, including the Dutch Central Bank, the U.S. Federal Reserve Board, the FSA and the European Commission and others, may refuse to grant such approval, or may impose conditions on, or require divestitures or other changes in connection with, the completion of the transaction. In this regard, in order to solve competition concerns of the Commission in the commercial banking segment in The Netherlands, on October 3, 2007, the European Commission granted Fortis permission to acquire the ABN AMRO Businesses subject to the business dispositions described in the Cautionary Statement in the "Information about the Acquisition of ABN AMRO" section below. These or any conditions, remedies or changes could have the effect of delaying completion of the acquisition and reorganization of ABN AMRO, reducing the anticipated benefits of the transaction or imposing additional costs on or limiting our revenues following the transaction, any of which might have a material adverse effect on Fortis following the transaction. In order to obtain these regulatory approvals, Fortis may have to divest, or commit to divesting, certain additional businesses or assets to third parties. In addition, Fortis may be required to make other commitments to regulatory authorities.

These divestitures and other commitments, if any, may have an adverse effect on Fortis' business, results of operations, financial condition or prospects after the transaction.

In addition, the DNB has imposed and made public certain specific restrictions and conditions on the reorganization process (as more fully described in "Information About the Acquisition of ABN AMRO —



*Details of the ABN AMRO Offer—Regulatory Matters” below) and it may impose further restrictions and conditions, some of which may adversely affect Fortis’ business, results of operations, financial condition or prospects after the transaction.*

Certain jurisdictions claim jurisdiction under their competition or antitrust laws in respect of acquisitions or mergers that have the potential to affect their domestic marketplace. A number of these jurisdictions may claim to have jurisdiction to review the acquisition and reorganization of ABN AMRO. Such investigations or proceedings may be initiated and, if initiated, may have an adverse effect on Fortis’ business, results of operations, financial condition or prospects after the transaction. For further details on the status of the approval process, please see “*Information About the Acquisition of ABN AMRO — Details of the ABN AMRO Offer — Regulatory Matters*” below.

***We have conducted only a limited due diligence review of ABN AMRO and, since the closing of the ABN AMRO Offer have had only limited access to additional information, and therefore Fortis may become subject to unknown liabilities of ABN AMRO, in particular, with respect to the ABN AMRO Businesses, which may have an adverse effect on Fortis’ financial condition and results of operations.***

In making the ABN AMRO Offer and determining its terms and conditions, we relied principally on publicly available information relating to ABN AMRO and the ABN AMRO Businesses, including the ABN AMRO Form 20-F (as defined above), as filed with the SEC on April 2, 2007 and Current Reports on Form 6-K submitted by ABN AMRO to the SEC prior to the date hereof. We have also conducted a limited, high-level due diligence review of additional information about ABN AMRO and the ABN AMRO Businesses that was provided to us by ABN AMRO. This information in relation to ABN AMRO and the ABN AMRO Businesses has not been subject to comment or verification by ABN AMRO, the Consortium Banks or their respective directors. As a result, Fortis may be subject to unknown liabilities of ABN AMRO, which may have an adverse effect on Fortis’ financial condition and results of operations.

***Consummation of the ABN AMRO Offer may result in adverse tax consequences resulting from a change of ownership of ABN AMRO.***

We have had access only to publicly available information concerning ABN AMRO’s tax situation. It is possible that the consummation of the ABN AMRO Offer may result in adverse tax consequences arising from a change of ownership of ABN AMRO and the ABN AMRO Businesses. The tax consequences of a change of ownership of a corporation can lead to an inability to carry-over certain tax attributes, including, but not limited to, tax losses, the tax credits and/or tax basis of assets. Moreover, a change of ownership may result in other tax costs not normally associated with the ordinary course of business. Such other tax costs include, but are not limited to, stamp duties, land transfer taxes, franchise taxes and other levies.

***Change of control provisions in ABN AMRO’s agreements may be triggered upon the completion of the ABN AMRO Offer, upon RFS Holdings’ acquisition of 100% of ABN AMRO or upon the completion of the reorganization, and may lead to adverse consequences for Fortis, including the loss of significant contractual rights and benefits, the termination of joint venture and/or licensing agreements or the requirement to repay outstanding indebtedness.***

ABN AMRO may be a party to joint ventures, licences and other agreements and instruments that contain change of control provisions that will be triggered upon the completion of the ABN AMRO Offer, upon RFS Holdings’ acquisition of 100% of ABN AMRO or upon completion of the reorganization. ABN AMRO has not provided us with copies of any of the agreements to which it is party and these agreements are not generally publicly available.

Agreements with change of control provisions typically provide for or permit the termination of the agreement upon the occurrence of a change of control of one of the parties or, in the case of debt instruments, require repayment of all outstanding indebtedness. If, upon review of these agreements after completion of the ABN AMRO Offer, RFS Holdings determines that such provisions can be waived by the relevant counterparties, it will consider whether it will seek these waivers. In the absence of these waivers, the operation of the change of control provisions, if any, could result in the loss of material contractual rights and benefits, the termination of joint venture agreements and licensing agreements or the requirement to repay outstanding indebtedness.

In addition, employment agreements with members of the ABN AMRO senior management and other ABN AMRO employees may contain change of control provisions providing for compensation to be paid in the event the employment of these employees is terminated, either by ABN AMRO or by those employees,



following completion of the ABN AMRO Offer, RFS Holdings' acquisition of 100% of ABN AMRO or completion of the post-closing reorganization. Such employment agreements may also contain change of control provisions providing for compensation to be paid following the occurrence of such events even if the employee is not terminated. We have established a reserve in respect of losses arising on the operation of change of control provisions, including compensation arising on change of control clauses in employment agreements. If payments made under these provisions were substantially in excess of the reserve, our results of operations in the period they become payable could be adversely affected.

***Fortis will incur substantial transaction and offer-related costs in connection with the ABN AMRO Offer.***

Fortis expects to incur a number of non-recurring transaction fees and other costs associated with completing the ABN AMRO Offer, combining its operations with the ABN AMRO Businesses and achieving desired synergies. These fees and costs will be substantial and include financing, financial advisory, legal and accounting fees and expenses. Additional unanticipated costs may be incurred in the integration of Fortis and the ABN AMRO Businesses. Although Fortis expects that the realisation of other efficiencies related to the transaction will offset the incremental and transaction costs over time, this net benefit may not be achieved in the near term, or at all.

***You may not be able to effectively compare our future financial statements to our, or ABN AMRO's, historical financial statements or those of ABN AMRO.***

Fortis is not acquiring all of ABN AMRO, and the businesses which Fortis is acquiring are not currently segregated by segment or business line in ABN AMRO's financial statements. In addition, prior to the acquisition, the ABN AMRO Businesses did not operate as a stand-alone company and relied upon their parent entities for administrative, treasury, management and other services. As a result, the consolidated financial statements of ABN AMRO and the financial information regarding the ABN AMRO Businesses included in this Prospectus do not necessarily reflect what the ABN AMRO Businesses' results of operations, financial position or cash flows will be in the future or what its results of operations, financial position or cash flow would have been in the past had the ABN AMRO Businesses been a stand-alone company during the periods presented. In addition, the proposed acquisition will be a fundamental change to the organization, business segments and reporting of Fortis as compared with periods prior to the transaction. Accordingly, you may not be able to effectively compare Fortis 2006, 2007 and future consolidated financial statements to the historical financial statements of ABN AMRO or the ABN AMRO Businesses.

**Risks related to ABN AMRO and the ABN AMRO Businesses**

**The following risk factors are taken directly as drafted in ABN AMRO's Annual Report on Form 20-F, as filed with the SEC on April 2, 2007 (the "ABN AMRO Form 20-F"). Although Fortis has no knowledge that would indicate that any of these risk factors are inaccurate, incomplete or untrue, Fortis was not involved in the preparation of such risk factors and, therefore, cannot verify the accuracy, completeness or truth of such risk factors or any failure by ABN AMRO to disclose any other risk factors which may be material to ABN AMRO or the ABN AMRO Businesses. For purposes of the risk factors included in this subsection only, the terms "we" and "our" refer to ABN AMRO Holding N.V. and its consolidated subsidiaries.**

***Our results can be adversely affected by general economic conditions and other business conditions.***

*Changes in general economic conditions, the performance of financial markets, interest rate levels, the policies and regulations of central banks or other business conditions may negatively affect our financial performance by affecting the demand for our products and services, reducing the credit quality of borrowers and counterparties, putting pressure on our loan loss reserves, changing the interest rate margin between our lending and borrowing costs, changing the value of our investment and trading portfolios and putting pressure on our risk management systems.*

***Changes in interest rate and foreign exchange rates may adversely affect our results.***

*Fluctuations in interest rates and foreign exchange rates, particularly in our three home markets of The Netherlands, the United States Midwest and Brazil and in Italy where we have a significant presence, influence our performance. The results of our banking operations are affected by our management of interest rate sensitivity. Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income. A mismatch of interest-earning assets and interest-bearing liabilities in any*

given period may, in the event of changes in interest rates, have a material adverse effect on the financial condition of our business or results from operations. In addition, we publish our consolidated financial statements in euros. Fluctuations in the exchange rates used to translate other currencies into euros affect our reported consolidated financial condition, results of operations and cash flows from year to year.

For 2006, 14.9% of our operating income and 14.4% of our operating expenses were denominated in USD and 13.6% of our operating income and 10.2% of our operating expenses were denominated in Brazilian Real. For 2005, 18.5% of our operating income and 18.3% of our operating expenses were denominated in USD and 11.8% of our operating income and 10.1% of our operating expenses were denominated in Brazilian Real. For a discussion of how interest rate risk and foreign exchange rate fluctuation risk is managed, see “Item 11. Quantitative and Qualitative Disclosures about Market Risk” [in the ABN AMRO Form 20-F] as well as Note 39 to [ABN AMRO’s] consolidated financial statements.

***Our performance is subject to substantial competitive pressures that could adversely affect our results of operations.***

There is substantial competition for the types of banking and other products and services that we provide in the regions in which we conduct large portions of our business, including The Netherlands, the United States and Brazil. The intensity of this competition is affected by consumer demand, technological changes, the impact of consolidation, regulatory actions and other factors. We expect competition to intensify as continued merger activity in the financial services industry produces larger, better-capitalized companies that are capable of offering a wider array of products and services, and at more competitive prices. In addition, technological advances and the growth of e-commerce have made it possible for non-depository institutions to offer products and services that were traditionally banking products and for financial institutions to compete with technology companies in providing electronic and internet-based financial solutions. If we are unable to provide attractive product and service offerings that are profitable, we may lose market share or incur losses on some or all of our activities.

***Regulatory changes or enforcement initiatives could adversely affect our business.***

We are subject to banking and financial services laws and government regulation in each of the jurisdictions in which we conduct business. Banking and financial services laws, regulations and policies currently governing us and our subsidiaries may change at any time in ways which have an adverse effect on our business. If we fail to address, or appear to fail to address, these changes or initiatives in an appropriate way, our reputation could be harmed and we could be subject to additional legal risk. This could, in turn, increase the size and number of claims and damages asserted against us or subject us to enforcement actions, fines and penalties. As previously reported, in July 2004 we signed a Written Agreement with the U.S. regulatory authorities concerning our dollar clearing activities in the New York branch. In addition, in December 2005, we agreed to a Cease and Desist Order with the Dutch Central Bank and various U.S. federal and state regulators. This involved an agreement to pay an aggregate civil penalty of USD 75 million and a voluntary endowment of USD 5 million in connection with deficiencies in the U.S. dollar clearing operations at the New York branch and OFAC compliance procedures regarding transactions originating at the Dubai branch. See “Item 4. Information on the Company — B. Business overview — Legal and regulatory proceedings” [in the ABN AMRO Form 20-F]. We and members of our management continue to provide information to law enforcement authorities in connection with ongoing criminal investigations relating to our dollar clearing activities, OFAC compliance procedures and other Bank Secrecy Act compliance matters. These compliance issues and the related sanctions and investigations have had, and will continue to have, an impact on the Bank’s operations in the United States, including limitations on expansion. The Bank is actively exploring all possible options to resolve these issues. The ultimate resolution of these compliance issues and related investigations and the nature and severity of possible additional sanctions cannot be predicted, but regulatory and law enforcement authorities have been imposing severe and significant monetary and other penalties against a number of banking institutions for violations of the Bank Secrecy Act and related statutes.

***There is operational risk associated with our industry which, when realized, may have an adverse impact on our results.***

We, like all financial institutions, are exposed to many types of operational risk, including the risk of fraud or other misconduct by employees or outsiders, unauthorized transactions by employees and operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems. We may also be subject to disruptions of our operating systems, arising from events that are wholly or partially beyond our control (including, for example, computer viruses or electrical

or telecommunication outages), which may give rise to losses in service to customers and to loss or liability to us. We are further exposed to the risk that external vendors may be unable to fulfil their contractual obligations to us, and to the risk that their business continuity and data security systems prove to be inadequate. We also face the risk that the design of our controls and procedures prove to be inadequate or are circumvented. Although we maintain a system of controls designed to keep operational risk at appropriate levels, we have suffered losses from operational risk in the past and there can be no assurance that we will not suffer material losses from operational risk in the future.

For a discussion of how operational risk is managed see “Item 11. Quantitative and Qualitative Disclosures about Market Risk” [in the ABN AMRO Form 20-F].

**We are subject to credit, market and liquidity risk, which may have an adverse effect on our credit ratings and our cost of funds.**

Our banking businesses establish instruments and strategies that we use to hedge or otherwise manage our exposure to credit, market and liquidity risk. To the extent our assessments of migrations in credit quality and of risk concentrations, or our assumptions or estimates used in establishing our valuation models for the fair value of our assets and liabilities or for our loan loss reserves, prove inaccurate or not predictive of actual results, we could suffer higher-than-anticipated losses. For more information relating to our credit ratings, refer to “Item 5. Operating and Financial Review and Prospects — B. Liquidity and capital resources” [in the ABN AMRO Form 20-F]. Any downgrade in our ratings may increase our borrowing costs, limit our access to capital markets and adversely affect the ability of our businesses to sell or market their products, engage in business transactions — particularly longer term and derivatives transactions — and retain our current customers. This, in turn, could reduce our liquidity and have an adverse effect on our operating results and financial condition.

**Systemic risk could adversely affect our business.**

In the past, the general credit environment has been adversely affected by significant instances of fraud. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. This risk is sometimes referred to as ‘systemic risk’ and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom we interact on a daily basis, and could have an adverse effect on our business.

**Increases in our allowances for loan losses may have an adverse effect on our results.**

Our banking businesses establish provisions for loan losses, which are reflected in the loan impairment and other credit risk provisions on our income statement, in order to maintain our allowance for loan losses at a level that is deemed to be appropriate by management based upon an assessment of prior loss experiences, the volume and type of lending being conducted by each bank, industry standards, past due loans, economic conditions and other factors related to the collectability of each entity’s loan portfolio. For further information on our credit risk management, refer to “Item 11. Quantitative and Qualitative Disclosures about Market Risk” [in the ABN AMRO Form 20-F]. Although management uses its best efforts to establish the allowances for loan losses, that determination is subject to significant judgment, and our banking businesses may have to increase or decrease their allowances for loan losses in the future as a result of increases or decreases in non-performing assets or for other reasons. Please also refer to the section “Accounting Policies” included in our consolidated financial statements. Any increase in the allowances for loan losses, any loan losses in excess of the previously determined provisions with respect thereto or changes in the estimate of the risk of loss inherent in the portfolio of non-impaired loans could have an adverse effect on our results of operations and financial condition.

**We depend on the accuracy and completeness of information about customers and counterparties.**

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of the customers and counterparties, including financial statements and other financial information. We also may rely on the audit report covering those financial statements. Our financial condition and results of operations could be negatively affected by relying on financial statements that do not comply with generally accepted accounting principles or that are materially misleading.

***We are subject to legal risk, which may have an adverse impact on our results.***

*It is inherently difficult to predict the outcome of many of the litigations, regulatory proceedings and other adversarial proceedings involving our businesses, particularly those cases in which the matters are brought on behalf of various classes of claimants, seek damages of unspecified or indeterminate amounts or involve novel legal claims. In presenting our consolidated financial statements, management makes estimates regarding the outcome of legal, regulatory and arbitration matters and takes a charge to income when losses with respect to such matters are probable and can be reasonably estimated. Changes in our estimates may have an adverse effect on our results. Please also refer to “Item 4. Information on the Company — B. Business overview — Legal and regulatory proceedings” [in the ABN AMRO Form 20-F].*

## **Risk Factors Relating to Purchase of the CASHES**

***Holders of CASHES will have only limited recourse to recover repayment of their principal investment.***

The sole recourse of the Holders of CASHES against any of the Co-obligors with respect to the principal amount of the CASHES will be the Underlying Shares (or other securities that replace the Underlying Shares pursuant to the Indenture). Whether or not the market value of Underlying Shares delivered to a Holder of CASHES is equal to the principal amount of the CASHES, the obligations of the Co-obligors to the Holders will be satisfied in full. Although, in the event of Bankruptcy Proceedings applicable to all of the Co-obligors there is only limited recourse to recover principal, the Holders of CASHES will continue to have claims, as unsecured subordinated creditors for any past due Coupons. Any such payments of past due coupons will be subject to the subordination provisions of the Indenture.

***The Parent Companies are not operating companies and rely on distributions from their subsidiaries to satisfy their obligations; these subsidiaries are highly regulated and such regulations could impose restrictions on such distributions***

The Parent Companies’ assets consist solely of their investments in the operating subsidiaries of the Fortis Group. Accordingly, the cash flow and the consequent ability to service obligations of the Parent Companies are primarily dependent upon the earnings of their subsidiaries, and the distribution of those earnings to the Parent Companies.

In addition, the payment of distributions and the making of loans and other advances to the Parent Companies by their subsidiaries are and may continue to be subject to certain statutory and regulatory restrictions. The Dutch and Belgian banking and insurance regulators and/or United States federal or state regulatory authorities, as well as European Union regulatory authorities, certain Belgian authorities, and regulatory authorities in other countries, have regulatory authority over each Parent Company and its subsidiaries. Under certain circumstances, any of such regulatory authorities, could make determinations or take decisions in the future with respect to the Parent Companies and/or any of the Parent Companies’ subsidiaries or a portion of their respective operations or assets that could adversely affect the ability of Fortis Bank or the Parent Companies to, among other things, make distributions to their respective security holders, to engage in transactions with affiliates, to purchase or transfer assets, to pay their respective obligations or to make any redemption or liquidation payments to their security holders. See “*Supervision and Regulation*”.

Furthermore, the Parent Companies’ rights and the rights of their creditors, to participate in the distribution of assets of any subsidiary upon such subsidiary’s liquidation or reorganization will be effectively subordinated to all existing and future liabilities, including trade payables, of such subsidiary, except to the extent that the Co-obligors are themselves recognized as creditors of such subsidiary, in which case the claims of the Co-obligors would still be subordinate to any security interests in the assets of such subsidiary and any indebtedness of such subsidiary senior to that held by the Co-obligors.

***Holders of CASHES may not receive full payment of coupons***

The Co-obligors will be permitted to satisfy their obligations on an Alternative Coupon Satisfaction Date only by means of the Alternative Coupon Satisfaction Method. The Alternative Coupon Satisfaction Method involves the sale of Fortis Shares in the market. In connection with any Exceptional Alternative Coupon, to the extent the proceeds from such sale are not adequate to pay the full amount of the coupons then due, the Co-obligors are nonetheless deemed to have satisfied their obligations in full and holders of the CASHES will have no claim for any amounts not paid. In addition, the occurrence of a Postponement Event could result in the use of the Alternative Coupon Payment Method and the payment of Coupons being deferred indefinitely. See “*Description of the Securities — Alternative Coupon Satisfaction Method*”.



***Because the Co-obligors' obligations to pay coupons on the CASHES will be deeply subordinated, each of the Co-obligors will pay its other debt obligations before it pays you.***

The obligations of each Co-obligor to pay coupons on the CASHES rank subordinate to and junior in right of payment to all its other indebtedness and obligations, including any preference shares, except any indebtedness or obligations that, expressly or by applicable law, is *pari passu* with or subordinated to the CASHES, and except any ordinary shares of Fortis Bank and any Fortis Shares. This means that if any of the Co-obligors fails to pay any liability that is senior to the CASHES, it may not be permitted to make payments of the coupons on the CASHES. Also, if any of the Co-obligors is bankrupt or liquidates or dissolves, such Co-obligor or its trustee will use the assets of such Co-obligor to pay obligations on all liabilities ranking senior to the CASHES before making cash payments on the past due Coupons. In addition, under the terms of the CASHES you will only be entitled to receive the Fortis Shares with respect to your principal in the event of a bankruptcy or insolvency proceeding applicable to all of the Co-obligors.

***Each of the Co-obligors can issue additional debt which it would pay before making payments on the CASHES.***

Neither the CASHES nor the Indenture prohibit any of the Co-obligors from incurring any debt and each of the Co-obligors may incur additional debt (including secured debt) that is senior or ranks equal to the CASHES at any time without your approval. The Co-obligors' obligations to pay Coupons under the CASHES rank subordinate to substantially all of its other obligations, including indebtedness for money borrowed, and any preference shares of such Co-obligor.

***Failure by a holder to provide required certifications to comply with applicable securities laws will result in receipt of cash rather than Fortis Shares.***

If a Holder of CASHES fails to provide any certification of beneficial ownership by or on behalf of such beneficial owner required pursuant to the Terms and Conditions of the CASHES to comply with applicable securities laws in connection with any delivery to such Holder of Fortis Shares, rights or other securities, such Fortis Shares, rights or other securities will be delivered to the Trustee on behalf of such Holder and the Trustee will use reasonable endeavors on normal market terms to procure purchasers for such Fortis Shares, rights or other securities and the proceeds from such sale will be distributed to such beneficial owner in accordance with the terms of the Indenture. Even if the proceeds from such sale are less than the market value of such Fortis Shares, rights or securities at the time of delivery, the Co-obligors will nonetheless be deemed to have satisfied their obligations in full.

***There are limitations on the transferability of the CASHES and of the Fortis Shares deliverable upon exchange of the CASHES***

The CASHES and the Fortis Shares deliverable upon exchange of the CASHES have not been registered under the Securities Act nor with any securities commission or regulatory authorities of any state of the United States and may not be offered or sold in the United States unless registered under the Securities Act or exempt from such requirements. As a result the CASHES will not be freely tradeable in the United States upon their acquisition. Investors will be subject to certain transfer restrictions imposed under applicable securities laws since the CASHES and the Fortis Shares deliverable upon exchange of these securities may not be sold, transferred or otherwise disposed of by any investors in the United States without registration under the Securities Act, except in accordance with the transfer restrictions imposed under applicable securities laws or pursuant to an applicable exemption from registration. See "Transfer Restrictions".

***Holders of the CASHES have no Voting Rights.***

Holders of the CASHES will not have any voting rights, except as described under "Terms and Conditions of the CASHES — Modifications of the Indenture" and " — Other Rights of Holders of the Securities".

***As CASHES will be issued in book-entry form, holders of CASHES have no direct relationship with Fortis Bank or with the Parent Companies.***

All notices and payments to be delivered to holders of CASHES will be distributed by Fortis Bank through the relevant clearing agencies. In the event that a beneficial owner does not receive such notices or payments, its rights may be prejudiced but it will not have a direct claim against Fortis Bank or Fortis therefor.



***Because the CASHES are a new issue, there is no assurance that a trading market will exist or that it will be liquid.***

The CASHES are a new issue of securities and have no established trading market. Although application has been made to list the CASHES on the Luxembourg Stock Exchange for trading on the Euro MTF, you cannot assume that an active trading market will develop. Even if an active trading market does develop, no one, including the Managers, is required to maintain its liquidity. There may be a limited number of buyers and the market prices may be uncertain when you decide to sell your CASHES. The liquidity and market prices for the CASHES will vary depending on changes in market and economic conditions, the financial conditions of, and prospects for, Fortis, and other factors that generally influence the market prices of securities. Accordingly, there is no assurance that a trading market for the CASHES will exist and no assurance as to the liquidity of any trading market.

