



The Hartford to purchase Fortis Financial Group for \$ 1.12 billion

Fortis, Inc. to focus on its U.S. Specialty Insurance Businesses

Brussels / Utrecht / New York, 25 January 2001 - Fortis, Inc., part of the international Fortis group [BSE: FOR and AMS: FOR] announced today that, in line with its strategy, it is selling Fortis Financial Group ("FFG"), Fortis, Inc.'s variable life insurance and annuity businesses and its proprietary mutual fund complex, to The Hartford Financial Services Group (NYSE: HIG) ("The Hartford").

Both companies' Boards of Directors have approved a definitive sales agreement. Under the agreement, The Hartford will purchase FFG in a cash transaction valued at approximately \$1.12 billion. Not included in the sale is FFG's statutory surplus of approximately \$200 million which Fortis will retain. The companies anticipate that the transaction will close in the second quarter of 2001, subject to customary closing conditions.

Anton van Rossum, Chief Executive Officer of Fortis, said, "This transaction is consistent with Fortis' strategy in the United States to build and manage a select portfolio of specialty businesses that are leaders in their respective markets. Although FFG was one of the first companies to offer Variable Universal Life and Variable Annuities products in the late 1980's, when they were still a niche business, the market has grown explosively, and today these products account for over one-third of total industry sales and are no longer specialty businesses. While FFG has exhibited solid growth and profitability, it has small market shares in each of these products and none of the companies comprising FFG have top market positions."

J. Kerry Clayton, President and Chief Executive Officer of Fortis, Inc., said, "Ongoing consolidation in the mutual fund and life insurance industry has made scale a vital determinant in achieving market leadership, and this scale advantage continues to increase. FFG has taken significant strides forward in performance and profitability as a part of the Fortis, Inc. family. FFG will now be able to realize its full potential with Hartford Life, whose leading position in the U.S. variable annuities market and rising profile in the mutual fund business offer it a unique platform for future growth."

Dean Kopperud, President and Chief Executive Officer of FFG, said, "We evaluated potential acquirers across a broad range of criteria, including financial strength, market leadership and high-quality customer service, overall commitment to the variable life insurance, variable annuity and mutual fund markets, and corporate culture and values. Hartford Life meets our objectives in every category, and we are confident that their acquisition of FFG will create more opportunities and faster growth than either company could have achieved on a stand-alone basis."

Ramani Ayer, Chairman and Chief Executive Officer of The Hartford, said, "This transaction complements The Hartford's overall business portfolio and multiple distribution strategy. FFG will become a key component of our Hartford Life operations."

"Scale is a critical success factor in achieving market leadership," said Lon Smith, Vice Chairman of The Hartford and President and CEO of Hartford Life. "The businesses we are acquiring from FFG will significantly expand several of the core businesses of Hartford Life."

Hartford Life's combination with FFG is expected to solidify The Hartford's leading position in the variable annuity industry and increase its mutual fund assets under management by more than 30 percent. As part of the transaction, The Hartford will be acquiring Fortis Advisers, Inc., a wholly owned subsidiary of Fortis, Inc. which acts as the investment adviser for the 38 Fortis mutual funds in the U.S.. The Fortis fund complex in the U.S. includes Fortis Securities, Inc. (NYSE: FOR), a closed-end bond fund that is listed on the New York Stock Exchange.

Fortis, Inc. will use the net proceeds of the sale to improve its balance sheet including the reduction of some debt incurred in recent acquisitions. The closing of the transaction will generate a substantial gain.

Credit Suisse First Boston served as financial advisor to Fortis, Inc. and Alston & Bird LLP served as legal counsel.

About Fortis

Headquartered in Woodbury, MN, FFG, a wholly owned division of Fortis, Inc., is a provider of variable universal life insurance, variable annuities, mutual funds, and traditional life insurance. Fortis, Inc. is a financial services company that, through its operating companies and affiliates, provides specialty insurance and investment products to businesses, associations, financial service organizations and individuals primarily in the U.S. Fortis, Inc. is part of Fortis, the international group that operates in the fields of insurance, banking and investments in more than 65 countries and with more than 75,000 employees. For more information, visit the company's website at www.fortis.com.

About The Hartford

The Hartford (NYSE: HIG) is one of the nation's largest insurance and financial services companies. The company, through its Hartford Life subsidiary, offers individual fixed and variable annuities, mutual funds and other retirement products; life insurance; pension plans, including 401(k)s; and group disability and group life coverage. The Hartford also provides automobile and homeowners products, commercial property and casualty insurance, and reinsurance. For more information, visit the company's website at www.thehartford.com.

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