***You may face foreign exchange risks by investing in the CASHES.***

The CASHES will be denominated in, and Coupons will be paid in, euro. If you measure your investment returns by reference to a currency other than the euro, an investment in the CASHES will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which you measure the return on your investment because of economic, political and other factors over which Fortis has no control. Depreciation of that currency against the currency by reference to which you measure the return on your investments could cause a decrease in the effective yield of the CASHES below the Interest Rate (as defined in the Terms and Conditions of the CASHES) and could result in a loss to you when the return on the CASHES is translated into the currency by reference to which you measure the return on your investment. In addition, there may be tax consequences for you as a result of any foreign exchange gains resulting from an investment in the CASHES.

***Validity and enforceability of the CASHES under Belgian Law***

The CASHES and the Indenture are both governed by New York law. Currently, there is no legal precedent in Belgium or The Netherlands regarding the enforceability of instruments with terms such as those contained in the CASHES. However, each of the Co-obligors believes, and has warranted in the Underwriting Agreement, that the Indenture and the CASHES are valid and binding obligations of each of the Co-obligors, enforceable against each of them (including in the courts of Belgium and The Netherlands) in accordance with their respective terms. Investors should seek their own legal advice with respect to these issues prior to purchasing the CASHES.

## DESCRIPTION OF THE CASHES

*The following is a summary of the terms and conditions of the Convertible and Subordinated Hybrid Equity-linked Securities (“CASHES”) in aggregate principal amount of €3,000,000,000 of Fortis Bank nv-sa (“Fortis Bank”), a company with limited liability (naamloze vennootschap/société anonyme) and a bank incorporated under the laws of Belgium, having its registered office in Brussels, as issuer and Co-obligor, Fortis SA/NV, a listed public company with limited liability incorporated under the laws of Belgium, having its registered office in Brussels, as Co-obligor and Fortis N.V., a listed public company with limited liability incorporated under the laws of The Netherlands, having its corporate seat in Utrecht, as Co-obligor (Fortis SA/NV together with Fortis N.V., the “Parent Companies”) to be issued pursuant to an Indenture dated as of December 19, 2007 (the “Indenture”) among, Fortis Bank, the Parent Companies and, The Bank of New York as trustee, together with any successor appointed from time to time under the Indenture (the “Trustee”). A copy of the form of Indenture shall be available from the Trustee upon request by a registered holder (a “Holder”) of the CASHES. The following (other than the paragraphs in italics) is the text of the Terms and Conditions of the CASHES which will be contained in any certificates representing the CASHES.*

### 1. General

The CASHES shall be issued in dematerialized form, via a book-entry system, maintained in the records of the National Bank of Belgium (“NBB”), as operator of the X/N System, and shall constitute direct, secured and subordinated obligations of the Co-obligors (as defined below) and shall have no fixed maturity date. The issue of the CASHES was authorized by resolutions of the Board of Directors of Fortis Bank passed on November 26, 2007. The issue of the Underlying Shares (as defined in Paragraph 9(a)(i)) and acceptance of the obligations in respect of the issue of the CASHES and the Exchange Rights was authorized pursuant to resolutions of the Fortis Board of Directors passed on November 28, 2007.

*The CASHES and the Fortis Shares (as defined in Paragraph 4(c)) deliverable upon exercise of the Exchange Rights have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”).*

### 2. Co-obligors

As separate, continuing and independent obligations, Fortis Bank and each Parent Company (together, the “Co-obligors”) shall unconditionally and irrevocably agree, jointly and severally, to make or cause to be made the due and punctual payment of interest (each payment, a “Coupon”) (as used herein, the term Coupon shall include any Arrears of Interest (as defined and used in Paragraph 8) and Additional Interest (as defined in Paragraph 8(a) due on such Coupon Date) on, and other payment obligations with respect to, the CASHES and otherwise to perform or ensure the performance of all of the terms of the CASHES and the Indenture. Notwithstanding the foregoing, no Co-obligor shall engage in any activity that constitutes illegal financial assistance under Belgium or Netherlands law in the performance of its obligations under the Indenture.

Under the terms of the Indenture, each Co-obligor shall agree that the obligations set out in this Paragraph 2 are primary, separate, independent and absolute obligations of such Co-obligor. Each Co-obligor shall agree that such obligations have been undertaken by each Parent Company as a co-obligor and not as a guarantor. To the extent any Co-obligor may be deemed to be a guarantor or surety under applicable law, each Co-obligor explicitly shall waive any and all privileges, defenses, rights and exceptions granted to guarantors or sureties under applicable laws and specifically shall waive and agree not to exercise any privilege, defense, right or remedy which at any time may be available to it in respect of its obligations under this Paragraph 2 or any other document, including, without limitation, any right of set-off or counterclaim which it or any other Co-obligor may have against the relevant Holder of CASHES or the Trustee.

The obligations set out in this Paragraph 2 are for the benefit of each Holder of CASHES and for the Trustee on behalf of the several parties. The foregoing is hereby unconditionally and irrevocably agreed and stipulated by way of third party stipulation for the benefit of each Holder of CASHES, whether present or future, upon having become a Holder of CASHES (unless such Holder has rejected such stipulation without delay upon becoming aware of its existence) and for the benefit of the Trustee on behalf of the several parties, whether present or future, upon having been appointed pursuant to the terms of the Indenture.

Upon the transfer of any CASHES to a third party, the transferor thereof shall not retain any rights under the obligations set out in this Paragraph 2 with respect to such CASHES. The rights under this Paragraph 2 with respect to CASHES are not separately transferable from such CASHES.

### 3. Form and Denomination of the CASHES

The CASHES shall be issued on December 19, 2007 (the “**Issue Date**”) in dematerialized form via a book-entry system maintained in the records of the NBB as operator of the X/N System (the “**X/N System**”) in accordance with Article 468 of the Belgian Code of Companies and will be credited to the accounts held with the X/N System by Euroclear Bank SA/NV (“**Euroclear**”), Clearstream Banking, *société anonyme*, Luxembourg (“**Clearstream**”) or other X/N System participants for credit by Euroclear, Clearstream or other X/N System participants to the securities accounts of their subscribers. The CASHES shall be issued in denominations of €250,000 principal amount and integral multiples thereof. The CASHES will be issued on the Issue Date against payment in immediately available funds. The CASHES are being offered and sold in offshore transactions in reliance on Regulation S under the Securities Act (“**Regulation S**”).

The CASHES will be shown on, and the transfer of the CASHES will be effected only through, records maintained by the X/N System, Euroclear and Clearstream and in accordance with the applicable procedures of the X/N System, Euroclear and Clearstream.

The aggregate holdings of the CASHES in the X/N System, Euroclear and Clearstream, will be reflected in the book-entry accounts of each such institution. The X/N System, Euroclear or Clearstream, as the case may be, and every other intermediate holder in the chain to the beneficial owner of the CASHES, will be responsible for establishing and maintaining accounts for the participants and customers having interests in the book-entry interests in the Notes. The Belgian Paying Agent (the “**Domiciliary Agent**”), will be responsible for ensuring that payments received by it from the Co-obligors for holders of interests in the CASHES are credited to the X/N System participant, Euroclear or Clearstream, as the case may be.

Except in the limited circumstances provided below, beneficial interests in the CASHES evidenced by the book-entry system shall not be exchangeable for definitive CASHES in registered form (“**Definitive Securities**”).

The CASHES may be held only by eligible investors (“**Eligible Investors**”) in an exempt securities account with a qualifying clearing system, as defined in Article 1, paragraph 1 of the Belgian Law of August 6, 1993 relating to transactions with certain securities. Pursuant to Article 4 of the Belgian Royal Decree of May 26, 1994, exempt accounts are reserved for (i) Belgian corporations subject to Belgian corporate income tax, (ii) institutions, associations and companies provided for in Article 2, paragraph 3 of the Belgian Law of July 9, 1975 on the control of insurance companies (iii) state regulated institutions (*institutions parastatales/parastatale instellingen*) for social security, or institutions which are equated to these, provided for in Article 105, paragraph 2 of the Belgian Royal Decree of August 27, 1993 implementing the Belgian Income Tax Code 1992, (iv) non-resident investors provided for in Article 105, paragraph 5 of the same decree, (v) investment funds, recognized in the framework of pension savings, provided for in Article 115 of the same decree, (vi) companies, associations and other tax payers provided for in Article 227, paragraph 2 of the Belgian Income Tax Code 1992, which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident taxes pursuant to Article 233 of the same code, (vii) the Belgian state in respect of investments which are exempt funds from withholding tax in accordance with Article 265 of the Belgian Income Tax Code 1992, (viii) investment funds governed by the foreign law which are an indivisible estate managed by a management company for the account of the participants when their participation rights are not publicly issued in Belgium and are not traded in Belgium and (ix) resident corporations not provided for under (i) when their activities exclusively or principally consist of the granting of credits and loans.

Eligible Investors do not include, inter alia, Belgian resident investors who are individuals or non-profit making organizations, other than those referred to under (v) above.

Upon opening of an exempt securities account with an X/N System’s participant, an Eligible Investor is required to provide a statement of its eligible status on a form approved by the Belgian Minister of Finance. There is no ongoing declaration to the X/N System as to the eligible status of each investor for whom the X/N System’s participants hold CASHES in an exempt securities account.

An exempt securities account may be opened with a participant by an intermediary (an “**Intermediary**”) in respect of CASHES that the Intermediary holds for the account of its clients; provided that each beneficial owner is an Eligible Investor. In such a case, the Intermediary must deliver to the participant a statement on a form approved by the Belgian Minister of Finance confirming that (i) the intermediary is itself an Eligible Investor, and (ii) the beneficial owners holding their CASHES through it are also Eligible Investors. A beneficial owner is also required to deliver a statement of its eligible status to the Intermediary.

These identification requirements do not apply to non-resident participants, Eligible Investors or beneficial owners who hold the CASHES through Euroclear or Clearstream.

Transfers of CASHES will be effected through the book-entry facilities of the X/N System, the X/N System's participants and their respective participants. Such transfers will be conducted and settled in accordance with the usual rules and operating procedures of the X/N System's respective participants. When conducted through the X/N System, Euroclear or Clearstream, such transfers will be settled in same-day funds in the same manner as conventional eurobonds.

The CASHES outstanding at any time are the CASHES recorded in the register of registered CASHES held by Fortis Bank, in accordance with article 468, 4o of the Belgian company code.

Book-entry interests in the CASHES shall be exchangeable in whole and not in part for Definitive Securities in registered form with no coupons attached if (a)(i) the relevant CASHES become ineligible for clearance and settlement through the X/N System and (ii) the Co-obligors are not able, after using reasonable efforts, to arrange for clearance and settlement of the CASHES through a successor clearing system within 120 days of notice of such event or (b) if as a result of any amendment to, or change in, the laws or regulations of Belgium or The Netherlands (or any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation, by any revenue authority or a court or administration, of such laws or regulations which become effective, on or after the Issue Date, the Co-obligors or the Trustee or any Paying Agent (as defined below) is or shall be required to make any deduction or withholding from any payment in respect of the CASHES which would not be required were the CASHES in definitive registered form. As used herein, where applicable, CASHES includes any Definitive Securities that may be outstanding.

A Holder may transfer or exchange Definitive Securities at the offices of the Paying Agent (defined below) or to its order, and for so long as the CASHES are listed on the Luxembourg Stock Exchange for trading on the Euro MTF market of the Luxembourg Stock Exchange (the "**Euro MTF**") and the rules of the Luxembourg Stock Exchange shall so require, at the offices of the paying agent, transfer agent and exchange agent in Luxembourg (collectively, the "**Luxembourg Paying Agent**") in all cases in accordance with the Indenture. The registrar and the transfer agent may require a Holder of Definitive Securities, among other things, to furnish appropriate endorsements and transfer documents in the form provided and as specified in the Indenture, and Fortis Bank may require a Holder of CASHES to pay any taxes and fees required by law or permitted by the Indenture.

In the case of a transfer of only part of a Definitive Security, a new Definitive Security shall be issued to the transferee in respect of the part transferred and a further new Definitive Security in respect of the balance of the holding not transferred shall be issued to the transferor.

As used herein "**Paying Agent**" means the Domiciliary Agent, Luxembourg Paying Agent and any other paying agent the Co-obligors may appoint from time to time.

Fortis Bank has initially been appointed to act as registrar (the "**Registrar**"), interest rate calculation agent (the "**Interest Rate Calculation Agent**"), transfer agent and exchange agent (the "**Exchange Agent**") and Domiciliary Agent. Fortis Banque Luxembourg has been appointed as Luxembourg Paying Agent, Luxembourg Transfer and Exchange Agent and Luxembourg Listing Agent. An updated copy of the register shall at all times be maintained at the registered office of Fortis Bank. In case of discrepancy between the register kept at the Registrar's office and the copy kept at the registered office of Fortis Bank, the copy kept at the registered office of Fortis Bank shall prevail. The Bank of New York ("**BONY**") has initially been appointed to act as collateral agent (the "**Collateral Agent**"). So long as any CASHES are listed on the Luxembourg Stock Exchange for trading on the Euro MTF the Co-obligors shall maintain a Luxembourg Paying Agent. The Co-obligors may appoint, from time to time, a calculation agent (the "**Calculation Agent**"), which shall be an investment bank or brokerage firm of international repute unaffiliated with the Co-obligors including, for the avoidance of doubt, an investment bank acting as book-runner in this transaction. The Co-obligors may appoint a successor Registrar, Paying Agent, Interest Rate Calculation Agent, Exchange Agent, Domiciliary Agent or Collateral Agent or change any registrar, paying agent, calculation agent, domiciliary agent, collateral agent, transfer agent or exchange agent without prior notice to the Holders of CASHES, provided that upon any such appointment or change, the Co-obligors shall publish a notice in accordance with Paragraph 14 hereof.

#### **4. Limited Recourse and Subordination**

(a) The Coupons relating to the CASHES constitute direct and subordinated obligations of the Co-obligors, jointly and severally. The Coupons relating to the CASHES rank and at all times shall rank (i) junior



to any indebtedness or obligation, including any preference shares, of the Co-obligors other than such indebtedness or obligation set forth in clauses (ii) and (iii) below (such indebtedness and obligations, together “**Senior and Subordinated Obligations**”), (ii) *pari passu* and without any preference among themselves and any other indebtedness or obligation that, expressly or by applicable law, ranks *pari passu* with the Coupons relating to the CASHES (“**Parity Securities**”) and (iii) senior to (A) any indebtedness or obligation of the Co-obligors that, expressly or by applicable law, is subordinated to the Coupons relating to the CASHES and (B) any ordinary shares of Fortis Bank and any Fortis Shares (collectively, “**Junior Securities**”).

For the avoidance of doubt the following securities are Parity Securities:

- the undated Floating Equity-linked Subordinated Hybrid (“**FRESH**”) Capital Securities issued by Fortifinlux S.A. on May 7, 2002; and
- the Mandatory Convertible Securities (“**MCS**”) issued by Fortis Bank Nederland (Holding) N.V., Fortis Bank, Fortis SA/NV and Fortis N.V. on December 7, 2007.

(b) The sole recourse of the Holders of CASHES against any of the Co-obligors with respect to the principal amount of the CASHES shall be the Underlying Shares (or other securities that replace the Underlying Shares pursuant to the terms hereof) that are pledged by Fortis Bank in favor of the Holders of CASHES. Subject to the right of the Holders of CASHES to effect the Optional Exchange for the Underlying Shares pledged by Fortis Bank as set forth in Paragraph 11(d), upon any payment or distribution of the assets of any Co-obligor, upon a total or partial liquidation or dissolution or in a bankruptcy, reorganization, insolvency, receivership, winding-up, arrangement, adjustment, composition or other similar proceeding relating to such Co-obligor, or its respective property, whether voluntary or involuntary, or an assignment for the benefit of its respective creditors or any marshalling of its respective assets and liabilities (any such proceeding, a “**Bankruptcy Proceeding**”), the holders of Senior and Subordinated Obligations of such Co-obligor shall be entitled to receive payment in full in cash or other payment satisfactory to the holders of such Senior and Subordinated Obligations of all obligations in respect of such Senior and Subordinated Obligations before the Holders of CASHES are entitled to receive any cash payment of the Coupons on the CASHES from such Co-obligor. For the avoidance of doubt, (i) the Holders of CASHES are entitled to receive any such payment from another Co-obligor unless such Co-obligor is also subject to Bankruptcy Proceedings; and (ii) any unpaid Coupons including Alternative Coupons (as defined in Paragraph 6(c)) which remain unpaid at such time, subject to the subordination provisions described above, shall be payable in cash in any Bankruptcy Proceeding.

(c) As used herein, each “**Fortis Share**” means a unit comprised of one fully-paid ordinary share in the capital of Fortis SA/NV twinned with one fully-paid ordinary share in the capital of Fortis N.V. and any successor ordinary share capital issued by either. The ordinary shares of each such Parent Company have no preference in respect of such Parent Company dividends or amounts payable in the event of any voluntary or involuntary liquidation or winding-up of such Parent Company.

## 5. Interest and Interest Rate Adjustment

(a) The CASHES bear interest from and including the Issue Date at the Interest Rate (as defined below) payable, subject to Paragraph 6, quarterly in arrears on March 19, June 19, September 19 and December 19 of each year (each such date, a “**Coupon Date**”), commencing on March 19, 2008, to Holders of CASHES of record at the close of business on the immediately preceding Business Day (each such date, a “**Record Date**”). Each successive period from and including a Coupon Date to, but excluding, the next Coupon Date is referred to as a “**Coupon Period**,” provided that the first such period shall run from and including the Issue Date to, but excluding, the first Coupon Date. If any Coupon Date would otherwise fall on a day which is not a Business Day (as defined below), it shall be postponed to the next day which is a Business Day (without additional interest payable in respect of such delay) unless it would then fall into the next calendar month in which event such Coupon Date shall be brought forward to the immediately preceding Business Day (without any reduction in Coupon amount in respect of such early payment). As used herein, “**Business Day**” means a day on which commercial banks are open the whole day for domestic business and foreign exchange in Amsterdam and Brussels and on which the TARGET System (as defined below in subparagraph (d)) is open. Each date on which a Coupon is payable in cash in accordance with this Paragraph 5(a) is referred to as a “**Regular Coupon Date**”.



(b) Interest payable under this Paragraph 5 shall be paid in accordance with the provisions of Paragraph 10. Each CASHES shall cease to bear interest:

- (i) subject to Paragraph 9(d), when Optional Exchange (as defined in Paragraph 9(a)(i)) with respect to such CASHES shall have been exercised, from the Coupon Date immediately preceding the Exchange Date (as defined in Paragraph 9(b)(i)); or
- (ii) upon notice by the Co-obligors of an Automatic Exchange Event (as defined in Paragraph 9(a)(i)).

If exchange is effected, but outstanding Coupons remain due and unpaid, the Co-obligors will be obligated to pay such outstanding amounts in cash (although if such Coupons are Alternative Coupons such Coupons may only be paid using the Alternative Coupon Satisfaction Method). In addition, such amounts shall constitute Arrears of Interest, subject to the provisions of Paragraph 8.

(c) The applicable rate of interest payable in respect of the CASHES for any Coupon Period from and including December 19, 2007 (the “**Interest Rate**”) shall be 3-month EURIBOR (as defined below) plus 2.0%. The Coupon payable on any Coupon Date shall be computed for the relevant Coupon Period on the basis of the relevant Interest Rate for such period for each €250,000 principal amount on an Actual/Actual Basis (as defined below). The Interest Rate Calculation Agent shall determine the Interest Rate on the Determination Date (as defined below) and notify such amount to the Co-obligors. On or before the first Business Day of each new Coupon Period, the Interest Rate Calculation Agent on behalf of the Co-obligors shall cause such Interest Rate and the amount of interest payable on the next Coupon Date to be notified to the Luxembourg Stock Exchange and to the Holders of CASHES in accordance with Paragraph 14. Any such calculations shall include any amounts due with respect to Arrears of Interest and Additional Interest.

(d) As used herein:

“**3-month EURIBOR**” means the rate per annum for deposits in euro for a period of three months for an amount approximately equal to the outstanding principal amount of the CASHES at approximately 11:00 a.m. (Brussels time) and fixed quarterly on the second TARGET Settlement Day (as defined below) prior to the first day of the related Coupon Period (the “**Determination Date**”) which appears on the display designated as “page 248” on Bridge/Dow Jones Moneyline Telerate Service (or such other page or service as may be used in the future for the purpose of displaying the European interbank offered rate). If the above rate is not published:

- (i) the Interest Rate Calculation Agent shall request, two TARGET Settlement Days prior to each such new Coupon Period, the principal Euro-zone office of each of four major banks in the Euro-zone interbank market unaffiliated with the Co-obligors, as selected by the Interest Rate Calculation Agent, after consultation with the Co-obligors, to provide the Interest Rate Calculation Agent with its offered rate for deposits in euros, at approximately 11:00 a.m. (Brussels time) on such date, to prime banks in the Euro-zone interbank market for a period of three months and for an amount approximately equal to the outstanding principal amount of the CASHES, in that market at that time. If at least two quotations are provided, 3-month EURIBOR will be the arithmetic mean of those quotations (rounded, if necessary, to 1/100,000 of 1 percent, 0.000005 being rounded upwards).
- (ii) If fewer than two quotations are provided, 3-month EURIBOR will be the arithmetic mean of the rates quoted by four major banks in the Euro-zone, as selected by the Interest Rate Calculation Agent, after consultation with the Co-obligors, at approximately 11:00 a.m. (Brussels time), on the applicable Coupon Date for loans in euro to leading European banks for a period of three months and for an amount approximately equal to the outstanding principal amount of the CASHES.
- (iii) If the banks so selected by the Interest Rate Calculation Agent are not quoting as mentioned in clause (ii) above, the 3-month EURIBOR rate in effect for the applicable period will be the same as 3-month EURIBOR for the immediately preceding Coupon Period.

“**Actual/Actual Basis**” means the actual number of days in the relevant Coupon Period, (or the actual number of days in any other period for which Additional Interest will be calculated in accordance with Paragraph 8) divided by the product of (i) the actual number of days in such Coupon Period (or such Coupon Period in which such other period falls) and (ii) four (4).

“**Euro-zone**” means the region comprised of member states of the European Union from time to time that adopted or adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

“**TARGET Settlement Day**” means a day on which the TARGET System is operating.

## 6. Alternative Coupon Satisfaction Method

(a) *Threshold Dividend Coupon.* All Coupons which are payable on any Coupon Date with respect to a Coupon Period after the first public announcement by either or both of the Parent Companies stating:

- an intention to propose that no dividend on the Fortis Shares be declared; or
- that the aggregate of the interim dividend and final dividend, if any, paid and to be declared represents a Dividend Yield (as defined below) in relation to any financial year lower than 0.5% (the “**Threshold Dividend Yield**”)

until the day first occurring after the first public announcement by either or both of the Parent Companies stating an intention that a dividend (whether an interim dividend, a final dividend or the aggregate of any interim and final dividend) on the Fortis Shares be declared that equals or exceeds in aggregate the Threshold Dividend Yield, shall be paid, except as provided by the following paragraph, as an Exceptional Alternative Coupon in accordance with the Alternative Coupon Satisfaction Method (as defined in subparagraph (c) below).

For the avoidance of doubt, in the event that the general meeting of shareholders of either or both Parent Companies declares a final dividend (which taken together with an interim dividend, if any) on the Fortis Shares that equals or exceeds in aggregate the Threshold Dividend Yield, all Coupons that become due and payable on any Coupon Date from and after the date of such general meeting shall be paid in cash (but the use of the Alternative Coupon Satisfaction Method to satisfy such cash payment shall be at the option of the Co-obligors) until such time as a requirement to pay a Coupon through the Alternative Coupon Satisfaction Method subsequently arises.

As used herein:

- (i) “**Dividend Yield**” in relation to any financial year means the amount of the final dividend (which for purposes of determining the Dividend Yield shall include any interim dividend declared and paid which relates to the financial year to which such final dividend relates) proposed or declared, as the case may be, in relation to such financial year on a Fortis Share (the “**Dividend**”) divided by the average of the Volume Weighted Average Price of a Fortis Share on the ten Stock Exchange Business Days (as defined below) prior to the most recent to have occurred of (A) the public announcement by either or both of the Parent Companies stating that the determination has been made whether to declare a final dividend for the previous financial year and, if so, the proposed amount of such dividend and (B) the public announcement by both Parent Companies that such dividend has been declared (in each case, the “**Dividend Announcement**”). In the event that the Volume Weighted Average Price is not available on each day during such ten Stock Exchange Business Days, then the average of the Volume Weighted Average Prices which are available during such ten Stock Exchange Business Days will be used (subject to the Volume Weighted Average Price being available on a minimum of five Stock Exchange Business Days). If Volume Weighted Average Prices are available on fewer than five Stock Exchange Business Days during such ten Stock Exchange Business Days, then the Dividend shall be divided by the average of the Volume Weighted Average Prices on the ten most recent Stock Exchange Business Days on which the Volume Weighted Average Price is available prior to the most recent Dividend Announcement to have occurred (so long as such Volume Weighted Average Prices occur during the 20 Stock Exchange Business Days preceding such announcement). If fewer than ten Volume Weighted Average Prices are available during the 20 Stock Exchange Business Days prior to the most recent Dividend Announcement to have occurred, then the Dividend shall be divided by an amount to be determined by the Co-obligors in conjunction with two investment banks of international repute (unaffiliated with the Co-obligors) selected by the Co-obligors. The preceding Dividend Yield formula is based on the assumption that a dividend on the Fortis Shares includes both an interim and final dividend for any financial year. In the event such dividend policy is changed, the Dividend Yield formula shall be adjusted accordingly by the Co-obligors in conjunction with two investment banks of international repute (unaffiliated with the Co-obligors) selected by the Co-obligors.

- (ii) **“Relevant Exchange”** means Euronext Brussels (**“Euronext Brussels”**) and Euronext Amsterdam N.V. (**“Euronext Amsterdam”**) or, the principal stock exchanges or securities markets on which the Fortis Shares are traded.
- (iii) **“Stock Exchange Business Day”** means any day (other than a Saturday or Sunday) on which each of the Relevant Exchanges is open for business.
- (iv) **“Volume Weighted Average Price”** means the volume weighted average price of a Fortis Share as traded on the Relevant Exchange. For so long as the Fortis Share is traded on both Euronext Brussels and Euronext Amsterdam, the volume weighted average price shall be the arithmetic average of such volume weighted average prices.

(b) *Exceptional Alternative Coupons.* If and to the extent that a Trigger Event has occurred and is continuing or would occur on a Regular Coupon Date, including after giving effect to any Coupon otherwise payable on such Regular Coupon Date or otherwise, the Coupons of the CASHES will be payable on the Alternative Coupon Satisfaction Date (subject to a Postponement Event) and the Co-obligors will deliver an Alternative Coupon Notice in accordance with subparagraph (e) below. If the Co-obligors have given an Alternative Coupon Notice with respect to an Elective Alternative Coupon and subsequent to delivery of such notice and prior to the Regular Coupon Date, a Trigger Event has occurred and is continuing or would occur on such Regular Coupon Date, such Coupon shall be deemed an Exceptional Alternative Coupon.

(c) *Elective Alternative Coupons.* If on any Regular Coupon Date no Trigger Event has occurred or is continuing, the Co-obligors may, at their option, deliver an Alternative Coupon Notice in accordance with subparagraph (e) below, in which case a full Coupon will be payable on such Regular Coupon Date using the Alternative Coupon Payment Method, subject to a Postponement Event.

Coupons that are paid using the Alternative Coupon Payment Method due to the occurrence of a Trigger Event are referred to herein as **“Exceptional Alternative Coupons”**. Coupons that are paid using the Alternative Coupon Payment Method in the circumstances described in the immediately preceding paragraph are referred to herein as **“Elective Alternative Coupons”**. Exceptional Alternative Coupons and Elective Alternative Coupons are collectively referred to as **“Alternative Coupons”**.

**“Trigger Event”** means any Co-obligor is or would be Insolvent or any Co-obligor (whether on a consolidated or non-consolidated basis) is or would be in breach of regulatory capital solvency requirements of the Belgian Commissie voor Het Bank-, Financie-en Assurantiewezen/Commission bancaire, financière et des assurances (**“CBFA”**) (whether of general application or of specific application) applicable to it or would be Insolvent or in breach of such requirements if payment of Coupons payable on the CASHES were to be made by it.

A Co-obligor is **“Insolvent”** if (i) its Liabilities (excluding Liabilities that are not Senior and Subordinated Obligations) exceed its Assets or (ii) it is unable to pay its debts as they fall due.

**“Assets”** means the unconsolidated gross assets of the relevant Co-obligor, as shown in the latest audited balance sheet of that Co-obligor, but adjusted for contingent assets and for subsequent events, all in such manner as the auditors of such Co-obligor or, as the case may be, the administrator or liquidator (or similar official) of such Co-obligor may determine.

**“Liabilities”** means the unconsolidated gross liabilities of the relevant Co-obligor, as shown in the latest audited balance sheet of the Co-obligor, but adjusted for contingent liabilities and for subsequent events, all in such manner as the auditors of such Co-obligor or, as the case may be, the administrator or liquidator (or similar official) of such Co-obligor may determine.

(d) *General.* The Co-obligors shall satisfy their obligation to pay any Alternative Coupon on the Alternative Coupon Satisfaction Date relating to such Coupon in accordance with the **“Alternative Coupon Satisfaction Method”** described below.

(e) *Notice.* In respect of any Coupon which the Co-obligors will pay using the Alternative Coupon Satisfaction Method, the Co-obligors shall (A) give notice (an **“Alternative Coupon Notice”**) to the Trustee, any Paying Agent, the Calculation Agent and the Holders of CASHES that the Co-obligors will satisfy the Alternative Coupons payable on the applicable Regular Coupon Date using the Alternative Coupon Satisfaction Method; Alternative Coupon Notices will specify (i) the aggregate fair market value of the Alternative Coupons payable using the Alternative Coupon Satisfaction Method and (ii) the contribution to be made to the capital of Fortis SA/NV and Fortis N.V.; and (B) give notice to the Trustee directing the Trustee as to the manner in which such contribution is to be effected (and the Trustee shall be entitled to act in accordance with

such directions and shall not be responsible to the Holders or any other person for any loss arising from its doing so).

An Alternative Coupon Notice shall be given at least 16 business days prior to the applicable Regular Coupon Date or, if a Trigger Event should occur at any time prior to a Regular Coupon Date, as soon as practicable following the occurrence of such Trigger Event and, in the case of an Exceptional Alternative Coupon, any such Alternative Coupon Notice shall also set forth, subject to the occurrence of a Postponement Event, the Alternative Coupon Satisfaction Date. In respect of an Elective Alternative Coupon, the Co-obligors may give an Alternative Coupon Notice in their sole discretion and for any reason. Each Alternative Coupon Notice shall be given by mail and facsimile to the Trustee, any Paying Agent and the Calculation Agent and through customary market news services, and, if required, shall be published in an Authorized Newspaper or, if applicable, on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

Except in the event that Bankruptcy Proceedings have occurred with respect to each Co-obligor, Alternative Coupons are mandatorily payable with the Alternative Coupon Satisfaction Method and shall be payable on the Alternative Coupon Satisfaction Date.

**“Alternative Coupon Satisfaction Date”** shall be a date, subject to the occurrence of a Postponement Event, which is (i) in the case of an Exceptional Alternative Coupon where a Trigger Event occurs, or has occurred and is continuing, on the applicable Regular Coupon Date, the later of 90 Business Days following the date on which such Trigger Event first occurred or the next Regular Coupon Date following the date on which such Trigger Event first occurred; provided that, if such Trigger Event occurs, the Co-obligors shall use their best efforts to establish an Alternative Coupon Satisfaction Date that is, and pay an Exceptional Alternative Coupon within, 30 calendar days following the first Regular Coupon Date after such Trigger Event first occurred, and (ii) in the case of an Elective Alternative Coupon, the relevant Regular Coupon Date.

Notwithstanding the provisions (i) and (ii) above, if any Postponement Event has occurred, the Alternative Coupon Satisfaction Date shall be the date notified to the Trustee, any Paying Agent, the Calculation Agent and the Holders of the CASHES, which shall be a date no later than 20 Business Days following the date on which, in the reasonable opinion of the Co-obligors, a Postponement Event is no longer continuing.

**“Authorized Newspaper”** means a newspaper in an official language of the country of publication customarily published at least once a day for at least five days in each calendar week and of general circulation in London, Luxembourg, Belgium and The Netherlands; which newspaper is expected to be the *Financial Times* in London, if practicable, *d’Wort* in Luxembourg, *De Tijd* and the *L’Echo* in Belgium, if practicable, and *Het Financieele Dagblad* in The Netherlands, and if it shall be impracticable in the opinion of the Trustee to make any publication of any notice required hereby in any such newspaper, shall mean any publication or other notice in lieu thereof which is made or given with the approval of the Trustee not to be unreasonably withheld.

(f) *Issuance, Exchange and Sale Procedure.* The Co-obligors’ obligation to pay Alternative Coupons on the Alternative Coupon Satisfaction Date relating to such Coupon, in accordance with the Alternative Coupon Satisfaction Method, will be satisfied as follows:

- (i) The Co-obligors will deliver an Alternative Coupon Notice to the Trustee, any Paying Agent, the Calculation Agent and Holders of the CASHES as provided for above, of the forthcoming Alternative Coupon Satisfaction Date, including if the Alternative Coupon Satisfaction Method will be used to satisfy a Coupon payable on a Regular Coupon Date;
- (ii) on or before the seventh Stock Exchange Business Day preceding such Alternative Coupon Satisfaction Date, the Trustee (or its custodian), acting at the direction of the Co-obligors as set forth in the Alternative Coupon Notice, will contribute the Alternative Coupons to the capital of Fortis SA/NV and/or Fortis N.V. (in equal proportions, subject to compliance with applicable Belgian and Dutch law), against which the Parent Companies will issue (in compliance with applicable Belgian and Dutch law) to the Trustee (or its custodian), and the Trustee, acting at the direction of the Co-obligors, shall subscribe for Fortis Shares having, in the judgment of the Calculation Agent and notified by the Calculation Agent to the Trustee, an aggregate fair market value equal to the aggregate amount of Alternative Coupons that will be payable on such Alternative Coupon Satisfaction Date, plus, subject to the proviso below, any expenses to be borne by the Co-obligors in connection with using the Alternative Coupon Satisfaction Method (including, without limitation, claims for the costs, fees and expenses of the Calculation Agent and the Trustee and their agents (and the Trustee shall be entitled to act in accordance with such directions of the Co-Obligors or the Calculation Agent, as the case may be, and shall not be responsible to the



Holders or any other person for any loss arising from it doing so); provided that, for purposes of the foregoing calculation, such expenses shall not be included in such calculation or contributed as a claim for reimbursement against any of the Co-obligors, to the extent that such expenses are otherwise paid or provided for by Fortis Bank or either Parent Company, as the case may be, on or before the eighth Stock Exchange Business Day preceding such Alternative Coupon Satisfaction Date);

- (iii) as soon as reasonably practicable after receipt by Fortis SA/NV and/or Fortis N.V. of the applicable Alternative Coupons in exchange for the Fortis Shares referenced in clause (ii) above issued and subscribed for by the Trustee (or its custodian), the Calculation Agent will use reasonable endeavors on normal market terms to procure purchasers for such Fortis Shares which, when sold, are intended to provide enough cash to enable the Trustee to make full payment of the Alternative Coupons then payable. The Trustee (or its custodian) will then transfer such Fortis Shares as directed by the Calculation Agent, and the Trustee will collect any sales proceeds (and the Trustee shall be entitled to act in accordance with such directions of the Calculation Agent and shall not be responsible to the Holders on any other person for any loss arising from doing so); and
- (iv) on such Alternative Coupon Satisfaction Date, the Trustee, or if the Trustee has transferred the proceeds to the Paying Agent, the Paying Agent will apply such sales proceeds first, towards the payment of any expenses to be borne by the Co-obligors in connection with the use of the Alternative Coupon Satisfaction Method (including without limitation, claims for the costs, fees and expenses of the Calculation Agent and the Trustee) and then, towards the payment of the Alternative Coupons then payable. The Trustee or the Paying Agent will transfer any remaining proceeds back to the Co-obligors in equal proportions.

In connection with the payment of Exceptional Alternative Coupons on an Alternative Coupon Satisfaction Date, the completion of the foregoing steps (i) through (iv) will be in full satisfaction of the Co-obligors' obligation to pay such Exceptional Alternative Coupons, without regard to whether the net sales proceeds ultimately delivered to the Holders of the CASHES are equal to the amount of the Exceptional Alternative Coupons payable on such Alternative Coupon Satisfaction Date. For the avoidance of doubt, Exceptional Alternative Coupons include Coupons for which an Alternative Coupon Notice has been delivered regarding an Elective Alternative Coupon but where subsequent to the delivery of such notice and prior to the Regular Coupon Date a Trigger Event has occurred and is continuing.

If the net sales proceeds from the sale of Fortis Shares available for distribution to Holders of the CASHES are less than the full amount of the Alternative Coupon, Holders of CASHES will be paid ratably in any distribution of such proceeds, in proportion to the full amount of the Alternative Coupon on such Holder's CASHES.

In connection with the payment of Elective Alternative Coupons on an Alternative Coupon Satisfaction Date, if the net sales proceeds from the sale of Fortis Shares are insufficient to pay the full amount of the Coupon, then the Co-obligors shall make such additional payments as shall be necessary to ensure the Coupon is paid in full.

(g) *Sufficiency and Availability of Capital.* Under the terms of the Indenture, the Parent Companies shall jointly and severally undertake to use all reasonable efforts to ensure that the Parent Companies have sufficient available authorized capital to permit the issuance of Fortis Shares for the purpose of satisfying their obligations under this Paragraph 6; *provided* that the Parent Companies shall not be required to acquire any issued and outstanding Fortis Shares. If, notwithstanding such efforts, the available authorized capital of the Parent Companies is not sufficient to satisfy an Alternative Coupon in full when it is due pursuant to the Alternative Coupon Satisfaction Method then the Alternative Coupon Satisfaction Date with respect to such Alternative Coupon shall be postponed until such time as the shareholders of the Parent Companies approve resolutions authorizing sufficient additional capital for such purpose. The Parent Companies have undertaken to propose, at each annual general meeting of each Parent Company, that their respective shareholders approve resolutions authorizing additional capital for the issue of such number of Fortis Shares as the Parent Companies reasonably determine are sufficient to satisfy the next four Coupons on the CASHES by way of the Alternative Coupon Satisfaction Method, *unless* the Board of Directors of each Parent Company determines prior to such annual general meeting that the authorized capital is sufficient to satisfy such Coupons.

The Trustee and the Holders of the CASHES agree in the Indenture that the Co-obligors will be entitled to pay Coupons on any Regular Coupon Date, whether or not such Regular Coupon Date is an Alternative Coupon Satisfaction Date, in accordance with the Alternative Coupon Satisfaction Method.



(h) *Postponement Event.* If a Postponement Event exists on any Alternative Coupon Satisfaction Date, the requirement to pay an Alternative Coupon through the Alternative Coupon Satisfaction Method may be deferred until such Postponement Event is no longer continuing; provided that if the Co-obligors each become subject to Bankruptcy Proceedings, any unpaid Coupons, including Alternative Coupons which remain unpaid at such time shall become due and payable in cash, subject to the subordination provisions described in Paragraph 4(b). A deferral of any Alternative Coupon as a result of a Postponement Event shall not constitute an Event of Default. Holders will not be entitled to Additional Interest from any delay of an Exceptional Alternative Coupon due to a Postponement Event.

For these purposes, “**Postponement Event**” shall mean:

- a Market Disruption Event exists on or after the 15th Business Day preceding any Alternative Coupon Satisfaction Date,
- if, notwithstanding the actions taken by the Co-obligors as described in subparagraph (d) above, the available authorized capital of either Parent Company is not sufficient to permit the Parent Companies to issue enough Fortis Shares to satisfy their obligations to pay an Alternative Coupon on an Alternative Coupon Satisfaction Date, a Postponement Event will occur with respect to the Alternative Coupon Satisfaction Date with respect to any such unpaid amount until such time as the shareholders of the Parent Companies approve resolutions authorizing additional capital for the issuance of sufficient Fortis Shares,
- the Parent Companies are subject to a “closed” period which, under applicable securities laws or Parent Company policies then in place, would not permit the Parent Companies to issue Fortis Shares until the release of information which has resulted in the commencement of such closed period or such closed period has otherwise terminated, or
- as a result of any covenant, undertaking, guarantee or other similar provision in any Senior and Subordinated Obligations and/or Parity Securities (other than Junior Securities), each of the Co-obligors would not be permitted to pay any Alternative Coupon because such Co-obligor has not satisfied its obligations under such Senior and Subordinated Obligations and/or Parity Securities (other than Junior Securities), as the case may be.

For all purposes of these terms and conditions, if a Postponement Event has occurred, the Alternative Coupon Satisfaction Date shall be the date notified by the Co-obligors to the Trustee, any Paying Agent, the Calculation Agent and the Holders of the CASHES, which shall be a date no later than 20 Business Days following the date on which, in the reasonable opinion of the Co-obligors, a Postponement Event is no longer continuing.

“**Market Disruption Event**” means (i) the occurrence or existence of any material suspension of or limitation on trading or on settlement procedures for transactions in Fortis Shares through both Relevant Exchanges or the principal central securities depository through which Fortis Shares are then cleared and which are material in the context of the Fortis Shares or (ii) the existence of any prohibition or material restriction imposed by applicable law (or by order, decree or regulation of any governmental entity, stock exchange or self-regulating body having jurisdiction) on the ability of either Parent Company to issue and/or transfer Fortis Shares.

(j) The Co-obligors shall agree to use their reasonable best efforts to complete the steps described in clause (i) under subparagraph (f) above, notwithstanding the occurrence of a Postponement Event, to the extent it can do so without violation of any applicable law and in compliance with any covenant, undertaking, guarantee or other similar provision in any Senior and Subordinated Obligation and/or Parity Securities (other than Junior Securities).

(k) If at any time following the delivery of an Alternative Coupon Notice in accordance with subparagraph (e) above, the Alternative Coupon Satisfaction Method ceases to apply, the Co-obligors shall promptly give notice to the Trustee and the Holders to such effect.

## **7. Dividend Stopper**

(a)(i) The Parent Companies will agree in the Indenture that, in the case of any Exceptional Alternative Coupon beginning on the day the Co-obligors give an Alternative Coupon Notice and in the case of any Elective Alternative Coupon, beginning on the relevant Regular Coupon Date relating to such Elective Alternative Coupon if the Elective Alternative Coupon is not paid on such Regular Coupon Date, and, in each case, continuing until all Alternative Coupons are paid in full, (A) each of the Parent Companies (i) will not

propose to its shareholders and, to the fullest extent permitted by applicable law, will otherwise act to prevent the declaration or payment of any dividend, distribution or other payment on its Ordinary Shares or Parity Securities and (ii) will not redeem, repurchase or otherwise acquire any of its Ordinary Shares or Parity Securities (other than pursuant to a Permitted Share Acquisition) and (B) each of the Parent Companies (i) will not declare or pay and, to the fullest extent permitted by applicable law, will otherwise act to prevent the declaration or payment of, any dividend, distribution or other payment on its Ordinary Shares or Parity Securities and (ii) agrees that it will not vote, or will procure that no vote is made by any of its subsidiaries, in favor of any of the actions described in clauses (A)(i) and (A)(ii) above; and

(ii) Fortis Bank will agree in the Indenture that, in the case of any Elective Alternative Coupon beginning on the relevant Regular Coupon Date relating to such Elective Alternative Coupon if the Elective Alternative Coupon is not paid on such Regular Coupon Date and continuing until all such Elective Alternative Coupons are paid in full, (A) Fortis Bank (i) will not propose to its shareholders and, to the fullest extent permitted by applicable law, will otherwise act to prevent the declaration or payment of any dividend, distribution or other payment on its Ordinary Shares or Parity Securities and (ii) will not redeem, repurchase or otherwise acquire any of its Ordinary Shares or Parity Securities (other than pursuant to a Permitted Share Acquisition) and (B) Fortis Bank will not declare or pay and, to the fullest extent permitted by applicable law, will otherwise act to prevent the declaration or payment of, any dividend, distribution or other payment on its Ordinary Shares or Parity Securities;

provided that the restriction described in (a)(i) and (a)(ii) above shall not apply (i) to a dividend, distribution, payment or redemption in respect of any Exempt Share Class and (ii) to a dividend, distribution or other payment on any Parity Securities that is required to be paid, pursuant to the terms of such Parity Securities, solely as a result of a dividend, distribution, payment or redemption in respect of any Exempt Share Class.

The ordinary shares of Fortis Bank and the ordinary shares of the Parent Companies (or any ordinary share equivalent that may replace or be substituted for the ordinary shares of either or both Parent Companies or Fortis Bank) are referred to collectively as “Ordinary Shares”.

“**Permitted Share Acquisition**” means an acquisition of Ordinary Shares or Parity Securities (i) by conversion into or in exchange for Ordinary Shares, (ii) in connection with transactions effected by or for the account of customers of Fortis Bank or either Parent Company or any of their subsidiaries or in connection with the distribution, trading or market-making in respect of such securities in the ordinary course of business, (iii) in connection with the satisfaction by Fortis Bank or either Parent Company or any of their subsidiaries of their obligations under any employee benefit plans of similar arrangements with or for the benefit of employees, officers, directors or consultants, (iv) as a result of a reclassification of the capital of Fortis Bank or either Parent Company or any of their subsidiaries or the exchange or conversion of one class or series of capital for another class or series of capital, or (v) the purchase of fractional securities pursuant to the conversion or exchange provisions of such security being converted or exchanged.

(b) *Exempt Share Classes.* The following classes of shares (each an “**Exempt Share Class**”) shall be exempt from the dividend stopper to the extent described above:

- (i) the currently authorized number of 1,820 million cumulative preference shares of €0.42 nominal value in the capital of Fortis N.V. or any successor thereto; and
- (ii) any preference shares that are not, or would not be, included as Tier 1 capital of Fortis Bank (“**Replacement Preference Shares**”) to be created or issued by Fortis Bank or either Parent Company in connection with the merger, consolidation, amalgamation or other combination of an entity with and into Fortis Bank or such Parent Company in which Fortis Bank or such Parent Company is the surviving entity, for the purpose of replacing preference shares issued or authorized by such other entity at the time of the transaction.

The Parent Companies will agree not to authorize unilaterally or to propose to their shareholders that they authorize any additional preference shares (other than Replacement Preference Shares) unless such additional preference shares are subject to the dividend stopper described above.

## **8. Arrears of Interest and Additional Interest**

Any Coupon not paid on a Coupon Date (except such Coupon required to be paid in accordance with the Alternative Coupon Satisfaction Method but which is not paid due to a Postponement Event) together with any other such Coupons not paid on any other prior Coupon Date (except such Coupon required to be paid in

accordance with the Alternative Coupon Satisfaction Method but which is not paid due to a Postponement Event) shall, so long as the same remains unpaid, constitute “**Arrears of Interest**” for purposes of calculating Additional Interest (as defined in paragraph (a) below). Exceptional Alternative Coupons paid pursuant to the Alternative Coupon Satisfaction Method shall not result in Arrears of Interest, including Exceptional Alternative Coupons which cannot be paid pursuant to the Alternative Coupon Satisfaction Method due to the unavailability of Fortis Shares as a consequence of Bankruptcy Proceedings involving the Parent Companies such that Fortis Shares can no longer be issued resulting in a Postponement Event that cannot be cured.

(a) Any amount of Arrears of Interest shall bear interest (to the extent permitted by applicable law) as if it constituted the principal of such CASHES at the applicable Interest Rate for such Coupon Period (“**Additional Interest**”). Any Additional Interest payable on any Arrears of Interest shall become due and payable at the time that it is accrued. The Interest Rate Calculation Agent shall calculate the amount of Additional Interest. The amount of Additional Interest accrued as of a Coupon Date for the then-ended Coupon Period shall be added, for purposes only of the calculation of the amount of Additional Interest due after such Coupon Date, to the amount of respective Arrears of Interest unpaid as of such Coupon Date as if such amount would itself constitute Arrears of Interest.

(b) Any Additional Interest that accrues on any Alternative Coupon that is treated as Arrears of Interest which commences with the failure to pay a Coupon on an Alternative Coupon Satisfaction Date shall only be payable pursuant to the Alternative Coupon Satisfaction Method, including in the case of any Bankruptcy Proceeding.

(c) Prior to each Coupon Date, the Interest Rate Calculation Agent shall notify the Paying Agent and the Trustee (if different from the Interest Rate Calculation Agent) of the aggregate amount of Arrears of Interest and the corresponding amount of Additional Interest, if any, which is payable. On each Coupon Date, the Interest Rate Calculation Agent shall notify the Holders of CASHES of such amount, if any, which is payable.

(d) If any Alternative Coupons and Additional Interest are paid in part:

- (i) all unpaid Alternative Coupons on such CASHES shall be payable before any Additional Interest;
- (ii) Alternative Coupons shall be payable in the order in which they originally became due (with the earliest Alternative Coupon paid first) and the order of payment of Additional Interest shall follow that of the Alternative Coupons (which are treated as Arrears of Interest for purposes of calculating Additional Interest) to which it relates; and
- (iii) Alternative Coupons or Additional Interest payable with respect to any Coupon Period shall be computed pro rata to the total amount of all unpaid Alternative Coupons or, as the case may be, amount of Additional Interest in respect of that Coupon Period to the date of payment.

As used herein, all references to Coupons shall, unless the context otherwise requires, include Arrears of Interest and Additional Interest.

## **9. Exchange and Protection Mechanisms for Holders of CASHES**

(a) *Exchange Right; Exchange Period; Exchange Price*

(i) Each Holder of CASHES shall have the right at any time during the Exchange Period referred to below to exchange all or any of its CASHES for Underlying Shares and, in certain circumstances described below, such exchange shall be automatic. Such exchange shall be effected in accordance with the procedures described in subparagraph (b) below. As used herein, the “**Exchange Right**” means the right of a Holder of CASHES to exchange any CASHES for Underlying Shares (including an Automatic Exchange).

Subject to and upon compliance with the provisions of this Paragraph 9, the Exchange Right attached to the CASHES may be exercised, at the option of the Holder thereof (an “**Optional Exchange**”), at any time from the day that is 40 days after the Issue Date (the “**Exchange Period**”).

The initial price (subject to adjustment according to Paragraph 9(c)(i) and (v)) at which Underlying Shares will be delivered to such Holder upon exchange (the “**Exchange Price**”) will be €23.94 per Underlying Share (representing an initial exchange ratio of 10,442.77 Underlying Shares (the “**Exchange Ratio**”) for each €250,000 in principal amount of CASHES). In addition, in the case of an Automatic Exchange, the Holder shall be entitled to Arrears of Interest and Additional Interest, if any, thereon, as the same shall have accrued in the period ending on the Coupon Date immediately preceding the Exchange Date (as defined in Paragraph 9(b)(i)).

If, at any time after the seventh anniversary of the Issue Date, the Volume Weighted Average Price for 20 consecutive Stock Exchange Business Days equals or exceeds the Automatic Exchange Price Level as determined by the Co-obligors (an “**Automatic Exchange Event**”), all CASHES outstanding shall automatically be exchanged for Fortis Shares (“**Automatic Exchange**”) at the Exchange Price plus the Coupon (or portion thereof) due (as determined under the terms of Paragraph 5(b)(ii)), Arrears of Interest and Additional Interest, if any. As used herein, the “**Automatic Exchange Price Level**” shall be equal to 150% of the Exchange Price. The initial Automatic Exchange Price Level is €35.91 per Underlying Share. On the Business Day following the determination that an Automatic Exchange has been triggered in accordance with this subparagraph, the Co-obligors shall give notice to the Trustee, the Registrar, the Exchange Agent and the Collateral Agent (if different from the Trustee) and the Holders of CASHES thereof.

Notwithstanding the provisions in Paragraph 4 and Paragraph 11(d), upon Automatic Exchange, Holders of CASHES may elect to receive the cash proceeds from the sale on the market of the Underlying Shares to which they are entitled in lieu of receiving the Underlying Shares (the “**Optional Cash Settlement**”).

The Underlying Shares to be delivered as a result of the exercise of any Exchange Right shall be fully-paid and shall rank *pari passu* in all respects with the fully-paid Fortis Shares in issue on the Exchange Date, except that Fortis Shares so allotted shall not rank for any dividend or other distribution declared or paid or made by reference to a record date for the payment of a dividend or other distribution with respect to the Fortis Shares prior to such Exchange Date.

The Parent Companies have issued 125,313,283 Fortis Shares to Merrill Lynch International as the initial subscriber, for market value and Fortis Bank has purchased these Fortis Shares for market value from Merrill Lynch International. As used herein, “**Underlying Shares**” means the 125,313,283 Fortis Shares initially issued to Merrill Lynch International and subsequently purchased by Fortis Bank and pledged to the Collateral Agent for the benefit of Holders (the “**Initial Underlying Shares**”) or any other Fortis Shares substituted for such Initial Underlying Shares in accordance with the terms of the Pledge Agreement as they may be adjusted from time to time in accordance with Paragraph 9(c) resulting in an adjustment in the Exchange Price. Fortis Bank shall grant to the Collateral Agent for the benefit of the Holders a right of pledge on the Underlying Shares (including as they may be adjusted or replaced from time to time) as security for the performance of the exchange obligations under the CASHES and the Indenture. The Parent Companies have undertaken to list the Underlying Shares on such exchange or exchanges as the Fortis Shares are listed at such time as the Underlying Shares are delivered to Holders.

(ii) The number of Fortis Shares to be delivered upon exchange shall be calculated by the Exchange Agent on the basis of the aggregate principal amount of the CASHES to be exchanged at the then prevailing Exchange Price and notified by the Exchange Agent to the Co-obligors, the Collateral Agent and the Trustee. Fractions of a Fortis Share will be aggregated into whole shares (to the extent they can be so aggregated) and such shares will be delivered to the Trustee.

(iii) With respect to Fortis Shares to which Holders are entitled upon exchange which represent fractional entitlements, the Holders will be deemed to have directed the Trustee to aggregate such fractional Fortis Shares as described in (ii) above and to instruct the Calculation Agent on such Holder’s behalf to use reasonable endeavours on normal market terms to procure purchasers for such Fortis Shares as soon as practicable but within the five Stock Exchange Business Days following receipt of such Fortis Shares by the Trustee and as soon thereafter as reasonably practicable to distribute the net proceeds of such sales to the Holders on a pro rata basis.

*(b) Procedure for Exchange*

(i) To exercise Optional Exchange or to receive Underlying Shares pursuant to Automatic Exchange (unless the Holder should choose the Optional Cash Settlement), in each case the Holder of any CASHES must complete, execute and deposit (in accordance with the applicable rules and procedures of Euroclear and Clearstream, if relevant) at his own expense during normal business hours at the specified office of the Exchange Agent a duly completed notice of exchange (an “**Exchange Notice**”) in duplicate in the form obtainable from the specified office of the Exchange Agent, together with the relevant CASHES and amounts, if any, to be paid by such Holder. As used herein, “**Exchange Date**” means, in the case of an Optional Exchange, the date set forth in the next succeeding paragraph and, in the case of Automatic Exchange, the date on which a duly signed and completed Exchange Notice is delivered or, where no such Exchange Notice is required, the date on which the Co-obligors provide notice to the Holders in accordance with Paragraph 14 that an Automatic Exchange Event has occurred.



An Exchange Notice with respect to Optional Exchange once given shall be irrevocable and may not be withdrawn without the consent in writing of the Co-obligors. The Exchange Date with respect to an Optional Exchange must fall at a time when the Exchange Right attaching to such CASHES is expressed in the Indenture to be exercisable and shall be deemed to be the Stock Exchange Business Day immediately following the date of the deposit of such CASHES and delivery of such Exchange Notice and, if applicable, any payment to be made or indemnity given under the Indenture in connection with the exercise of such Exchange Right.

Each Exchange Notice will include certain representations and warranties, including, among others, except in the circumstances described in subparagraph (iv) below, a representation by or on behalf of the beneficial owner of the CASHES covered thereby to the effect that (i) the person exchanging the CASHES acquiring the Fortis Shares in an offshore transaction exempt from registration under the Securities Act pursuant to Regulation S thereunder or (ii) (A) the person exchanging the CASHES is a qualified institutional buyer (within the meaning of Rule 144A under the Securities Act (“**Rule 144A**”)) and such person is aware that the Fortis Shares it is acquiring have not been and will not be registered under the Securities Act or (B) such Fortis Shares are being acquired pursuant to another exemption from the Securities Act. Such representations and warranties shall also include certain undertakings not to resell the Fortis Shares except in compliance with U.S. securities laws if applicable. If a Holder is unable to provide the representations in clause (i) or (ii) above, when required, then the Co-obligors shall effect delivery of the relevant number of Underlying Shares, including any Additional Shares, to which such Holder is entitled to the Trustee and the Holder will be deemed to have directed the Trustee to effect the sale of such shares pursuant to the Cash Settlement Method described below.

A Holder of CASHES must pay any expenses, taxes and capital, stamp, issue, registration, documentary, transfer or other duties arising on exchange (other than any taxes or capital or stamp duties payable in the United States, United Kingdom, Belgium, The Netherlands and in the place of any other securities exchange on which the CASHES or the Fortis Shares may be listed or traded by the Co-obligors or the Parent Companies, as the case may be, in respect of the transfer and delivery of Underlying Shares on exchange which shall be payable by the Co-obligors), and such Holder must pay all, if any, taxes arising by reference to any disposal or deemed disposal of CASHES in connection with such exchange.

The Co-obligors shall pay all expenses of obtaining and maintaining a listing for Underlying Shares delivered on exchange of the CASHES.

(ii) As soon as practicable and subject to satisfaction of the certification requirements described in Paragraph 9(b)(i) above where applicable, and in any event not later than ten Stock Exchange Business Days after the Exchange Date (the “**Exchange Settlement Period**”), except as set forth below, the Co-obligors shall effect delivery of the relevant number of Underlying Shares (including Additional Shares if issued during the Exchange Settlement Period) (other than fractional entitlements) through the procedures of the X/N System, Euroclear and Clearstream or such other principal clearing agency, as applicable, to the person or persons designated in the Exchange Notice. If any Holder of CASHES either (A) elects to receive cash in lieu of Underlying Shares by choosing the Optional Cash Settlement upon Automatic Exchange and completes, executes and deposits with the Exchange Agent an optional cash settlement notice (the “**Optional Cash Settlement Notice**”) within five Stock Exchange Business Days of receiving notice that an Automatic Exchange Event has occurred; or (B) fails to provide any required representation of beneficial ownership set forth in an Exchange Notice delivered by such Holder when required in accordance with Paragraph 9(b)(i) above, except in the circumstances described in subparagraph (iv) below, then the Co-obligors shall effect delivery of the relevant number of Underlying Shares, including any Additional Shares, to which such Holder is entitled to the Trustee and the Holder will be deemed to have directed the Trustee to instruct the Calculation Agent on such Holder’s behalf to use reasonable endeavours on normal market terms to procure purchasers as soon as reasonably practicable but within the five Stock Exchange Business Days following receipt of such Underlying Shares (including Additional Shares if issued during the Exchange Settlement Period) (other than fractional entitlements) by the Trustee on such Holder’s behalf and, as soon thereafter as reasonably practicable, to deliver to such Holder the net proceeds from such sale (the “**Cash Settlement Method**”). Notwithstanding any provision of the Indenture, in the absence of gross negligence or willful misconduct, the delivery of net sale proceeds pursuant to this paragraph shall satisfy any obligations that the Trustee and Calculation Agent may have with respect to the sale of such Fortis Shares and the delivery of the net sale proceeds thereof, and the Holders expressly waive any rights they may have against the Trustee and the Calculation Agent in respect of such obligations.



In the case where a Holder fails to deliver the Exchange Notice required to be delivered in connection with an Automatic Exchange within 30 calendar days following notice that the Automatic Exchange Event has occurred, such Holder will be deemed to have directed the Trustee to settle the Automatic Exchange on such Holder's behalf using the Cash Settlement Method and the delivery of Fortis Shares to the Trustee (if not previously delivered) will take place within five Stock Exchange Business Days following the end of such 30-day period.

In the case where, in connection with an Automatic Exchange, a Holder fails to deliver an Optional Cash Settlement Notice within five Stock Exchange Business Days following notice that the Automatic Exchange Event has occurred, such Holder will be deemed to have elected to receive Underlying Shares upon Automatic Exchange subject to delivery of the Exchange Notice as provided in the preceding paragraph.

If the Exchange Date in relation to any CASHES shall be on or after a date with effect from which an adjustment to the Exchange Price takes retroactive effect pursuant to any of the provisions referred to in Paragraph 9(c) and the relevant Exchange Date falls on a date when the relevant adjustment has not yet been reflected in the then current Exchange Price, the Co-obligors shall procure that the provisions of this subparagraph (ii) shall be applied, *mutatis mutandis*, to such number of Fortis Shares (the “**Additional Shares**”) as is equal to the excess of the number of Fortis Shares which would have been required to be delivered on exchange of such CASHES if the relevant retroactive adjustment had been given effect as at the said Exchange Date over the number of Underlying Shares previously delivered pursuant to such exchange, and in such event and in respect of such number of Fortis Shares references in this subparagraph (ii) to the Exchange Date shall be deemed to refer to the date upon which such retroactive adjustment becomes effective (disregarding the fact that it becomes effective retroactively). Any Additional Shares not delivered during the Exchange Settlement Period shall be delivered in accordance with this paragraph.

(iii) The person or persons designated for that purpose in Paragraph 9(b)(ii) shall be the legal owner of the number of Underlying Shares deliverable upon exchange with effect from the Exchange Date and, in respect of any Additional Shares, shall be the beneficial owner of all rights (other than voting rights), distributions or payments in respect of such Additional Shares from the Exchange Date for the Underlying Shares previously delivered pursuant to such exchange.

Without prejudice to the preceding paragraph of this Paragraph 9(b)(iii), if the record date for the payment of any dividend or other distribution in respect of the Fortis Shares, including any Additional Shares, is on or after the Exchange Date in respect of any CASHES but before the date the person or persons specified for that purpose is or are registered as a holder of record of the relevant number of Underlying Shares, the Co-obligors shall pay to the exchanging Holder of CASHES or his designee an amount (the “**Equivalent Amount**”) in euro equal to any such dividend or other distribution to which he would have been entitled had he on that record date been a holder of record of such Underlying Shares including any Additional Shares. The Equivalent Amount shall be paid in an amount in euros in immediately available funds. If the CASHES are represented in the book-entry system maintained by the NBB in the X/N System or any other clearing system, payment of any amounts due in respect of the CASHES shall be made through the X/N System (as well as Euroclear and Clearstream) in accordance with applicable rules and procedures.

(iv) At any time that the Trustee is in receipt of an opinion of counsel satisfactory to the Trustee, to the effect that an Optional Exchange or Automatic Exchange will be exempt from registration under Section 3(a)(9) of the Securities Act, the certifications specified in subparagraph (i) shall not be required. The Holders may be required in such circumstances to provide such other certifications as the Trustee and the Co-obligors shall agree.

(c) *Protection Mechanisms for Holders of CASHES*

(i) *Stock Split, Reverse Stock Split or Capital Increase from Reserves.* If there shall have occurred a subdivision or consolidation of the Fortis Shares (except for a subdivision or consolidation arising as a result of a Merger/Change in Control Event (as defined below)) into a greater or lesser number of Fortis Shares or an issuance of Fortis Shares by the means of a capital increase from reserves, the Exchange Price shall be adjusted as of the date upon which such event occurred by multiplying the Exchange Price then in effect by the following fraction:

$$\frac{X}{Y}$$

where: X = The number of Fortis Shares outstanding immediately prior to the occurrence of such event.

Y = The number of Fortis Shares outstanding immediately after the occurrence of such event.

Such adjustment shall be determined by the Co-obligors (in consultation with the Calculation Agent) and notified to the Trustee and the Holders in accordance with the terms of the Indenture.

(ii) *Entitlement of Holders of CASHES to Certain Parent Company Distributions.* Except as otherwise provided under this subparagraph (ii), the Co-obligors shall promptly arrange to make available to the Holders of CASHES (A) the proceeds of any Capital Distribution (as defined below) and (B) any rights, securities or other property offered on a pre-emptive basis by either of the Parent Companies to its shareholders. Without limiting the generality of the foregoing, and subject to compliance with all applicable laws and the certification requirements of the Indenture, if either of the Parent Companies offers to its shareholders on a pre-emptive basis notes, warrants, preference shares or other similar securities convertible into Fortis Shares, then it shall notify the Trustee and the Holders of such pre-emptive rights and the Holders shall be entitled to such pre-emptive rights on the same terms and conditions as offered by such Parent Company to its shareholders, based on the number of CASHES held on the record date established by the applicable Parent Company with respect to each such distribution of pre-emptive rights; for the avoidance of doubt, any CASHES acquired by Holders pursuant to transactions entered into but not yet settled as of each such record date shall be deemed as held by the relevant Holders on each such record date. Any such entitlement of Holders of CASHES under this subparagraph (ii) shall be made to such Holders in proportion to the Exchange Ratio.

For the avoidance of doubt, Holders of CASHES shall have no entitlement under this subparagraph (ii) to cash dividends that are not Capital Distributions.

(iii) No adjustment shall be made to the Exchange Price or any other change to the CASHES when Fortis Shares or other securities (including rights or options) are issued, offered or granted pursuant to any employee incentive plan that provides for the issuance, sale or award of shares to employees.

(iv) *Merger or Change in Control.* Upon the occurrence of a Merger/Change in Control Event, the Parent Companies shall use their best efforts to cause the surviving or successor entity, following such Merger/Change in Control Event, to:

(A) assume the obligations of the Parent Companies under the Indenture,

(B) either (i) replace the Fortis Shares that have been pledged in favor of the Holders of CASHES with equity securities of the surviving or successor entity that are listed on a recognized exchange and have an equivalent market value to such Fortis Shares immediately prior to such Merger/Change in Control Event or (ii) take the actions set forth in subparagraphs D through G below, and

(C) adjust the Coupon of the CASHES to reflect any deterioration in the credit quality of the surviving or successor entity, on a consolidated basis, following such Merger/Change in Control Event compared with the credit quality of the Parent Companies immediately prior to such Merger/Change in Control Event.

Any determination of equivalent market value pursuant to subparagraph (B) and any adjustment to the Coupon pursuant to subparagraph (C) shall be made by the Co-obligors and such surviving or successor entity in conjunction with two investment banks of international repute (unaffiliated with the Co-obligors or such surviving or successor entity) selected by the Co-obligors and such surviving or successor entity and notified to the Trustee. Such replacement or adjustment shall take effect in accordance with such determination.

In the event that upon the occurrence of a Merger/Change in Control Event the surviving or successor entity has not agreed or committed to take the actions specified in subparagraphs (A) through (C) above, the Parent Companies (or if the Parent Companies are not the surviving or successor entities, then Fortis Bank) shall direct the Collateral Agent, in accordance with the terms of the Pledge Agreement, to take the following actions:

(D) if the consideration payable to Holders of Fortis Shares in connection with such Merger/Change in Control Event consists solely of Liquid Equity Securities, duly tender the Fortis Shares that have been pledged in favor of the Holders of CASHES in exchange for such Liquid Equity Securities in accordance with the terms of the Merger/Change in Control Event and procure that such Liquid Equity Securities replace the Fortis Shares that have been pledged in favor of the Holders of CASHES for all purposes under the Indenture and the Pledge Agreement; or

(E) if the consideration payable to Holders of Fortis Shares in connection with such Merger/Change in Control Event consists solely of cash, duly tender the Fortis Shares that have been pledged in favor of the Holders of CASHES in exchange for such cash in accordance with the terms of the Merger/Change in

Control Event and, (i) if the equity securities of the surviving or successor entity are Liquid Equity Securities, direct the Collateral Agent to use all of such cash to make market purchases of such Liquid Equity Securities and procure that such Liquid Equity Securities replace the Fortis Shares that have been pledged in favor of the Holders of CASHES for all purposes under the Indenture and the Pledge Agreement or (ii) if the equity securities of the surviving or successor entity are not Liquid Equity Securities direct the Collateral Agent to use all of such cash, to the extent Independently Determined to be practicable, to purchase a basket of the equity securities that make up the index currently named the Dow Jones Euro Stoxx 50 index (or, if no such index exists on such date, a comparable equity index selected by the Parent Companies or Fortis Bank (as applicable) and the surviving or successor entity in conjunction with an investment bank of international repute unaffiliated with the Parent Companies, Fortis Bank, or such surviving successor entities), on such date and procure that such basket of equity securities replaces the Fortis Shares that have been pledged in favor of the Holders of CASHES for all purposes under the Indenture and the Pledge Agreement; or

(F) if the consideration payable to Holders of Fortis Shares in connection with such Merger/Change in Control Event consists of any combination of cash and/or Liquid Equity Securities and/or other non-cash consideration, duly tender the Fortis Shares that have been pledged in favor of the Holders of CASHES in exchange for such cash and/or Liquid Equity Securities and/or other non-cash consideration in accordance with the terms of the Merger/Change in Control Event, and (i) direct the Collateral Agent to use all of such cash received as consideration to make market purchases of such Liquid Equity Securities and/or (ii) direct the Collateral Agent to procure the sale for cash at fair market value of any such other non-cash consideration and use all of such cash received in such sale to make market purchases of such Liquid Equity Securities and thereafter procure that such purchased Liquid Equity Securities and the Liquid Equity Securities received as consideration in the Merger/Change in Control Event replace the Fortis Shares that have been pledged in favor of the Holders of CASHES for all purposes under the Indenture and the Pledge Agreement; or

(G) if the consideration payable to Holders of Fortis Shares in connection with such Merger/Change in Control Event consists of any combination of cash and/or equity securities of the surviving or successor entity that are not Liquid Equity Securities and/or other non-cash consideration, duly tender the Fortis Shares that have been pledged in favor of the Holders of CASHES in exchange for such cash and/or non-Liquid Equity Securities and/or other non-cash consideration in accordance with the terms of Merger/Change in Control Event, and (i) direct the Collateral Agent to use all of such cash received as consideration, to the extent Independently Determined to be practicable, to purchase a basket of the equity securities that make up the index currently named the Dow Jones Euro Stoxx 50 index (or, if no such index exists on such date, a comparable equity index selected by the Parent Companies or Fortis Bank (as applicable) and the surviving or successor entity in conjunction with an investment bank of international repute unaffiliated with the Parent Companies, Fortis Bank, or such surviving successor entities), on such date and/or (ii) direct the Collateral Agent to procure the sale for cash at fair market value of such non-Liquid Equity Securities and use all of such cash received in such sale, to the extent Independently Determined to be practicable, to purchase a basket of the equity securities that make up the index currently named the Dow Jones Euro Stoxx 50 index (or, if no such index exists on such date, a comparable equity index selected by the Parent Companies or Fortis Bank (as applicable) and the surviving or successor entity in conjunction with an investment bank of international repute unaffiliated with the Parent Companies, Fortis Bank, or such surviving successor entities), on such date and/or (iii) direct the Collateral Agent to procure the sale for cash at fair market value of any such other non-cash consideration and use all of such cash received in such sale, to the extent Independently Determined to be practicable, to purchase a basket of the equity securities that make up the index currently named the Dow Jones Euro Stoxx 50 index (or, if no such index exists on such date, a comparable equity index selected by the Parent Companies or Fortis Bank (as applicable) and the surviving or successor entity in conjunction with an investment bank of international repute unaffiliated with the Parent Companies, Fortis Bank, or such surviving successor entities), on such date and thereafter procure that such basket of equity securities replaces the Fortis Shares that have been pledged in favor of the Holders of CASHES for all purposes under the Indenture and the Pledge Agreement.

Notwithstanding any provision of the Indenture, in the absence of gross negligence or wilful misconduct, the sale or purchase of any securities or other property pursuant to this paragraph shall satisfy any obligation that the Trustee and the Collateral Agent may have with respect to the sale or purchase of any such securities or other property, and the Holders expressly waive any rights they may have against the Trustee and/or the Collateral Agent in respect of such obligations.

For purposes of the foregoing subparagraphs (D) through (G):

**“Liquid Equity Securities”** means equity securities of the surviving or successor entity with respect to which the average daily trading volume over the six months immediately preceding the Merger/Change in Control Event is equal to or greater than the average daily trading volume of the Fortis Shares over the six months immediately preceding the Merger/Change in Control Event, as determined by the Co-obligors and an investment bank of international repute unaffiliated with the Co-obligors; and

**“Independently Determined”** means determined in good faith by an independent investment bank of international repute selected by the Parent Companies or Fortis Bank (as applicable) and approved in writing by the Trustee, acting as an expert (at the expense of the Parent Companies or Fortis Bank, as applicable).

(v) *Other Events.* Should the Co-obligors believe in good faith that an event or circumstance that has occurred or shall occur that is different from those expressly contemplated under this subparagraph (c), but that could or shall have similar effects as those discussed in subparagraphs (c) (i), (ii) or (iv) above, the Co-obligors shall take such actions or decisions as they deem necessary or appropriate in order to ensure that, following the occurrence of such event or circumstance, the Holders of CASHES enjoy economic and other rights under the Indenture that, so far as practicable, are substantially similar to those enjoyed by them immediately prior to the occurrence of such event or circumstance. If, and only if, the Co-obligors believe in good faith that any such actions or decisions may be necessary or appropriate, then such actions or decisions shall be taken by the Co-obligors only in conjunction with two investment banks of international repute (unaffiliated with the Co-obligors) selected by the Co-obligors.

(vi) As used herein:

(A) **“Merger/Change in Control Event”** means, in respect of the Fortis Shares, any (i) reclassification or change of the Fortis Shares that results in a transfer of or an irrevocable commitment to transfer all of the outstanding Fortis Shares, (ii) consolidation, amalgamation or merger of Fortis N.V. or Fortis SA/NV with or into another entity or of Fortis N.V. and Fortis SA/NV with or into each other (other than a consolidation, amalgamation or merger in which Fortis N.V. or Fortis SA/NV is the continuing entity and which does not result in any such reclassification or change of all of such outstanding Fortis Shares), (iii) other takeover offer for the Fortis Shares that results in a transfer of or an irrevocable commitment to transfer all of the Fortis Shares (other than the Fortis Shares owned or controlled by the offeror) or (iv) statutory split-up (*juridische splitsing*).

(B) **“Capital Distribution”** means (i) any distribution of assets *in specie* or (ii) any cash dividend or distribution of any kind charged or provided for in the accounts of either of the Parent Companies in relation to any financial year (whenever paid or made and however described) if the amount of the proposed dividend or distribution per Fortis Share, together with the amount per Fortis Share of any other dividends or distributions on such Fortis Shares charged or provided for in the accounts in relation to such financial year (other than any part thereof previously deemed to be a Capital Distribution) exceeds 5% of the Volume Weighted Average Price on the Stock Exchange Business Day immediately preceding the date on which such dividend or distribution is publicly announced (the **“Yield Threshold”**). In the event that the Volume Weighted Average Price is not available on such date, the Yield Threshold shall be determined by reference to the first available Volume Weighted Average Price in the preceding seven Stock Exchange Business Days immediately preceding the date on which such dividend or distribution is publicly announced. In the event that the Volume Weighted Average Price is not available during such period, then the Yield Threshold shall be determined by the Co-obligors in conjunction with two investment banks of international repute (unaffiliated with the Co-obligors) selected by the Co-obligors. The amount of such Capital Distribution shall be the amount by which such proposed dividend or distribution per Fortis Share together with the amount per Fortis Share of any other dividends or distributions of the Fortis Shares charged or provided for in the accounts in relation to such financial year exceeds the Yield Threshold.

(C) **“Pledge Agreement”** means the pledge agreement among Fortis Bank as pledgor, each of the Parent Companies and BONY as collateral agent (the **“Collateral Agent”**).

(vii) Notice of any adjustments, rights, decisions or actions pursuant to this Paragraph 9(c) shall be given by the Co-obligors to the Trustee and the Holders as soon as practicable after the determination thereof.

(viii) Where more than one event which gives or may give rise to an adjustment to the Exchange Price or any other change to the CASHES pursuant to this subparagraph (c) occurs within such a short period of time that, in the good faith opinion of the Co-obligors, the foregoing provisions would need to be operated subject



to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be determined in good faith by the Co-obligors in conjunction with two investment banks of international repute (unaffiliated with the Co-obligors) selected by the Co-obligors to be in their opinion appropriate in order to give such intended result.

(ix) Except in the case of a transaction contemplated by subparagraphs (c)(i) or (c)(v) above, no adjustment shall be made so as to decrease the Exchange Price for any Fortis Share.

(x) As provided in the Indenture, in connection with any delivery or issuance of Fortis Shares, rights or any other securities in accordance with Paragraph 9(c)(ii) above, each Holder of CASHES will, if required, provide a certificate, within fifteen days of the date notice is given to the Holders of the right to receive such Fortis Shares, rights or other securities, including a representation by or on behalf of the beneficial owner of the CASHES covered thereby to the effect that (i) such person is acquiring the Fortis Shares, rights or any other securities in an offshore transaction exempt from registration under the Securities Act pursuant to Regulation S thereunder or (ii) (A) such person is a qualified institutional buyer (within the meaning of Rule 144A) and such person is aware that the Fortis Shares, rights or any other securities it is acquiring have not been and will not be registered under the Securities Act or (B) such Fortis Shares, rights or any other securities are being acquired pursuant to another exemption from the Securities Act. Such certificate shall also include certain undertakings not to resell the Fortis Shares, rights or any other securities except in compliance with U.S. securities laws, if applicable.

If any Holder of CASHES fails to provide any required certification within the fifteen day period specified in (x) above, such Holder will be deemed to have directed the Trustee to instruct the Calculation Agent on such Holder's behalf to use reasonable endeavours on normal market terms to procure purchasers for any such Fortis Shares, rights or other securities to which the Holders are entitled as soon as reasonably practicable, but within the five Stock Exchange Business Days following receipt of such Fortis Shares, rights or other securities by the Trustee, and to deliver to such Holder as soon thereafter as reasonably practicable, the net proceeds from such sale. The making available of the Fortis Shares, rights or any other securities in accordance with Paragraph 9(c)(ii) to the Holders of the CASHES choosing the Cash Settlement Method upon Automatic Exchange, or deemed to have chosen the Cash Settlement Method where Holders fail to deliver any required Exchange Notice or the required certification will be in full satisfaction of the obligations of the Co-obligors thereunder without regard to the amount of the net sales proceeds ultimately delivered to such Holders. Notwithstanding any provision of the Indenture, in the absence of gross negligence or willful misconduct, the delivery of such net sale proceeds shall satisfy any obligations that the Trustee and the Calculation Agent may have with respect to the sale of such Fortis Shares, rights or other securities and the delivery of the net sale proceeds thereof, and the Holders expressly waive any rights they may have against the Trustee and the Calculation Agent in respect of such obligations.

With respect to Fortis Shares, rights or other securities to which Holders are entitled pursuant to Paragraph 9(c)(ii) which represent fractional entitlements, the Holders will be deemed to have directed the Trustee to aggregate such fractional Fortis Shares, rights or other securities and to instruct the Calculation Agent on such Holder's behalf to use reasonable endeavors on normal market terms to procure purchasers for such Fortis Shares, rights or other securities as soon as practicable but within the five Stock Exchange Business Days following receipt of such Fortis Shares, rights or other securities by the Trustee and as soon thereafter as reasonably practicable to distribute the net proceeds of such sales to the Holders on a pro rata basis.

*(d) Market Disruption Event.* If a Market Disruption Event exists during any Exchange Settlement Period, the delivery of Underlying Shares during such period may be deferred until such Market Disruption Event no longer exists. A Market Disruption Event deferral shall not constitute an Event of Default. If a Market Disruption Event exists and is continuing for more than 30 days after delivery of the relevant Exchange Notice, any CASHES deposited with the Exchange Agent in connection with such Exchange Notice shall be returned to the respective Holders and Holders of such CASHES will be entitled to Coupons as if no Exchange Notice had been provided.

## **10. Payments**

On the Record Date of any payment due in respect of the CASHES, the Domiciliary Agent and, if applicable, the Luxembourg Paying Agent shall obtain from the Registrar the names of the registered Holders of CASHES and the principal amount of CASHES registered in the name of each such Holder, and shall notify the Co-obligors as to the amount of such payment to be made to the Domiciliary Agent and, if applicable, the Luxembourg Paying Agent, respectively, for payment to each such registered Holder. Coupons



on the CASHES shall be paid by the Co-obligors without collection costs to the Holders in good time in immediately available euros which shall be placed with such Paying Agents on behalf of the Holders of CASHES, irrespective of any future transfer restrictions and outside of any bilateral or multilateral payment or clearing arrangement which may be applicable at the time of such payments.

Upon receipt of the funds and under the same conditions as received, the Domiciliary Agent and, if applicable, the Luxembourg Paying Agent, shall arrange for payment to the Holders of CASHES. The Indenture shall require that payments in respect of the CASHES held through the book-entry system maintained by the X/N System and indirectly by Euroclear, Clearstream or their nominees (including beneficial interests in CASHES evidenced by such book-entry system) be made in accordance with the applicable rules and procedures of the X/N System, Euroclear and Clearstream. Upon receipt of any payment in respect of the CASHES, the X/N System, and indirectly Euroclear or Clearstream, shall immediately credit the accounts of the relevant account holders with the payment. The Co-obligors expect that payments by the account holders to the beneficial owners of the CASHES shall be governed by standing instructions and customary practices and shall be the responsibility of the account holders and shall not be the responsibility of the X/N System, Euroclear, Clearstream, the Trustee, the Domiciliary Agent, the Luxembourg Paying Agent, or the Co-obligors. Payments in respect of the CASHES held of record by Holders other than Euroclear, Clearstream or their nominees may, at the Co-obligors' option, be made by cheque and mailed to such Holders of record as shown on the register for the CASHES.

The receipt of the funds by the relevant Paying Agent shall release the Co-obligors of their obligations under the CASHES to the extent of the amount paid. A record of each payment made on the CASHES shall be made by each Paying Agent, as applicable, and such record shall be *prima facie* evidence that the payment in question has been made.

## 11. Events of Default

(a) *Events of Default.* As used herein, “**Event of Default**” means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (i) *Non-payment on any Regular Coupon Date.* The Co-obligors fail to pay a Coupon on any Regular Coupon Date and the default continues for a period of seven days; or
- (ii) *Non-payment on any Alternative Coupon Satisfaction Date.* The Co-obligors fail to pay an Alternative Coupon on any Alternative Coupon Satisfaction Date and the default continues for a period of 14 days, except where such default is due to a Postponement Event; *provided* that if any Alternative Coupon is not satisfied within 20 Business Days after the date on which such Postponement Event is no longer continuing, such failure will constitute an Event of Default; or
- (iii) *Other default.* Any Co-obligor defaults in the performance or observance of any other covenant, condition or provision contained in the Indenture or the CASHES, including failure to deliver Underlying Shares in connection with any Optional Exchange or Automatic Exchange, to be performed or observed by it (other than the covenant to pay the Coupons in respect of any of the CASHES) and such default continues for a period of 30 days following the service by the Trustee on the Co-obligors of notice requiring such default to be remedied (no such notice shall be required where the Trustee certifies in writing that, in its opinion, such default is not capable of remedy).

(b) *Reports to Trustee.* Each Co-obligor shall deliver to the Trustee as soon as possible and in any event within 30 days (or seven days in the case of a payment default under subparagraph (a)(i) or 20 Business Days in the case of payment default under subparagraph (a)(ii) above) after the Co-obligors become aware or should reasonably have become aware of the occurrence of an Event of Default, an Officer's Certificate setting forth the details of the default, and the action which the Co-obligors propose to take with respect thereto.

(c) *Trustee and Holders May Institute Proceedings.* (i) Subject to the provisions of subparagraph (d) below, if an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the CASHES then outstanding, by written notice to the Co-obligors (and to the Trustee if the notice is given by the Holders of CASHES), may, and the Trustee at the request of Holders of at least 50% in aggregate principal amount of the CASHES then outstanding shall (subject to the terms and conditions of the Indenture), institute proceedings to obtain the payment of any Coupon due or compliance with the defaulted covenant or agreement.

(ii) Notwithstanding clause (i) above, if an Event of Default occurs and is continuing under Paragraphs 11(a)(i) and 11(a)(ii) a Holder, or the Trustee on a Holder's behalf, may institute proceedings to obtain enforcement of such obligations and such right shall not be impaired or effected without the consent of such Holder. In addition, if an Event of Default occurs and is continuing under Paragraph 11(a)(iii) due to the failure to deliver Underlying Shares in connection with an Optional Exchange or Automatic Exchange, at the request of a Holder the Trustee shall instruct the Collateral Agent to foreclose on the relevant Underlying Shares in accordance with the terms of the Pledge Agreement.

(iii) Upon the occurrence of an Event of Default, the Holders of CASHES will not have any rights of acceleration or redemption with respect to the CASHES.

(d) *Limited Recourse.* The sole recourse of the Holders of CASHES against any of the Co-obligors with respect to the principal amount of the CASHES shall be the Underlying Shares (or other securities that replace the Underlying Shares pursuant to the Indenture) on which a right of pledge has been granted to the Collateral Agent for the benefit of such Holders. In the event of Bankruptcy Proceedings applicable to all of the Co-obligors, the Holders' of CASHES sole right with respect to the principal amount of the CASHES shall be the right to exchange their CASHES for Underlying Shares pursuant to the Optional Exchange, or to seek to institute foreclosure proceedings under the Pledge Agreement with respect to such Underlying Shares. Notwithstanding the foregoing, in the event of Bankruptcy Proceedings applicable to all of the Co-obligors, the Holders of CASHES shall continue to have claims, payable in cash, for any past due Coupons consistent with the subordination provisions set forth in Paragraph 4. In certain circumstances Holders of CASHES may not be able to recover payments of Additional Interest if due and payable in the event of Bankruptcy Proceedings.

## **12. Purchases of CASHES**

None of the Co-obligors nor any of their respective subsidiaries may acquire any of the CASHES without obtaining prior approval from the applicable regulators, other than in connection with dealing in securities in the ordinary course of business.

## **13. Replacement of CASHES**

Should any Definitive Security be lost, stolen, mutilated, defaced or destroyed they may, subject to all applicable laws and stock exchange requirements, be replaced at the specified office of the Trustee upon payment by the claimant of the expenses, taxes and duties incurred in connection therewith and on such terms as to evidence and indemnity as Fortis Bank or the Trustee may reasonably require. Mutilated or defaced Definitive Security must be surrendered before replacements shall be issued.

## **14. Notices**

All notices to the Holders of CASHES shall be valid if sent by mail, postage prepaid to the person in whose name CASHES are registered, or, for so long as the CASHES trade in book-entry form through the X/N System, Euroclear and Clearstream there may be substituted for notice sent by mail, notice in accordance with the then applicable procedures of the X/N System, Euroclear and Clearstream for communication to their participants and notices through the customary market news services and, if the Co-obligors so request, such other method as the Co-obligors and the Trustee agree. In case by reason of suspension of regular mail service or for any other reason it shall be impracticable to give notice as provided above, such notices as shall be given with the approval of the Trustee shall constitute sufficient notice for all purposes under the CASHES.

All notices to Holders, for so long as the CASHES are listed on the Luxembourg Stock Exchange for trading on the Euro MTF, shall be published in a leading Luxembourg newspaper (which is expected to be *d'Wort*), or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)), or otherwise in compliance with the listing rules of the Luxembourg Stock Exchange.

## **15. Reports**

The Parent Companies shall regularly furnish or otherwise make available to the Trustee copies of their annual report to shareholders, containing audited financial statements, and any other financial reports which it furnishes to its shareholders.

## 16. Resale Restrictions

Neither the CASHES nor the Underlying Shares have been or shall be registered under the Securities Act. Subject to certain exceptions, neither the CASHES nor the Underlying Shares may be offered or sold within the United States. In addition, until 40 days after the Issue Date, an offer or sale of the CASHES or the Underlying Shares within the United States by any dealer (whether or not participating in the initial placement of the CASHES) may violate the registration requirements of the Securities Act.

## 17. Taxes

All payments by the Co-obligors in respect of the CASHES and the Indenture will be made free and clear of and without deduction or withholding for or on account of any present or future taxes, duties, assessments, fees or other governmental charges (“**Taxes**”) imposed or levied by or on behalf of Belgium or The Netherlands or any jurisdiction from or through which a payment is made, or any political subdivision or taxing authority thereof or therein (each, a “**Taxing Jurisdiction**”), unless such withholding or deduction is required by law. If the Co-obligors, the Trustee or any Paying Agent are required to make any withholding or deduction for or on account of any Taxes from any payment made under or with respect to the CASHES, they shall not be required to pay any additional or further amounts in respect of such withholding or deduction.

The Co-obligors, the Trustee and any Paying Agent shall make any such withholding or deduction for or on account of Taxes and shall remit the full amount deducted or withheld to the relevant authority in accordance with the applicable law. In the event of any non-cash payment by the Co-obligors, a portion of the property distributed to Holders of CASHES may be sold in an amount sufficient to cover any withholding obligation with the proceeds of such sale applied to pay any such withholding tax. The Co-obligors shall furnish to the Holders of CASHES that are outstanding on the date of the required payment within 30 days after the date the payment of any Taxes is due pursuant to applicable law, certified copies of tax receipts evidencing that such payment has been made by the Co-obligors.

## 18. Modifications of the Indenture

(a) The Co-obligors and the Trustee may, at any time and from time to time, without notice to or consent of Holders of CASHES, enter into one or more indentures supplemental to the Indenture:

- (i) to evidence the succession of another person to a Co-obligor, to the extent permitted by the Indenture and the assumption by such successor of the covenants of such Co-obligor, under the Indenture, or the CASHES and to otherwise modify the Indenture in connection with the requirement for such succession provided for in the Indenture;
- (ii) to add to the covenants of the Co-obligors, for the benefit of the Holders of CASHES or to surrender any right or power conferred upon a Co-obligor by the Indenture, or the CASHES;
- (iii) to add any additional Events of Default;
- (iv) to evidence and provide for the acceptance of appointment under the Indenture of a successor trustee;
- (v) to provide additional security for the CASHES;
- (vi) to add guarantees with respect to the CASHES; or
- (vii) to add any required certifications to comply with securities laws in connection with any exchange, Alternative Coupon Satisfaction Method or under Paragraph 9(b)(ii) or (c)(ii).
- (viii) to cure any ambiguity in the Indenture, to correct or supplement any provision in the Indenture which may be inconsistent with any other provision therein or to add any other provision with respect to matters or questions arising under the Indenture; provided such actions shall not adversely affect the interests of the Holders of CASHES in any material respect.

(b) Other modifications and amendments of the Indenture may be made, and certain past defaults by any Co-obligor may be waived, with the written consent of the Holders of a majority of 75% in aggregate principal amount of the outstanding CASHES. However, without the consent of each Holder affected, an amendment may not:

- (i) reduce the amount of CASHES whose Holders must consent to an amendment or waiver;
- (ii) reduce the rate or change the time for payment of Coupons on any CASHES;

- (iii) make any Coupon payable in a currency other than that stated in the CASHES;
- (iv) change the provisions of the Indenture regarding the right of a majority of the Holders of CASHES to waive defaults under the Indenture or impair the right of any Holders of CASHES to institute suit for the enforcement of any payment of Coupons on the CASHES on and after their respective due dates;
- (v) make any change, except as set forth in the Indenture, that adversely affects the Exchange Right of any CASHES;
- (vi) at any time after a Merger/Change of Control Event has occurred, modify the provisions of the Indenture in a manner adverse to the Holders of CASHES; or
- (vii) modify the subordination provisions in a manner adverse to the Holders of CASHES.

## **19. Other Rights of Holders of the Securities**

### *Meetings of Holders of the CASHES*

All meetings of Holders of the CASHES may be held, *mutatis mutandis*, in accordance with the provisions of Article 568 of the Belgian Code of Companies with respect to the meetings of bondholders.

Matters for which a decision of a meeting of Holders of the CASHES shall be required and which are to be taken in accordance with the quorum and majority requirements set out in Article 574 of the Belgian Code of Companies are (i) those matters set out in Article 568 of the Belgian Code of Companies and (ii) those matters referred to in Clause 18 (b), excluding, however, the matters referred to under Clause 18 (a).

No resolution of a meeting of the Holders of the CASHES which in the opinion of Fortis Bank relates to any of the matters listed in Article 568 of the Belgian Code of Companies shall be effective unless approved at a meeting of Holders complying in all respects with the requirements of Belgian law or, where the corresponding requirements of the Indenture are more stringent, with the requirements of the Indenture.

All convening notices for meetings of holders of the Securities shall be made in accordance with Article 570 of the Belgian Code of Companies.

### *Meetings of Shareholders and Right to Information*

The holders of the CASHES shall be entitled to attend all general meetings of shareholders of Fortis Bank, in accordance with Article 533 of the Belgian Code of Companies, and they shall be entitled to receive any documents that are to be remitted to them in accordance with Article 535 and 553 of the Belgian Code of Companies. The holders of the CASHES who attend any general meeting of shareholders shall be entitled only to a consultative vote.

## **20. Governing Law and Jurisdiction**

The Indenture and the CASHES shall be governed by, and construed in accordance with, the laws of the State of New York, United States of America, except that the subordination provisions of the Indenture and the CASHES, as such provisions relate to the obligations of any Co-obligor, shall be governed by the laws of the jurisdictions of incorporation of such Co-obligor, as applicable. The Pledge Agreement shall be governed by the laws of The Netherlands.

## **21. Currency Indemnity**

If any payment obligation of a Co-obligor in favor of the Holders of CASHES has to be changed from euro into a different currency (to obtain a judgment, execution, or for any other reason), the Co-obligors each undertake as a separate and independent obligation to indemnify the Holders of CASHES for any shortfall caused by fluctuations of the exchange rates applied for such conversions.

The rates of exchange to be applied in calculating such shortfall shall be the spot rate of exchange used by the Paying Agent prevailing between euro and the applicable other currency on the date on which such conversions are necessary.

## **22. Transfer**

A Holder of CASHES may transfer the CASHES in accordance with the Indenture.

### 23. Listing

Application has been made to list the CASHES on the Luxembourg Stock Exchange for trading on the Euro MTF. The CASHES are expected to be listed by the date of issuance or shortly thereafter.

The Co-obligors shall use all reasonable endeavors to maintain the listing of the CASHES on the Luxembourg Stock Exchange for trading on the Euro MTF or its successor exchange, and the Parent Companies shall use all reasonable endeavors to maintain listings for all the issued Fortis Shares on Euronext Brussels and Euronext Amsterdam and their respective successor exchanges. If the Co-obligors or the Parent Companies, as the case may be, are unable to obtain or maintain such listings, the Co-obligors or the Parent Companies, as the case may be, shall obtain and maintain a listing for the CASHES and any Underlying Shares delivered upon the exercise of any Exchange Right on another European stock exchange of at least equal standing as the Co-obligors or the Parent Companies, as the case may be, may from time to time determine, except in the case of a winding-up or liquidation of both Parent Companies. The Parent Companies will undertake to list the Underlying Shares no later than such time as they are delivered to Holders upon the exercise of any Exchange Right. In case of de-unification of the Fortis Shares, each Parent Company shall ensure that all of its shares resulting therefrom are listed on Euronext Brussels or Euronext Amsterdam, as the case may be, and if such Parent Company is unable to obtain the applicable listing, such shares shall be listed on another European stock exchange of at least equal standing. The Co-obligors shall forthwith give notice to the Holders of CASHES in accordance with Paragraph 14 above of the listing or delisting of the CASHES or, as the case may be, the Fortis Shares (as a class) by any of such stock exchanges.

### 23. Prescription

Any right to any unclaimed Coupon will become void unless a claim for payment is made within a period of five years from the date on which such payment becomes due and thereafter no claim may be made in respect thereof.

### Definitions

As used herein, the following capitalized terms have the meanings set forth below:

“**3-month EURIBOR**” has the meaning set forth in Paragraph 5(d)

“**Actual/Actual Basis**” has the meaning set forth in Paragraph 5(d)

“**Additional Interest**” has the meaning set forth in Paragraph 8(a)

“**Additional Shares**” has the meaning set forth in Paragraph 9(b)(ii)

“**Alternative Coupons**” has the meaning set forth in Paragraph 6(c)

“**Alternative Coupon Notice**” has the meaning set forth in Paragraph 6(e)

“**Alternative Coupon Satisfaction Date**” has the meaning set forth in Paragraph 6(e)

“**Alternative Coupon Satisfaction Method**” has the meaning set forth in Paragraph 6(d)

“**Arrears of Interest**” has the meaning set forth in Paragraph 8

“**Assets**” has the meaning set forth in Paragraph 6(c)

“**Automatic Exchange**” has the meaning set forth in Paragraph 9(a)(i)

“**Automatic Exchange Event**” has the meaning set forth in Paragraph 9(a)(i)

“**Automatic Exchange Price Level**” has the meaning set forth in Paragraph 9(a)(i)

“**Bankruptcy Proceeding**” has the meaning set forth in Paragraph 4(b)

“**BONY**” has the meaning set forth in Paragraph 3

“**Book-Entry Interests**” has the meaning set forth in Paragraph 3

“**Business Day**” has the meaning set forth in Paragraph 5(a)

“**Calculation Agent**” has the meaning set forth in Paragraph 3

“**Capital Distribution**” has the meaning set forth in Paragraph 9(c)(vi)(B)

“**Cash Settlement Method**” has the meaning set forth in Paragraph 9(b)(ii)



“**CASHES**” means Convertible and Subordinated Hybrid Equity-linked Securities (“CASHES”) in aggregate principal amount of €3,000,000,000.

“**CBFA**” has the meaning set forth in Paragraph 6(c)

“**Clearstream**” has the meaning set forth in Paragraph 3

“**Collateral Agent**” has the meaning set forth in Paragraph 3

“**Common Depositary**” has the meaning set forth in Paragraph 3

“**Co-obligors**” has the meaning set forth in Paragraph 2

“**Coupon**” has the meaning set forth in Paragraph 2

“**Coupon Date**” has the meaning set forth in Paragraph 5(a)

“**Coupon Period**” has the meaning set forth in Paragraph 5(a)

“**Definitive Securities**” has the meaning set forth in Paragraph 3

“**Determination Date**” has the meaning set forth in Paragraph 5(d)

“**Dividend**” has the meaning set forth in Paragraph 6(a)(i)

“**Dividend Announcement**” has the meaning set forth in Paragraph 6(a)(i)

“**Dividend Yield**” has the meaning set forth in Paragraph 6(a)(i)

“**Domiciliary Agent**” has the meaning set forth in Paragraph 3

“**Elective Alternative Coupons**” has the meaning set forth in Paragraph 6(c)

“**Eligible Investors**” has the meaning set forth in Paragraph 3

“**Equivalent Amount**” has the meaning set forth in Paragraph 9(b)(iii)

“**Euroclear**” has the meaning set forth in Paragraph 3

“**Euro MTF**” has the meaning set forth in Paragraph 3

“**Euronext Amsterdam**” has the meaning set forth in Paragraph 6(a)(ii)

“**Euronext Brussels**” has the meaning set forth in Paragraph 6(a)(ii)

“**Euro-zone**” has the meaning set forth in Paragraph 5(d)

“**Event of Default**” has the meaning set forth in Paragraph 11(a)

“**Exceptional Alternative Coupons**” has the meaning set forth in Paragraph 6(c)

“**Exchange Agent**” has the meaning set forth in Paragraph 3

“**Exchange Date**” has the meaning set forth in Paragraph 9(b)(i)

“**Exchange Notice**” has the meaning set forth in Paragraph 9(b)(i)

“**Exchange Period**” has the meaning set forth in Paragraph 9(a)(i)

“**Exchange Price**” has the meaning set forth in Paragraph 9(a)(i)

“**Exchange Ratio**” has the meaning set forth in Paragraph 9(a)(i)

“**Exchange Right**” has the meaning set forth in Paragraph 9(a)(i)

“**Exchange Settlement Period**” has the meaning set forth in Paragraph 9(b)(ii)

“**Exempt Share Class**” has the meaning set forth in Paragraph 7(b)

“**Fair market value**” has the meaning set forth in Paragraph 6(c)(ii)

“**Fortis Bank**” means Fortis Bank nv-sa, a company with limited liability (*naamloze vennootschap/société anonyme*) and a bank incorporated under the laws of Belgium

“**Fortis Share**” has the meaning set forth in Paragraph 4(c)

“**Holder**” means a registered holder of the CASHES

**“Indenture”** means an Indenture dated as of December 19, 2007  
**“Independently Determined”** has the meaning set forth in Paragraph 9(c)(iv)  
**“Initial Underlying Shares”** has the meaning set forth in Paragraph 9(a)(i)  
**“Insolvent”** has the meaning set forth in Paragraph 6(c)  
**“Interest Rate”** has the meaning set forth in Paragraph 5(c)  
**“Interest Rate Calculation Agent”** has the meaning set forth in Paragraph 3  
**“Intermediary”** has the meaning set forth in Paragraph 3  
**“Issue Date”** has the meaning set forth in Paragraph 3  
**“Junior Securities”** has the meaning set forth in Paragraph 4(a)  
**“Liquid Equity Securities”** has the meaning set forth in Paragraph 9(c)(iv)  
**“Luxembourg Paying Agent”** has the meaning set forth in Paragraph 3  
**“Market Disruption Event”** has the meaning set forth in Paragraph 6(h)  
**“Merger/Change in Control Event”** has the meaning set forth in Paragraph 9(c)(vi)(A)  
**“NBB”** has the meaning set forth in Paragraph 1  
**“Optional Cash Settlement”** has the meaning set forth in Paragraph 9(a)(i)  
**“Optional Cash Settlement Notice”** has the meaning set forth in Paragraph 9(b)(ii)  
**“Optional Exchange”** has the meaning set forth in paragraph 9(a)(i)  
**“Ordinary Shares”** has the meaning set forth in Paragraph 7(a)  
**“Parent Companies”** means Fortis N.V. together with Fortis SA/NV  
**“Parity Securities”** has the meaning set forth in Paragraph 4(a)  
**“Paying Agent”** has the meaning set forth in Paragraph 3  
**“Permitted Share Acquisition”** has the meaning set forth in Paragraph 7(a)  
**“Pledge Agreement”** has the meaning set forth in Paragraph 9(c)(vi)  
**“Postponement Event”** has the meaning set forth in Paragraph 6(h)  
**“Record Date”** has the meaning set forth in Paragraph 5(a)  
**“Registrar”** has the meaning set forth in Paragraph 3  
**“Regular Coupon Date”** has the meaning set forth in Paragraph 5(a)  
**“Regulation S”** has the meaning set forth in Paragraph 3  
**“Relevant Exchange”** has the meaning set forth in Paragraph 6(a)(ii)  
**“Rule 144A”** has the meaning set forth in Paragraph 9(b)(i)  
**“Securities Act”** has the meaning set forth in Paragraph 1  
**“Senior and Subordinated Obligations”** has the meaning set forth in Paragraph 4(a)  
**“Stock Exchange Business Day”** has the meaning set forth in Paragraph 6(a)(iii)  
**“TARGET Settlement Day”** has the meaning set forth in Paragraph 5(d)  
**“TARGET System”** has the meaning set forth in Paragraph 5(d)  
**“Taxes”** has the meaning set forth in Paragraph 17  
**“Taxing Jurisdiction”** has the meaning set forth in Paragraph 17  
**“Threshold Dividend Yield”** has the meaning set forth in Paragraph 6(a)  
**“Trigger Event”** has the meaning set forth in Paragraph 6(c)

“**Trustee**” means The Bank of New York Mellon, together with any successor appointed from time to time under the Indenture

“**Underlying Shares**” has the meaning set forth in Paragraph 9(a)(i)

“**Volume Weighted Average Price**” has the meaning set forth in Paragraph 6(a)(iv)

“**X/N System**” has the meaning set forth in Paragraph 3

“**Yield Threshold**” has the meaning set forth in Paragraph 9(c)(vi)(B)

## **DESCRIPTION OF THE PLEDGE AGREEMENT**

The Pledge Agreement, between Fortis Bank as pledgor and BONY as Collateral Agent, secures the Co-obligors' obligation to exchange the Underlying Shares upon exercise of the Exchange Right by the holders of the CASHES pursuant to the Indenture. Under the Pledge Agreement, Fortis Bank will pledge to the Collateral Agent in favor of the holders of the CASHES, as a first ranking pledge, the Underlying Shares as well as any additional Fortis Shares or other securities which may be issued from time to time pursuant to the terms of the Indenture.

The security created by the Pledge Agreement is a continuing security which will not be affected by (i) any amendment to the Indenture, (ii) any amendments to Fortis Bank's articles of association, or (iii) any modifications to the articles of association of Fortis N.V. or Fortis SA/NV.

Fortis Bank will indemnify the Collateral Agent with respect to all liabilities and expenses incurred by the Collateral Agent under the Pledge Agreement, save for liabilities and expenses arising from gross negligence or willful misconduct of the Collateral Agent, and neither the Collateral Agent nor Fortis Bank will be liable for any losses arising in connection with the timing of the exercise by the Collateral Agent of its powers under the Pledge Agreement. The Collateral Agent, but not Fortis Bank, will possess a right of assignment. The Pledge Agreement will be governed by the laws of The Netherlands; the Collateral Agent will reserve the right to refer any disputes arising under the Pledge Agreement to any court of competent jurisdiction.

## DESCRIPTION OF FORTIS CAPITAL STOCK

*The description set forth below is a summary of the material information relating to Fortis N.V.'s and Fortis SA/NV's share capital, including summaries of certain provisions of the articles of association and applicable Dutch and Belgian law in effect at the date hereof. This summary does not purport to be complete and is qualified in its entirety by reference to the full articles of association.*

### Fortis Shares

On December 14, 2001 Fortis unified the separately listed securities of the two Parent Companies through the creation of a new single listed security, the Fortis Share, comprising one ordinary share in Fortis SA/NV twinned with one ordinary share in Fortis N.V.

According to the articles of association of each of Fortis SA/NV and Fortis N.V., the number of ordinary shares in Fortis SA/NV and Fortis N.V. shall remain identical at all times. Any issue of a Fortis Share will require the issue of one ordinary share in each of the Parent Companies. The ordinary shares in Fortis SA/NV and Fortis N.V. cannot be transferred separately, and any holder of a Fortis Share holds an interest in each of the Parent Companies and will be treated as a shareholder for voting and other purposes of each Parent Company. All holders of a Fortis Share will have the right to choose whether they receive a Fortis SA/NV dividend or a Fortis N.V. dividend.

### Fortis N.V.

#### *General*

Fortis N.V. is a public limited liability company incorporated in the form of a *naamloze vennootschap* under Dutch law. Fortis N.V. was incorporated on April 19, 1984 as a public limited liability company. Fortis N.V. has its corporate seat in Utrecht, The Netherlands, with its head office at Archimedeslaan 6, 3584 BA Utrecht, The Netherlands, and is registered with the Trade Register at the Chamber of Commerce of Utrecht under number 30072145. The telephone number of the Secretariat of the Board of Directors of Fortis N.V. is +31 (0)30 226 3655.

#### *Share Capital*

##### *Authorized Capital*

The authorized share capital of Fortis N.V. amounts to EUR 1,948,800,000, and is currently divided into (i) 2,820 million Fortis N.V. Shares, each with a nominal value of EUR 0.42; and (ii) 1,820 million (cumulative) preference shares, each with a nominal value of EUR 0.42. The cumulative preference shares will only be in registered form. Until January 1, 2008, Fortis N.V. Shares may be held, at the option of the shareholder, in bearer or registered form. As of January 1, 2008, Fortis N.V. Shares will only be issued in bearer form for inclusion in the giro system under the Dutch Securities Giro Transfer Act (*Wet giraal effectenverkeer*), the giro system under the Belgian Royal Decree No. 52 of November 10, 1967 or another giro system designated by the Board of Directors. Holders of bearer Fortis N.V. Shares which are not included in such a giro system must either register their shareholding or include it in such a giro system no later than on December 31, 2013.

In accordance with Dutch law, transfer of a registered share in Fortis N.V. requires, among other things, a deed of transfer and, if Fortis N.V. is not a party to the transfer, a written acknowledgment by Fortis N.V. or service of the deed of transfer on Fortis N.V. The acknowledgment must be made in the deed of transfer, or by a dated statement on the deed of transfer or on a copy or extract thereof certified by a civil law notary or the transferor to be a true copy or extract of the deed of transfer. Official service by a public bailiff of the deed of transfer or of such copy or extract on Fortis N.V. has the same effect as an acknowledgment by Fortis N.V. of the transfer.

Holders of registered shares are entered in a shareholder register, which is maintained by Fortis N.V. for each class of shares. On request of the holder of registered shares, Fortis N.V. is required to provide an extract from the register of shareholders in the name of the holder.

The Fortis N.V. Shares will be issued in the form of unit certificates which bear a dividend coupon sheet consisting of separate dividend coupons and talons. These unit certificates indicate that the holder of a bearer Fortis N.V. Share is also holder of a Fortis SA/NV Share.



### *Ordinary Twinned Shares*

As of October 31, 2007 (after giving effect to the Rights Offer), 2,241,121,955 ordinary twinned shares were issued and outstanding. All issued and outstanding ordinary twinned shares are fully paid.

### *Preference Shares*

None of Fortis N.V.'s 1,820 million, EUR 0.42 par value, authorized cumulative preference shares (as provided for in Fortis N.V.'s articles of association as part of its authorized share capital) are issued or outstanding. However, Fortis N.V. has granted an option to the Stichting Continuïteit Fortis (the "**Foundation**") to acquire a maximum number of cumulative preference shares of Fortis N.V. (which have the same voting rights as the Fortis N.V. Shares). Once the option has been exercised, the number of cumulative preference shares issued shall not exceed the number of ordinary shares issued.

Under Dutch law, the Foundation is an independent legal entity and is not owned or controlled by any person or entity. Its purpose is ensure continuity, so that the interests of Fortis N.V. and its stakeholders are safeguarded as fully as possible. The Foundation will only exercise its option rights in accordance with this purpose. The exercise price of each of the options is EUR 0.42 per cumulative preference share, although upon exercise of the option only 25% of the nominal value is required to be paid. The additional 75% of the nominal value per cumulative preference share will not be required to be paid by the Foundation until a call for payment is made by Fortis N.V. by resolution of the Fortis N.V. Board of Directors.

The Board of the Foundation consists of six members: four members are independent with respect to Fortis while two members may be related to Fortis. Additionally, the four independent members have two votes per member while the other two related members have one vote per member. This composition of the Board has been approved by Euronext Amsterdam.

Each transfer of cumulative preference shares requires the approval of the Fortis N.V. Board of Directors. If any cumulative preference shares are issued, a General Meeting of shareholders shall be convened which shall be held no later than two years after the date on which cumulative preference shares were first issued. A resolution concerning repurchase/acquisition by Fortis N.V. or cancellation, as the case may be, of the cumulative preference shares shall be put on the agenda of such a meeting.

If the resolution to be taken on this agenda item is not a resolution for the repurchase/acquisition by Fortis N.V. or cancellation, as the case may be, of the cumulative preference shares, a General Meeting of Shareholders will be convened and held, in each case within two years of the previous Meeting, for which Meeting a resolution concerning the repurchase/acquisition by Fortis N.V. or cancellation, as the case may be, of the cumulative preference shares will be put on the agenda, until there are no cumulative preference shares outstanding.

### *Issuance of Fortis N.V. Shares*

The Board of Directors may be authorized by resolution of the General Meeting of Shareholders to issue from time to time Fortis N.V. Shares and cumulative preference shares. If the Board of Directors has been so authorized, the General Meeting of Shareholders may not resolve to issue new shares for the duration of the authorization. The Board of Directors of Fortis N.V. was authorized to this effect on May 31, 2006.

The authority of the Board of Directors to issue shares of capital stock will terminate on May 31, 2009 unless renewed by the General Meeting of Shareholders of Fortis N.V. in accordance with Dutch law and the articles of association, in each instance for a period not exceeding five years. In the event that the authority of the Board of Directors to issue shares of capital stock terminates, the issuance of capital stock would require a resolution of the General Meeting of Shareholders. For purposes of the foregoing granted authority, issuance of shares of capital stock includes the granting of rights to subscribe to shares of capital stock, such as options and subscription rights, but does not apply to the issue of shares to a person exercising prior rights to take shares. Ordinary shares shall only be issued against payment of at least the nominal value. Cumulative preference shares may be issued against partial payment; provided that upon the taking of such shares at least one-quarter of the nominal value is paid.

With the exception of shares issued for the purpose of distributing a stock dividend (provided, in such case, that they are only issued to Fortis SA/NV against contribution in cash by the latter), Fortis N.V. Shares can only be issued, subscribed, cancelled, transferred by persons/companies others than Fortis N.V. and encumbered with a right of pledge or usufruct or any other limited right in rem (*beperkt zakelijk recht*),

together with a Fortis SA/NV Share in the form of a Fortis Share, so that shareholders are in the same position as if they held shares in a single company.

### *Dividends*

Subject to certain exceptions, dividends may only be paid out of annual profits as shown in the annual accounts of Fortis N.V. Distributions may not be made if the distribution would reduce shareholders' equity below the sum of the paid-up capital and any reserves required by Dutch law or the articles of association. Prior to paying dividends on ordinary shares, Fortis N.V. has an obligation to pay dividends on outstanding cumulative preference shares, if any. Subject to the foregoing, the General Meeting of Shareholders shall decide on the appropriation of the profits upon proposal of the Board of Directors.

The Board of Directors may pay interim dividends on one or more classes of shares, subject to the condition that the distribution of interim dividends shall only be possible if an interim statement of capital, drawn up in accordance with the statutory requirements, shows that the shareholders' equity exceeds the sum of the issued and paid-up share capital plus the reserves to be maintained pursuant to the law and Fortis N.V. articles of association.

Fortis N.V. will follow the same dividend policy as Fortis SA/NV. The gross amount of dividends paid out of Fortis N.V. depends on the outcome of the dividend election procedure. In this procedure, the shareholders may elect to receive dividends from either Fortis SA/NV or Fortis N.V., but not from both, in such a way that the source of the dividends distributed on the Fortis Shares will be either Belgium or The Netherlands.

Distributions shall be due and payable with effect from a day to be determined by the Board of Directors. The days for distributions on ordinary shares and on cumulative preference shares may differ. A shareholder's claim to a particular dividend shall lapse five years after commencement of the day following the day on which the claim became payable.

### *Voting Rights*

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. Extraordinary General Meetings of Shareholders shall be held as often as the Board of Directors convenes the same and must be held if one or more shareholders representing at least one-tenth of the issued share capital make a written request to that effect to the Board of Directors specifying in detail the exact items to be discussed. All notices of those meetings shall be given by means of an advertisement in (a) a nationally distributed newspaper in The Netherlands, (b) the Official Price list of Euronext Amsterdam N.V. in Amsterdam, (c) a nationally distributed newspaper in the French language distributed in Belgium, (d) a nationally distributed newspaper in the Dutch language distributed in Belgium, and (e) nationally distributed newspapers in every country where the Fortis Share is admitted to the official listing of a stock exchange. The Board of Directors may determine that 00.00 hrs on the seventh business day preceding the date of any General Meeting shall be the registration date for that meeting, which will be included in the convocation for the relevant General Meeting. In that case, only persons who, on the registration date, are registered in the register designated for the purpose by the Board of Directors as a person holding Fortis N.V. Shares, may participate in the General Meeting as a shareholder and vote for the number of Fortis N.V. Shares registered in their name on the registration date (irrespective of whether they continue to be the holder of the relevant Fortis Shares on the date of the General Meeting. If the Board of Directors does not determine a registration date, a shareholder is entitled to attend the General Meetings of Fortis N.V. and to vote there; provided that, at least at the date mentioned in the convocation, (a) the owner of registered twinned shares has informed Fortis N.V. of his intention to take part in the meeting, (b) the owner of physical bearer Fortis N.V. Shares has lodged his securities at the registered office or any other place indicated in the convocation and (c) the owner of bearer Fortis N.V. Shares through the book-entry system has lodged at the registered office or any other place indicated in the convocation, a notice of a banking institution stating the non-transferability of the securities until the date of the meeting.

Resolutions are adopted at General Meetings of Shareholders by a majority of the votes cast (except where a different proportion of votes is required by the articles of association or Dutch law), and there are generally no quorum requirements applicable to such meetings, except as set forth in the following paragraphs. Each share in the capital of Fortis N.V. is entitled to one vote except for shares owned by Fortis N.V., Fortis SA/NV, or any of their subsidiaries, which do not have voting rights.

### ***Amendment of articles of association and dissolution of Fortis N.V.***

A resolution to amend the articles of association of Fortis N.V. or to dissolve Fortis N.V. may only be passed upon proposal of the Board of Directors. The resolution to amend the articles of association or to dissolve Fortis N.V. may only be passed at a General Meeting of Shareholders at which more than half of the issued capital is represented and by at least three-quarters of the votes cast; if the required capital is not represented at a meeting convened for this purpose, then a new meeting shall be convened and held within four weeks, which meeting may pass the resolution to amend the articles of association or to dissolve Fortis N.V. regardless of the represented capital, but by at least three-quarters of the votes cast.

### ***Appointment of the Board of Directors***

The Board of Directors of Fortis N.V. is composed of a maximum of 17 members. Board members without management functions within Fortis N.V., or in general within the Fortis Group, are considered as non-executive Board members. Board members with management functions within Fortis N.V., or in general within the Fortis Group, are considered as executive Board members. The members of the Board of Directors are appointed by the General Meeting of Shareholders upon proposal of the Board of Directors for a maximum period of four years, subject to renewal for maximum periods of four years each. The Board of Directors appoints from amongst its members a Chairman and a Vice Chairman.

### ***Approval of financial statements***

The financial year of Fortis N.V. coincides with the calendar year. Within five months after the end of the financial year, the Board of Directors submits Fortis N.V.'s financial statements (*jaarrekening*), together with an opinion of the statutory auditor in respect thereof, to the General Meeting of Shareholders for adoption. Following adoption of Fortis N.V.'s financial statements by the General Meeting of Shareholders, the shareholders will be requested to discharge the members of the Board of Directors from liability for the performance of their respective duties for the past financial year. Under Dutch law this discharge is not absolute and is not effective as to matters not disclosed to the shareholders.

### ***Liquidation rights***

In the event of the dissolution and liquidation of Fortis N.V., the assets remaining after payment of all debts and liquidation expenses shall be distributed to the holders of Fortis N.V. Shares, each receiving a sum proportional to the number of Fortis N.V. Shares held by them, after payment of any sums due to the holders of the then outstanding cumulative preference shares, if any.

### ***Shareholders' pre-emptive rights***

Each holder of Fortis Shares and cumulative preference shares has upon issue of their respective class of shares a pre-emptive right to take new Fortis N.V. Shares or cumulative preference shares, as the case may be, proportional to the amount of existing shares held. Notwithstanding the foregoing, holders of shares will not have pre-emptive rights in respect of (i) issuances of shares to employees of Fortis N.V. or group companies and (ii) issuances of shares for non-cash consideration.

Holders of shares also do not have pre-emptive rights in connection with the issuance of shares that are issued pursuant to the exercise of a right to subscribe to such shares, such as options and subscription rights, although the holders of shares have pre-emptive rights in respect of the issuance of such options and subscription rights.

The Board of Directors may be authorized by resolution of the General Meeting of Shareholders to restrict or exclude pre-emptive rights with respect to the shares if the shareholders have delegated the authority to issue these shares to the Board of Directors, subject to a similar decision to be made by the appropriate corporate body of Fortis SA/NV. The shareholders delegated that authority by resolution dated May 31, 2006. The authority of the Board of Directors to restrict or exclude pre-emption rights is unlimited and will terminate on May 31, 2009 unless renewed by the General Meeting of Shareholders of Fortis N.V. in accordance with Dutch law and the articles of association, in each instance for a period not exceeding five years. In the absence of such authorization or extension of such authorization the General Meeting of Shareholders has the power to limit or eliminate such rights, subject to a similar decision to be made by the appropriate corporate body of Fortis SA/NV. Such a resolution requires a two-thirds majority of the votes cast, if less than half of the issued share capital is represented at the Meeting.

### ***Acquisition by Fortis N.V. of its own Fortis Shares***

Fortis N.V. or any subsidiary of Fortis N.V. may acquire shares of any class of its capital, subject to certain provisions of Dutch law and the articles of association, if (i) shareholders' equity less the payment required to make the acquisition does not fall below the sum of paid-up capital and any reserves required by Dutch law or the articles of association and (ii) Fortis N.V. and its subsidiaries would thereafter not hold or retain by way of pledge shares with an aggregate nominal value exceeding one-tenth of Fortis N.V.'s issued share capital. No right to any distributions shall accrue to Fortis N.V. in respect of shares in its own capital. At a General Meeting of Shareholders, no votes may be cast in respect of a share held by Fortis N.V. or a subsidiary. An acquisition by Fortis N.V. of shares of any class of its capital may be effected by the Board of Directors; provided that the General Meeting of Shareholders of Fortis N.V. has granted to the Board of Directors the authority to do so. Such grant of authority may apply for a maximum period of 18 months and must specify the number of shares that may be acquired, the manner in which the shares may be acquired and the price limits within which shares may be acquired.

On May 23, 2007, the Annual General Meeting of Shareholders of Fortis N.V. authorized the Board of Directors to repurchase paid-up shares in its own capital up to the maximum number of shares permitted by law. Such a repurchase may be carried out privately or on a stock exchange, for a consideration equal to the average of the closing prices of the Fortis Share on Euronext Brussels and Euronext Amsterdam on the day immediately preceding the repurchase, increased or decreased by a maximum of 15%, or through stock-lending transactions on market-conforming terms. This authorization shall expire on November 30, 2008. No such authority is required for the acquisition by Fortis N.V. of shares in its own capital for the purpose of transferring such shares to employees of Fortis N.V. or any subsidiary thereof pursuant to any arrangements applicable to such employees; provided that such shares are included in the price list of a stock exchange.

### ***Limitation on right to hold or vote shares***

There are no limitations imposed by Dutch law or the articles of association on the right of non-resident owners to hold or vote the shares solely by reason of such non-residence.

### ***Obligation of shareholders to disclose major holdings***

Under the Dutch Financial Markets Supervision Act, any person whose capital interest or voting rights in Fortis N.V. (whether direct or indirect) reaches, exceeds or falls below any of the following thresholds: 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%, must promptly notify the AFM by means of a standard form. In addition, any person holding (whether directly or indirectly) a capital interest or voting right in Fortis N.V. of 5% or more, must notify the AFM by means of a standard form within four weeks after December 31 of each year, if on December 31 the composition of that holding differs from the composition of the holding most recently notified to the AFM as a result of certain acts including (without limitation) the exchange of shares for depositary receipts or vice versa and the exercise of a right to acquire shares. The AFM will include all notifications in a public register.

For the purpose of calculating a person's capital interest or voting rights in Fortis N.V., among others the following interests must be taken into account: (i) shares and voting rights held by that person, (ii) shares and voting rights held by a subsidiary of that person or by a third party for that person's account or by a third party with whom that person has concluded an oral or written voting agreement (including a discretionary power of attorney), and (iii) shares and voting rights which that person, or any subsidiary of that person or third party referred to above, may acquire pursuant to any option or other right held by that person. Specific rules apply to the attribution of shares and voting rights which are part of the property of a partnership or other community of property. If shares are pledged or subject to a right of usufruct, the holder of the pledge or right of usufruct may be subject to the notification requirements set out above if that holder has or may acquire the voting rights attaching to the shares. If a pledgee or usufructuary acquires voting rights on shares which have been pledged or are subject to a right of usufruct, the shareholder may be required to notify the reduction in his voting rights. For the purpose of the disclosure requirement, shares include depositary receipts for shares.

Non-compliance with the obligations of the Dutch Financial Markets Supervision Act constitutes a criminal offence. In addition, the AFM may impose administrative fines. Furthermore, the District Court (*Arrondissementsrechtbank*) competent for the jurisdiction within which Fortis N.V. has its corporate seat can impose measures at the request of one or more holders of shares who alone or together with others represent at least one-twentieth of the issued share capital of Fortis SA/NV, and by Fortis N.V.

The measures which the District Court may impose include (i) condemnation of the person who is obliged to notify to do so in accordance with the Dutch Financial Markets Supervision Act; (ii) suspension of voting rights in respect of such person's shares for a period to be determined by the court with a maximum of three years; (iii) suspension of a resolution of Fortis N.V.'s General Meeting of Shareholders until an irrevocable decision has been taken on an order as referred to in subsection (iv); (iv) nullification of a resolution by Fortis N.V.'s General Meeting of Shareholders, insofar as it is reasonable to assume that such resolution would not have been adopted if the voting rights on the shares in Fortis N.V.'s capital held by the person who is obliged to notify had not been exercised; and (v) an order to the person who is obliged to notify to refrain, during a period to be determined by the court with a maximum of five years, from acquiring shares in the capital of Fortis N.V. and/or voting rights.

## **Fortis SA/NV**

### ***General***

Fortis SA/NV is a public limited liability company incorporated in the form of a société anonyme/naamloze vennootschap under Belgian law. Fortis SA/NV was incorporated on November 16, 1993 and has its registered office at Rue Royale/Koningsstraat 20, 1000 Brussels, Belgium. Fortis SA/NV is registered in the register of legal entities (*registre des personnes morales/rechtspersonenregister*) under enterprise number 0451.406.524. The telephone number of Fortis SA/NV Corporate Administration is +32(0)2 565 54 18 or +32(0)2 565 54 23.

### ***Share capital***

#### ***Issued share capital***

On October 31, 2007, the issued share capital of Fortis SA/NV amounted to EUR 9,600,768,059.81 and was represented by 2,241,121,955 shares, without indication of nominal value.

#### ***Authorized capital***

The Extraordinary General Meeting held on August 6, 2007 renewed the authorization to the Board of Directors to increase the share capital of Fortis SA/NV, in one or more transactions, with a maximum amount of EUR 1,148,112,000. This authorization is granted for three years, with effect as from the date of publication in the Belgian State Gazette of the resolutions of the Extraordinary General Meeting.

In addition, the same Extraordinary General Meeting of August 6, 2007 authorized the Board of Directors to increase the share capital of Fortis SA/NV with a maximum amount of EUR 4,609,584,000, with effect as from the date of publication in the Belgian State Gazette of the resolutions of the Extraordinary General Meeting. This authorization was exclusively granted to partly finance Fortis SA/NV's participation in the ABN AMRO Offer and is valid until March 31, 2008. On October 15, 2007, the Board of Directors made use of this authorization to approve the issue of 896,181,684 new Fortis SA/NV shares in the framework of a capital increase in cash with preference right.

### ***Issuance of Fortis SA/NV Shares***

Fortis SA/NV Shares are issued by way of resolution of either the General Meeting of Shareholders or the Board of Directors in the case of capital increase through authorized capital. Any resolution to issue Fortis SA/NV Shares or to grant any right to subscribe or acquire Fortis SA/NV Shares (including, but not limited to, subscription rights and convertible bonds) is only effective once and to the extent that there is a corresponding resolution of the appropriate corporate body of Fortis N.V., both resolutions taking effect at the same time, to issue the same number of Fortis N.V. Shares or, as the case may be, the same number of rights to subscribe or acquire Fortis N.V. Shares.

### ***Dividends***

The Belgian Companies Code provides that dividends can only be paid up to an amount equal to the excess of a company's shareholders' equity over the sum of (i) paid up or called up capital and (ii) reserves not available for distribution pursuant to law or the articles of association. Fortis SA/NV will follow the same dividend policy as Fortis N.V. The gross amount of dividends paid out of Fortis SA/NV depends on the outcome of the dividend election procedure. In this procedure, the shareholders may elect to receive dividends from either Fortis SA/NV or Fortis N.V., but not from both, in such a way that the source of the dividends distributed on the Fortis Shares will be either Belgium or The Netherlands.



According to the law, the right to receive dividends on registered shares lapses five years after the payment date of these dividends. The right to claim dividends on bearer shares does not lapse except if the company lodges the dividends with the Bank for Official Deposits (*Caisse des Dépôts et Consignations/ Deposito- en Consignatiekas*), in which case the right to claim dividends lapses 30 years after the date on which these dividends were lodged. The Belgian State then becomes the beneficiary of all unclaimed dividends on bearer shares.

### ***Voting rights***

The Ordinary General Meeting of Shareholders shall be held on the last Wednesday of May of each year at the registered office, at 10:30 a.m., or at any other time, date or place in Belgium mentioned in the convocation. Extraordinary General Meetings of Shareholders are held as often as decided by the Board of Directors or at the written request of shareholders representing at least one-tenth of the capital, which request shall include the exact items to be discussed.

Notice for the General Meeting of Shareholders shall be given in the form of announcements placed in (a) a nationally distributed newspaper in the French language in Belgium, (b) a nationally distributed newspaper in the Dutch language in Belgium, (c) a regional newspaper in the region where the registered office is located, (d) the Belgian State Gazette (*Moniteur belge/Belgisch Staatsblad*), (e) a nationally distributed newspaper in The Netherlands, and (f) nationally distributed newspapers in every country where the Fortis Share is admitted to the official listing of a stock exchange.

All holders of Fortis SA/NV Shares are entitled to attend the General Meetings of Shareholders, take part in the deliberations and, within the limits prescribed by the Belgian Companies Code, to vote. The Board of Directors may determine that 00.00 hrs on the seventh business day preceding the date of any General Meeting shall be the registration date for that meeting, which will be included in the convocation for the relevant General Meeting. In that case, only persons who, on the registration date, are registered in the register designated for the purpose by the Board of Directors as a person holding Fortis SA/NV Shares, may participate in the General Meeting as a shareholder and vote for the number of Fortis SA/NV Shares registered in their name on the registration date (irrespective of whether they continue to be the holder of the relevant Fortis Shares on the date of the General Meeting). If the Board of Directors does not determine a registration date, a shareholder must (i) have lodged these at the registered office or any other place indicated in the convocation at least five working days before the date set for the meeting and within the same period have informed Fortis SA/NV of his/her/its intention to take part in the meeting or (ii) lodge, at the registered office or any other place indicated in the convocation and at least five working days before the date set for the meeting, a notice of a banking institution stating the non-transferability of the securities until the date of the meeting.

Resolutions are adopted at General Meetings of Shareholders by a majority of the votes cast (except where a different proportion of votes is required by Fortis SA/NV's articles of association or by Belgian law), and there are generally no quorum requirements applicable to such meetings, except as set forth in the following paragraphs.

Each share in the capital of Fortis SA/NV is entitled to one vote except for shares owned by Fortis SA/NV, or by any of its direct subsidiaries, the voting rights of which are suspended.

### ***Right to share in the result***

The shareholders have the right to share in the result of Fortis under the conditions laid down by the Belgian Companies Code and by the articles of association.

### ***Amendment of articles of association and dissolution of Fortis SA/NV***

A resolution to amend the provisions of the articles of association or to dissolve Fortis SA/NV must be passed in a General Meeting of Shareholders in which at least half of the issued share capital is represented and by at least three-quarters of the votes cast (or four-fifths of the votes cast in the event of an amendment to the provisions of the articles of association dealing with the corporate purpose). Should the required proportion of the capital not be represented in a meeting called for this purpose, a new meeting shall be convened, which meeting may pass the resolution to amend the provisions of the articles of association or dissolve Fortis SA/NV irrespective of the proportion of the issued share capital represented, but with at least three-quarters of the votes cast (or four-fifths for amendments to the provisions of the articles of association dealing with the corporate purpose).

### ***Appointment of the Board of Directors***

The Board of Directors is composed of a maximum of 17 members. Board members without management functions within Fortis SA/NV, or in general within the Fortis Group, are considered as non-executive Board members. Board members with management functions within Fortis SA/NV, or in general within the Fortis Group, are considered as executive Board members. The members of the Board of Directors are appointed by the General Meeting of Shareholders upon proposal of the Board of Directors, for a maximum period of four years, subject to renewal for maximum periods of four years each. The Board of Directors appoints from amongst its members a Chairman and a Vice Chairman.

### ***Approval of financial statements***

The financial year of Fortis SA/NV coincides with the calendar year. Within six months after the end of the financial year, the Board of Directors submits Fortis SA/NV's financial statements, together with an opinion of the statutory auditor in respect thereof, to the General Meeting of Shareholders for adoption. Following adoption of Fortis SA/NV's financial statements by the General Meeting of Shareholders, the shareholders will be requested to discharge the members of the Board of Directors from liability for the performance of their respective duties for the past financial year. Under Belgian law this discharge is not absolute and is not effective as to matters not disclosed to the shareholders.

### ***Liquidation rights***

In the event of the dissolution and liquidation of Fortis SA/NV, the assets remaining after payment of all debts and liquidation expenses shall be distributed to the holders of the Fortis SA/NV Shares, each receiving a sum proportional to the number of Fortis SA/NV Shares held by them.

### ***Shareholders' preference rights***

Pursuant to Belgian law, existing shareholders must be offered a preference right in the event of a capital increase to be subscribed in cash. However, the General Meeting of Shareholders may decide, in the interest of the company and in accordance with the conditions required for amending the articles of association, that all or part of the new Fortis SA/NV Shares to be subscribed will not be offered to existing shareholders on a preferential basis, subject to a similar decision to be made by the appropriate corporate body of Fortis N.V. The Board of Directors may equally, in connection with a capital increase by way of authorized capital, in the interest of the company, decide that the preference rights of existing shareholders are to be limited or cancelled, even if this limitation or cancellation is undertaken in favor of one or more specific persons other than employees of Fortis SA/NV or one or more of its subsidiaries. The decision of the Board of Directors is subject to a similar decision to be made by the appropriate corporate body of Fortis N.V.

### ***Acquisition by Fortis SA/NV of its own Fortis Shares***

Fortis SA/NV may only acquire its own shares pursuant to a decision by the General Meeting of Shareholders taken under the conditions of quorum and majority provided for in the Belgian Companies Code. The General Meeting of Shareholders of May 23, 2007 delegated authority to the Board of Directors, for a period of 18 months from such a date, to acquire Fortis Shares up to the maximum number allowed under Article 620, § 1, 2° of the Belgian Companies Code and for a consideration equal to the average of the closing prices of the Fortis Share on Euronext Brussels and Euronext Amsterdam on the day immediately preceding such a repurchase, increased or decreased by a maximum of 15%.

### ***Limitation on right to hold or vote shares***

There are no limitations imposed by Belgian law or the articles of association on the right of non-resident owners to hold or vote the shares solely by reason of such non-residence.

### ***Option Rights***

See "Employee Stock and Option Plans" above.

### ***Obligation of shareholders to disclose major holdings***

All natural or legal persons who possess or acquire rights or other securities in the meaning of the Belgian Law of March 2, 1989 concerning the notification of major shareholdings in companies listed on the stock market and regulating public take-over bids, must declare to the Board of Directors and the CBFA the

number of rights or securities directly or indirectly owned or owned in concert with one or more other persons, when these rights or securities confer voting rights amounting to 3% or more of the total voting rights in the company at the time when the situation giving rise to the declaration occurs.

All additional rights or securities acquired or transferred under the same conditions as those described above must also be declared to the Board of Directors and to the CBFA if, as a result of this operation, the voting rights in the company attached to the rights or securities attain 6%, 9%, 12% etc., in each case per bracket of 3%, of the aggregate voting rights at the time when the operation giving rise to the declaration is implemented. This declaration is also required in the case of transferring rights or securities if, as a result thereof, the voting rights drop below one of the thresholds mentioned in this and the previous paragraph.

Such declarations relating to the acquisition or transfer of rights or securities must be sent to the CBFA and, by registered letter, to the Board of Directors, no later than the second working day following the day on which the acquisition or transfer took place. Rights or securities acquired by means of an inheritance do not have to be declared until 30 days following the acceptance of the inheritance, subject to the benefit of an estate inventory, as the case may be.

Fortis SA/NV shall take the necessary steps to publish any declarations it has received by posting these on public notice boards and including them in the official listings of all stock exchanges on which Fortis Shares are officially listed, no later than the working day following the receipt of the declaration.

No one may cast a greater number of votes at the General Meeting than those attached to the rights or securities it has declared to be in its possession according to the provisions described above at least 20 days before the date of the General Meeting of Shareholders, subject to certain exceptions.

The Belgian Law of May 2, 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market and containing various provisions (the “**New Transparency Law**”), implementing the European Directive 2004/109/EC of December 15, 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC, will modify the regime on the notification of significant shareholdings as soon as it enters into force. The date of entry into force of the new regime will be determined by a Royal Decree, which will contain additional implementing measures. This Royal Decree has not yet been adopted on the date of this prospectus. The provisions of the Belgian Law of March 2, 1989 described above will be abrogated as of the date of entry into force of the New Transparency Law.

The main changes contained in this legislation are the following:

- The New Transparency Law reduces the thresholds for the first notification that issuers may introduce in their articles of association. According to Article 18 of the New Transparency Law, thresholds of 1%, 2%, 3%, 4% and 7.5% may be introduced in the articles of association. An issuer may choose to apply any or all of these lower and intermediary thresholds. Since the introduction of these thresholds may not impair the obligatory compliance with the legal thresholds (5% and multiples of 5%), a notification will be required when either of the legal thresholds or the thresholds laid down by the articles of association are reached.
- The events triggering a mandatory notification are extended. While the principle under the Law of March 2, 1989 is that the possession, acquisition and transfer of securities are essentially the only events that trigger the obligation to notify, the New Transparency Law extends the notification obligation to events where there is no acquisition or transfer of securities:
- Under the New Transparency Law, a notification is required where, as a result of events changing the breakdown of voting rights, the percentage of voting rights attached to securities with voting rights reaches, exceeds or falls below the thresholds provided for in the above paragraph, even where no acquisition or disposal of securities has occurred (e.g., share capital increase or cancellation of treasury shares);

A notification is also required when physical persons or legal entities enter into an agreement of action in concert, where as a result of such event, the percentage of voting rights subject to the action in concert or the percentage of voting rights of one of the parties acting in concert, reaches, exceeds or falls below the thresholds mentioned in the first paragraph.

## CERTAIN TAX CONSIDERATIONS

The following is a general description of certain tax consequences of purchasing, owning and disposing of CASHES and of holding the Underlying Shares. Prospective purchasers of the CASHES should consult their own tax advisers as to the applicable tax consequences of the ownership of CASHES and the holding of the Underlying Shares based on their particular circumstances.

### Belgium Tax Considerations

The following is a general description of the principal Belgian tax consequences of the purchase, ownership and disposition of the CASHES issued by Fortis Bank and of the holding of the Underlying Shares, and does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the CASHES or hold the Underlying Shares. Except as otherwise indicated, this general description addresses the taxation of investors who do not have any connection with Belgium other than the holding of the CASHES and/or the Underlying Shares. This general description is based on the tax laws and practice of the Kingdom of Belgium in effect on the date of this offering memorandum, which are subject to change, potentially with retroactive effect. Potential investors in the CASHES should consult their tax advisers as to the Belgian and other tax consequences prior to the purchase, ownership and disposal of the CASHES and the holding of the Underlying Shares including, in particular, the effect of any state or local tax laws.

In this general description Belgian legal and fiscal terms and concepts are expressed and described in English equivalent terms and concepts. These terms therefore should be construed and interpreted in accordance with their meaning under Belgian law.

#### *Belgian Withholding Tax*

##### *CASHES*

All payments by or on behalf of Fortis Bank of the principal amount and interest on the CASHES to Eligible Investors (see “*Description of the CASHES — Form and Denomination of the CASHES*”) will be exempt from deduction or withholding tax in Belgium only if and as long as at the moment of payment or attribution of interest they are held in an exempt securities account that has been opened with a direct or indirect participant in the X/N System. Otherwise, withholding tax at a rate of 15% on any payment or attribution of interest income may apply (subject to possible reductions or exemptions under Belgian domestic law or bilateral tax treaties). For the purpose of Belgian withholding tax, interest income will include the Regular Coupons, Alternative Coupons, and any Additional Interest, all as defined in “*Description of the CASHES — Arrears of Interest and Additional Interest*”.

See “*Description of the CASHES — Form and Denomination of the CASHES*” for a summary of the requirements to open an exempt securities account.

The Elective Alternative Coupons and the Exceptional Alternative Coupons will, for Belgian withholding tax purposes, be deemed attributed at the Regular Coupon Date.

Under the Council Directive 2003/48/EC of June 3, 2003 on taxation of savings income in the form of interest payments (the “Savings Directive”), Member States are, since July 1, 2005, required to provide to the tax authorities of other Member States or the tax authorities of the Dependant and Associated Territories details of payments of interest and other similar income paid by a person within its jurisdiction to (or under certain circumstances, to the benefit of) an individual resident in another Member State or resident in a Dependant and Associated Territory, except that Austria, Belgium and Luxembourg are instead required to impose a withholding system for a transitional period unless the beneficiary of the interest payments elects for the exchange of information. The withholding tax rate is initially 15%, increasing steadily to 20% and to 35%. The ending of such transitional period depends on the conclusion of certain other agreements relating to exchange of information with certain other countries.

##### *Fortis Shares*

Fortis shareholders are simultaneously shareholders of Fortis SA/NV and Fortis N.V. They may elect to receive dividends from either Fortis SA/NV or Fortis N.V., in such a way that the source of the dividends distributed on the Fortis Shares will be either Belgium or The Netherlands.

This process is known as the “Dividend Election” process. If no election has been made by the shareholders, default rules will apply for determining the source of the dividends. Dividends received on a

Fortis Share can come only from one source, either Belgium or The Netherlands, to the exclusion of the other country.

Dividends paid by Fortis SA/NV will generally be subject to Belgian withholding tax at the rate of 25% calculated on the gross amount of the dividend. Under certain circumstances, the 25% withholding tax rate is reduced to 15% with respect to certain qualifying shares (VVPR shares) issued. Shares that are eligible for this reduced withholding tax rate can be issued together with, or accompanied by, a VVPR Strip, which is a separate instrument representing the holder's right to receive dividends at the reduced withholding tax rate of 15%.

However, the following reduced rates or exemptions are available:

- (i) the rate of withholding tax may be reduced to 0%, 5%, 10% or 15% subject to and in accordance with the provisions of bilateral tax treaties; and,
- (ii) pension funds and other organizations which are exempt from income taxes in their country of residence may be able to qualify for a dividend withholding tax exemption if they are not resident in Belgium, have no commercial activities and are not legally or contractually obliged to remit the dividends to third parties;

Investors to whom (i) above applies will typically claim a refund of tax withheld from the Belgian authorities to the extent the withholding tax deducted exceeds the reduced rate of withholding tax specified in the applicable tax treaty. Subject to the availability of the necessary certificates, the reduction can also be applied at source.

### ***Capital Gains and Income Tax***

Unless they hold a substantial participation in the Underlying Shares and the bilateral treaty concluded between the Kingdom of Belgium and their state of residence, if any, does not provide for an exemption from Belgian capital gains tax, holders of CASHES and holders of the Underlying Shares who are not residents of Belgium for Belgian tax purposes and are not holding the CASHES or the Underlying Shares through a Belgian establishment (*établissement belge/Belgische inrichting*) within the meaning of art. 229 of the Belgian Income Tax Code 1992 will not incur or become liable for a Belgian tax on income or capital gains or other like taxes by reason only of the acquisition, ownership or disposal of the CASHES or the Underlying Shares or exchange of the CASHES into Underlying Shares, provided in relation to such transactions affecting the CASHES that they hold the CASHES in an exempt account of the X/N System.

### ***Transfer Tax***

A tax on stock exchange transactions (*taxe sur les opérations de bourse/taks op de beursverrichtingen*) at the rate of 0.07% (in relation to the CASHES) or 0.17% (in relation to the Underlying Shares) (subject to a maximum amount of EUR 500 per party and per transaction) will be due upon the sale and purchase or any other acquisition or transfer for consideration of CASHES or Underlying Shares entered into or settled in Belgium in which a professional intermediary acts for either party; a separate tax is due from each of the seller and the purchaser, both collected by the professional intermediary. The tax does not apply to primary market transactions.

A tax on repurchase transaction (*taxe sur les reports/taks op de reporten*) at the rate of 0.085% (subject to a maximum of euro 500 per party and per transaction) will be due from each party to any such transaction in which a professional intermediary acts for either party.

However, neither of the two taxes referred to above will be payable by exempt persons acting for their own account, including investors who are not Belgian residents (subject to certain identification formalities) and certain Belgian institutional investors as defined in Article 126.1, 2° of the Code of various duties and taxes (*Code des droits et taxes divers/Wetboek diverse rechten en taksen*).

### ***Inheritance Duties***

Belgian inheritance duties will not be levied in respect of the CASHES or the Underlying Shares if the deceased holder was not a Belgian resident at the time of his or her death.



## Netherlands Tax Considerations

This section provides a general summary of the main Netherlands tax issues and consequences of acquiring, holding, redeeming and/or disposing of the CASHES and/or Underlying Shares.

This summary is neither intended as tax advice nor purports to describe all of the tax considerations that may be relevant to a prospective acquirer of the CASHES and/or Underlying Shares. Prospective investors are advised to acquaint themselves in detail with all Dutch tax consequences of acquiring, holding, redeeming and/or disposing of the CASHES and/or Underlying Shares.

This summary is based on the tax laws and regulations of The Netherlands in force as per the date of Prospectus, as applied and interpreted according to current published case law of the Dutch courts and administrative rulings. These laws and regulations may be subject to change or modification retroactively and/or prospectively, and any such change can affect the validity or correctness of this summary.

In this summary Dutch legal and fiscal terms and concepts are expressed and described in English equivalent terms and concepts. These terms therefore should be construed and interpreted in accordance with their meaning under Dutch law.

### ***Taxes on income and capital gains — Resident holders of CASHES and/or Underlying Shares***

#### *General*

The summary set out in this section “Taxes on income and capital gains — Resident holders of CASHES and/or Underlying Shares” only applies to a holder of CASHES and/or Underlying Shares who is a “Dutch Resident Individual” or a “Dutch Resident Company”.

For the purposes of this section an individual qualifies as a “Dutch Resident Individual” if that person satisfies the following tests:

- (a) the person is an individual;
- (b) the person is a resident, or deemed to be resident, in The Netherlands for Dutch income tax purposes, or has elected to be treated as a resident of The Netherlands for Dutch income tax purposes; and
- (c) the Exchange Rights forming part of the CASHES and/or the Underlying Shares do not form part of a substantial interest (“*aanmerkelijk belang*”), or a deemed substantial interest, in the Issuer as described below.

If a person is an individual and a holder of CASHES and/or Underlying Shares and if that person does not satisfy test (c) above, the Dutch income tax position of that person is not discussed in this Prospectus.

Generally speaking, a person has a substantial interest in a company if such person directly or indirectly has the ownership of, or certain rights in relation to, shares representing 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the company, rights to acquire such interest in the share capital (whether or not already issued) of the company, or the ownership of, or certain rights in relation to, profit participating certificates (“*winstbewijzen*”) that relate to 5% or more of the annual profit or liquidation proceeds of the company. In the case of an individual the 5% ownership criterion applies to that person jointly with his partner, if any, whereas a substantial interest is also present in case of a less than 5% shareholding by an individual if his relatives in the direct line of ascent or descent and/or those of his partner do hold a substantial interest. A person has a deemed substantial interest generally in respect of shares that have formed part of a substantial interest, and in respect of which a non-recognition provision has applied, such that capital gain taxation thereon has been deferred.

For the purposes of this section an entity is defined as a “Dutch Resident Company” if the following tests are satisfied:

- (a) the entity is a limited liability company, a cooperative, or other entity that is treated as a taxpayer for Dutch corporate income tax purposes, such as — without limitation — certain partnerships, certain mutual funds, or an association or a non-public body that carries on an enterprise;
- (b) the entity is resident, or deemed to be resident, in The Netherlands for Dutch corporate income tax purposes;
- (c) the entity is not an entity that is, in whole or in part, specifically exempt from Dutch corporate income tax, such as — without limitation — a pension fund and an exempt investment institution; and

- (d) the entity is not an investment institution (“*fiscale beleggingsinstelling*”) as defined in the Dutch Corporate Income Tax Act 1969 (“*Wet op de vennootschapsbelasting 1969*”).

If the entity satisfies test (a) above but does not satisfy test (c) or (d) above, the Dutch corporate income tax position of that entity is not discussed in this Prospectus.

If the entity satisfies test (a) above but does not satisfy test (b) above, the Dutch corporate income tax position of that entity is not discussed in this Prospectus if the Exchange Rights forming part of the CASHES and/or the Underlying Shares form part of a substantial interest (“*aanmerkelijk belang*”), or a deemed substantial interest, in the Issuer as described above, and the substantial interest is not attributable to an enterprise.

#### *Dutch Resident Individuals*

A Dutch Resident Individual holding the CASHES and/or Underlying Shares will be subject to Dutch individual income tax at the progressive rates of the Income Tax Act 2001 in respect of income derived or deemed to have been derived from the CASHES, including the value of the Exchange Right upon the Issue of the CASHES, capital gains realized or deemed to have been realized therewith, income derived or deemed to have been derived from the Underlying Shares and capital gains realized or deemed to have been realized therewith if:

- (i) such individual has an enterprise or an interest in an enterprise, to which the CASHES and/or the Underlying Shares are attributable; or
- (ii) such income or capital gain qualifies as income from miscellaneous activities (“*belastbaar resultaat uit overige werkzaamheden*”) as defined in the Income Tax Act 2001 which includes, without limitation, activities that exceed normal portfolio management (“*normaal vermogensbeheer*”).

If neither condition (i) nor (ii) above is met, the individual will be subject to Dutch income tax of 30% over a deemed benefit equal to 4% over the average value of the individual’s net assets in the relevant calendar year regardless of the actual income or capital gains derived from the CASHES and/or Underlying Shares. Generally, the average value of the individual’s net assets in a calendar year is based on the fair market value of the net assets at the beginning and at the end of the calendar year concerned, insofar as that average exceeds the exempt net asset amount (“*heffingvrij vermogen*”). The yield basis would include the fair market value of the CASHES and/or the Underlying Shares held at the beginning and/or end of a calendar year.

#### *Dutch Resident Companies*

A Dutch Resident Company holding the CASHES and/or Underlying Shares will be subject to Dutch corporate income tax in respect of income derived or deemed to have been derived from the CASHES, including the value of the Exchange Right upon the Issue of the CASHES, capital gains realized or deemed to have been realized therewith, income derived or deemed to have been derived from the Underlying Shares and capital gains realized or deemed to have been realized therewith.

Changes in the value of the Exchange Right after the issue of the CASHES and/or income derived or deemed to have been derived from the Underlying Shares and any capital gains realized or deemed to have been realized therewith may be exempt under the participation exemption as laid down in the Dutch Corporate Income Tax Act 1969. The main condition for application of the participation exemption is, generally, that the shareholding interest represents at least 5% of the nominal paid up capital of the Issuer. The participation exemption may also apply to changes in the value of the Exchange Right after the issue of the CASHES in case the Exercise of the Exchange Right would result in a shareholding of, or would increase an existing shareholding to, at least 5% of the nominal paid up capital of the Issuer.

#### *Non-Resident Individuals*

An individual holding the CASHES and/or Underlying Shares who is not, is not deemed to be, and has not elected to be treated as, resident for tax purposes in The Netherlands will not be subject to Dutch taxation in respect of any income, including the value of the Exchange Right upon the Issue of the CASHES or capital gains derived or deemed to have been derived from the CASHES or the Underlying Shares (other than the withholding tax described below) unless:

- (i) the income or capital gains are attributable to an enterprise or part thereof that is carried on by the individual through a permanent establishment or a permanent representative in The Netherlands; or
- (ii) the income or capital gain qualifies as income from miscellaneous activities (“*belastbaar resultaat uit overige werkzaamheden*”) in The Netherlands as defined in the Income Tax Act 2001 which

includes, without limitation, activities that exceed normal portfolio management (“*normaal vermogensbeheer*”).

### *Non-Resident Companies*

An entity holding the CASHES and/or Underlying Shares which is not resident or deemed to be resident for tax purposes in The Netherlands will not be subject to Dutch taxation in respect of any income or capital gains derived or deemed to have been derived from the CASHES or the Underlying Shares (other than the withholding tax described below) unless such income (which includes the value of the Exchange Right upon the Issue of the CASHES) or capital gains are attributable to an enterprise which is carried on, in whole or in part, through a permanent establishment or a permanent representative in The Netherlands.

In this case changes in the value of the Exchange Right after the issue of the CASHES and/or income derived or deemed to have been derived from the Underlying Shares and any capital gains realized or deemed to have been realized therewith may be exempt under the participation exemption as laid down in the Dutch Corporate Income Tax Act 1969. The main condition for application of the participation exemption is, generally, that the shareholding interest represents at least 5% of the nominal paid up capital of the Issuer. The participation exemption may also apply to changes in the value of the Exchange Right after the issue of the CASHES in case the Exercise of the Conversion Right would result in a shareholding of, or would increase an existing shareholding to, at least 5% of the nominal paid up capital of the Issuer.

### **Withholding tax**

#### *General*

All payments of interest under the CASHES may be made free from withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

Dividends distributed by Fortis N.V. are generally subject to a withholding tax imposed by The Netherlands at a rate of 15%. No dividend tax needs to be withheld in respect of proceeds from Underlying Shares Fortis N.V., provided that:

- the participation exemption as laid down in the Dutch Corporation Tax Act 1969 is applicable in respect of the Underlying Shares in the hands of the person entitled to such proceeds; and
- the Underlying Shares form part of the business assets of the Dutch enterprise of such person; and
- such person is the beneficial owner (“*uiteindelijk gerechtigde*”) of the relevant proceeds.

A holder of Underlying Shares who receives proceeds therefrom, shall not be recognized as the beneficial owner of such proceeds if, in connection with the receipt of the proceeds, he or it has given a consideration, in the framework of a composite transaction, whereas it may be presumed that:

- (i) such proceeds in whole or in part, directly or indirectly, inure to a person who would not have been entitled to an exemption from, reduction or refund of, or credit for, or who would have been entitled to a smaller reduction or refund of, or credit for, dividend withholding tax than the actual recipient of the proceeds; and
- (ii) such person acquires or retains, directly or indirectly, an interest in Underlying Shares or similar instruments, comparable to his or its interest in Underlying Shares prior to the time the composite transaction was initiated.

The concept “dividends distributed by Fortis N.V.” as used in this section Dutch Taxation includes, but is not limited to, the following:

- distributions in cash or in kind, deemed and constructive distributions and repayments of capital not recognized as paid-in for Dutch dividend withholding tax purposes;
- liquidation proceeds and proceeds of redemption of shares in excess of the average capital recognized as paid-in for Dutch dividend withholding tax purposes;
- the par value of shares issued by the Issuer to a shareholder or an increase of the par value of shares, as the case may be, to the extent that it does not appear that a contribution, recognized for Dutch dividend withholding tax purposes, has been made or will be made; and

- partial repayment of capital, recognized as paid-in for Dutch dividend withholding tax purposes, if and to the extent that there are net profits (“*zuivere winst*”), unless (a) the general meeting of the Issuer’s shareholders has resolved in advance to make such repayment and (b) the par value of the shares concerned has been reduced by an equal amount by way of an amendment to Fortis N.V.’s articles of association.

#### *Dutch Resident Individuals and Dutch Resident Companies*

Dutch Resident Individuals and Dutch Resident Companies generally can credit Dutch dividend withholding tax against their Dutch income tax or Dutch corporate income tax liability, as the case may be, and generally are entitled to a refund of Dutch dividend withholding tax insofar as such tax, together with any other creditable domestic and/or foreign taxes, exceeds their aggregate Dutch income tax or Dutch corporate income tax liability.

In case the participation exemption applies with respect to the dividend and Dutch dividend withholding tax has been withheld from the dividend, the Dutch dividend withholding tax cannot be credited. Instead a separate request for a refund has to be filed with the Dutch tax authorities.

Dutch dividend withholding tax will not be creditable by or refundable to a recipient of dividends distributed by Fortis N.V., that is not the beneficial owner (as described above).

#### *Non-Resident holders of Underlying Shares Fortis N.V.*

If a holder of Underlying Shares Fortis N.V. that is neither a Dutch Resident Individual nor Dutch Resident Company is resident in The Netherlands Antilles or Aruba or in a country that has concluded a double tax treaty with The Netherlands, such holder may be eligible for a full or partial relief from the dividend withholding tax, provided that such relief is timely and duly claimed. In addition, a qualifying parent company within the meaning of the EU Parent Subsidiary Directive (Directive 90/435/EEC, as amended) which has an interest of at least 5% in the Issuer is, subject to certain conditions, entitled to an exemption from dividend withholding tax.

This exemption may, depending on the facts and circumstances, also apply to qualifying parent companies resident in an EFTA member state with an interest of at least 5% in Fortis N.V.

Dividend withholding tax relief will only be available to the beneficial owner of dividends distributed by Fortis N.V. (as described above). The Dutch tax authorities have taken the position that this beneficial ownership test can also be applied to deny relief from dividend withholding tax under double tax treaties, the Tax Arrangement for the Kingdom (“*Belastingregeling voor het Koninkrijk*”) and the EU Parent Subsidiary Directive.

Subject to certain conditions, a legal entity resident in a member state of the European Union, that is not subject to a profit based tax in that member state, and, had that entity been a resident in The Netherlands, would not have been subject to Dutch corporate income tax, may request a refund of the tax withheld. This may, depending on the facts and circumstances, also apply to a legal entity resident in an EFTA member state.

#### ***Gift, estate or inheritance tax***

##### *Dutch Resident holders of CASHES and/or Underlying Shares*

Generally, gift and inheritance tax will be due in The Netherlands in respect of the acquisition of the CASHES and/or the Underlying Shares by way of a gift by, or on the death of, a holder of the CASHES and/or the Underlying Shares who is a resident or deemed to be a resident of The Netherlands for the purposes of Dutch gift and inheritance tax on the date of the gift or on the date of his or her death. An individual of Dutch nationality is deemed to be a resident of The Netherlands for the purposes of Dutch gift and inheritance tax if he or she has been resident in The Netherlands at any time during the 10 years preceding the date of the gift or his or her death. An individual of any other nationality is deemed to be a resident of The Netherlands for the purposes of Dutch gift tax only if he or she has been resident in The Netherlands at any time during one year preceding the date of the gift. Furthermore, under circumstances, a holder of CASHES and/or Underlying Shares will be deemed to be a resident of The Netherlands for purposes of Dutch gift and inheritance tax, if the heirs jointly or the recipient of the gift, as the case may be, so elect(s).

*Non-Resident holders of CASHES and/or Underlying Shares*

No gift, estate or inheritance tax will arise in The Netherlands on the transfer by way of gift or inheritance of the CASHES and/or the Underlying Shares, if, on the date of the gift or death, the donor or the deceased is neither a resident nor a deemed resident of The Netherlands, unless:

- (i) at the time of the gift or death, the CASHES and/or the Underlying Shares are attributable to an enterprise or part of an enterprise that is carried out through a permanent establishment or a permanent representative in The Netherlands; or
- (ii) the donor of the CASHES and/or the Underlying Shares dies within 180 days of making the gift, and is a Dutch resident or deemed resident on the date of death.

***Registration, stamp, transfer or turnover taxes or other similar duties or taxes***

No Dutch registration, stamp, transfer or turnover taxes or other similar duties or taxes will be due in direct connection with the offering, the issue and the delivery of the CASHES and/or the Underlying Shares, the execution of the Document or the performance by the Issuer of its obligations under the Document or the CASHES and/or the Underlying Shares.



## GENERAL LISTING INFORMATION

Application has been made to list the CASHES on the Luxembourg Stock Exchange and to admit them to trading on the Euro MTF. The CASHES may not be listed on the Luxembourg Stock Exchange on the Closing Date.

1) Each of Fortis N.V. and Fortis SA/NV believes that, except as disclosed herein, there has been no significant change in its financial position since September 30, 2007 and no material adverse change in its prospects since December 31, 2006.

2) Except as disclosed herein, we are not and have not been party to any legal or arbitration proceedings that may have or have had during the 12 months preceding the date of this Prospectus, significant effects on our financial position or profitability, nor, so far as we are aware, are any such proceedings threatened or pending.

3) So long as the CASHES are listed on the Luxembourg Stock Exchange for trading on the Euro MTF and Luxembourg laws and regulations so require, copies of the articles of incorporation of Fortis Bank, and the Indenture, will be available at the specified office of the Trustee and the Luxembourg Paying Agent. The articles of association of Fortis N.V. and Fortis SA/NV are available at their respective principal executive offices (see § 8 and § 9 below) and on Fortis's website at [www.fortis.com/Governance/articlesofassociation.asp](http://www.fortis.com/Governance/articlesofassociation.asp). The documents described under "*Incorporation of Certain Documents by Reference*" can be obtained, free of charge, from the principal executive offices of each Parent Company (see § 8 and § 9 below) or from Fortis Bank (see § 7 below), from Fortis's website at [www.fortis.com/Shareholders/annualreports.asp](http://www.fortis.com/Shareholders/annualreports.asp) and from the offices of the Luxembourg Paying Agent.

So long as the CASHES are listed on the Luxembourg Stock Exchange for trading on the Euro MTF and Luxembourg laws and regulations so require, copies of (1) the consolidated audited annual financial statements of the Fortis Group, including the unconsolidated audited annual financial statements of Fortis SA/NV and of Fortis N.V., (2) the consolidated unaudited quarterly and semiannual financial statements of the Fortis Group, (3) the Annual Report of Fortis for 2006 and all subsequent financial years and (4) the audited annual financial statements of Fortis Bank will be available during normal business hours on any weekday at the offices of the Luxembourg Paying Agent.

4) We have appointed Fortis Banque Luxembourg as our listing and paying agent in Luxembourg. We reserve the right to vary that appointment. So long as the CASHES are listed on the Luxembourg Stock Exchange for trading on the Euro MTF, we will maintain a paying agent and listing agent in Luxembourg. Any notices with regard to the CASHES may be delivered to the specified office of the Luxembourg Paying Agent, for further delivery to us or the trustee or other paying agents, as the case may be. The Luxembourg Paying Agent will act as intermediary between us and the holders of CASHES and is authorized to receive all declarations and notices of the holders of CASHES provided for in the indenture for further delivery to us, the trustee or other paying agents, as the case may be.

5) Notices to Holders. Notices to Holders of the CASHES will be deemed to have been validly given (a) if published in an Authorized Newspaper or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) on a business day not later than the latest date prescribed for the giving of such notice and, if the CASHES are represented by one or more global certificates, delivered to the common depository for Euroclear and Clearstream for communication by them to their participants (without any additional publication required if such global certificates represent the CASHES in their entirety) with any such notice deemed to have been given to the Holders on the seventh day after the day on which such notice was given to the clearing systems and (b) when the CASHES are represented by Definitive Securities, at the option of Fortis Bank, either (i) by publication as prescribed in clause (a) above or (ii) if given in writing and mailed, first-class postage prepaid, to each holder of a Definitive Security at the address appearing in the Securities register not later than the latest date (if any), and not earlier than the earliest date (if any) prescribed for the giving of such notice. As long as the CASHES are listed on the Luxembourg Stock Exchange for trading on the Euro MTF and Luxembourg laws and regulations so require, all notices to holder will be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *d'Wort*), or the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

6) The Bank of New York is the Trustee under the Indenture.

7) Fortis Bank nv-sa is a company incorporated with limited liability (*naamloze vennootschap/société anonyme*) and a bank incorporated under the laws of Belgium and is registered with the register of legal

entities under enterprise number 0403.199.702. Fortis Bank's registered office is at Montagne du Parc 3, 1000 Brussels, Belgium and its telephone number is +322 565 1111.

8) Fortis N.V. is a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of The Netherlands on April 19, 1984 for an indefinite period. Fortis N.V.'s principal executive offices and corporate seat is at Archimedeslaan 6, 3584 BA Utrecht, The Netherlands, which is also the business address for the board of directors. Fortis N.V. is registered with the Trade Register at the Chamber of Commerce of Utrecht under number 30072145. Its telephone number is +31(0) 30 226 62 22.

9) Fortis SA/NV is a public company with limited liability (*société anonyme/naamloze vennootschap*) incorporated under the laws of Belgium on November 16, 1993, for an indefinite period. Fortis SA/NV's principal executive offices and corporate seat is at Rue Royale 20, 1000 Brussels, Belgium, which is also the business address for the board of directors. Fortis SA/NV is registered with the register of legal entities under enterprise number 0451.406.524. Its telephone number is +32(0) 2 510 52 11.

10) The issuance of the CASHES was approved by the boards of directors of Fortis SA/NV and Fortis N.V. on November 28, 2007 and by the board of directors of Fortis Bank on November 26, 2007.

11) The annual financial statements of Fortis Group are jointly audited by KPMG Accountants N.V., a member of the *Koninklijk Nederlands Instituut van Register Accountants*, and PricewaterhouseCoopers Reviseurs d'Entreprises SCCRL, a member of the *Instituut der Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*. Fortis N.V.'s auditors are KPMG Accountants N.V. Fortis SA/NV's auditors are PricewaterhouseCoopers Reviseurs d'Entreprises SCCRL. These auditors have audited the Consolidated Financial Statements of Fortis for the financial years included in this Prospectus as stated in their audit report.

12) Fortis Bank's consolidated financial statements for the period ended December 31, 2006 were audited by KPMG SA/NV and PricewaterhouseCoopers Reviseurs d'Enterprises SCCRL.

14) The CASHES have been accepted for clearance through the X/N clearance and settlement system (the "X/N System"). The CASHES have an ISIN number of BE0933899800, a SEDOL number of B29R5X3 and a Common Code of 033483384.

15) The total expenses related to admission to listing are expected to be EUR 12,600.

## GLOSSARY

Claims ratio . . . . .	The cost of claims as a percentage of the earned premiums, net of reinsurance. This is the cost of claims, net of reinsurance, excluding the internal costs of handling non-life claims.
Combined ratio . . . . .	The sum of the claims ratio and the expense ratio.
Embedded Value . . . . .	An alternative method for determining the value and profitability of a life insurance company. Embedded Value is an actuarially determined estimate of the economic value of a life company, excluding any value attributed to future new business. The changes in a company's embedded value from year to year, after adjustment for any dividends paid or capital injected, provide a measure of the profitability of a company's life insurance business.
Endowment . . . . .	Life insurance under which an insured receives the face value of a policy if the individual survives the endowment period. If the insured does not survive, a beneficiary receives the face value of the policy.
Expense ratio . . . . .	Only used for non-life insurance business. Expenses as a percentage of the earned premiums, net of reinsurance. Expenses are the costs plus net commissions charged to the financial year, less internal investment costs.
GAAP in accordance with Belgian law	Fortis uses this term in connection with its Consolidated Financial Statements to indicate that they are prepared in accordance with the applicable legal and regulatory requirements in Belgium. Fortis has, as described in the footnotes and description of the accounting principles included in its Consolidated Financial Statements, both in terms of presentation and content, utilized a number of options applicable in the law for consortium by taking into account art. 117 §2 of the Belgian Code of Companies, in order to reflect in a most reliable manner in its financial statements the bank and insurance activities.
Insurance bonds . . . . .	Insurance policy with a savings character in Belgium.
Investment-linked premiums . . . . .	Premiums for policies offering benefits that depend to a major extent on the results of investments that are contractually linked to these policies.
Technical provisions . . . . .	The extent of current commitments to policyholders and other parties arising out of insurance contracts written.
Term life insurance . . . . .	A life insurance product which only stays in effect for a limited period. If an insured dies within that period, the beneficiary receives the death payments, and if the insured survives, the policy ends and the beneficiary receives nothing.
Universal life . . . . .	A life insurance product under which (1) premiums are generally flexible, (2) the level of death benefits may be adjusted and (3) expenses and other charges are specifically disclosed to a purchaser.
Value Added by New Business . . . . .	One of the measures used to calculate Embedded Value accrued during any particular year and includes the present value of future profits on new business less the cost of required capital.
Whole life insurance . . . . .	A permanent life insurance product offering guaranteed death benefits and guaranteed cash values.

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