

PROSPECTUS



**Société nationale des Chemins de fer belges/
Nationale Maatschappij der Belgische Spoorwegen**

(Incorporated with limited liability in Belgium)

€4,000,000,000

Euro Medium Term Note Programme

On 30th November, 1994, Société nationale des Chemins de fer belges/Nationale Maatschappij der Belgische Spoorwegen entered into a Euro Medium Term Note Programme, as amended, supplemented and restated from time to time. This Prospectus supersedes any previous prospectus. Any Notes issued under the Programme (as defined below) are issued subject to the provisions set out herein. This does not affect any Notes issued prior to the date hereof.

Under this €4,000,000,000 Euro Medium Term Note Programme (the "Programme"), Société nationale des Chemins de fer belges/Nationale Maatschappij der Belgische Spoorwegen (the "Issuer") may from time to time issue notes (the "Notes") denominated in euro, Sterling, U.S. dollars, Yen or, subject to any applicable legal or regulatory restrictions, such other currencies as may be agreed between the Issuer and the relevant Dealer(s).

The maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed €4,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as provided herein.

The Notes will be issued on a continuing basis to one or more of the Dealers specified on page 6 and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "Dealer" and together the "Dealers").

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the Luxembourg Stock Exchange. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined on page 21) of Notes will be set forth in a pricing supplement (the "Pricing Supplement") which, with respect to Notes to be listed on the Luxembourg Stock Exchange, will be delivered to the Luxembourg Stock Exchange on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s). The Issuer may also issue unlisted Notes.

The Notes may be cleared, at the option of the Issuer, either through the clearing system operated by the National Bank of Belgium or any successor thereto (the "NBB") (the "X/N Clearing System") or directly through Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear") and/or Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). Euroclear and Clearstream, Luxembourg maintain accounts in the X/N Clearing System.

Notes to be cleared through the X/N Clearing System ("X/N Notes") must receive the approval of the NBB prior to issue, will be issued in compliance with U.S. Treasury Regulation section 1.163-5(c)(2)(i)(C) (the "C Rules") and will be in dematerialised form only. X/N Notes will not be exchangeable for bearer notes (whether in global or definitive form), notes payable to order or registered notes.

The Temporary or Permanent Global Note (as applicable) representing a Tranche of Notes to be cleared upon issue directly through Euroclear and/or Clearstream, Luxembourg ("E/C Notes") will be deposited on the relevant Issue Date (as defined below) with a common depositary for Euroclear and Clearstream, Luxembourg and will be exchangeable for definitive Notes, as specified in the applicable Pricing Supplement, upon request or in the limited circumstances set out therein and as described in "Form of the Notes" below.

The Programme has been rated Aa1 by Moody's Investors Service, Inc. and AA+ by Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies Inc. Tranches of Notes issued pursuant to the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplementary Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933 and, except as described herein, may not be offered, sold or delivered in the United States or to, or for the account of, any U.S. person, as defined herein. (See "Subscription and Sale").

Arranger

Merrill Lynch International

Dealers

ABN AMRO

Citigroup

Merrill Lynch International

Barclays Capital

Deutsche Bank

SG Investment Banking

UBS Warburg

The date of this Prospectus is 23rd April, 2003.

The Issuer, having made all reasonable enquiries, confirms that this Prospectus contains all information with respect to itself and the Notes to be issued by it which is material in the context of the Programme, that the information contained in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Prospectus are honestly held and that there are no other facts the omission of which would make any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

With regard to X/N Notes, the Issuer accepts responsibility towards interested parties for any losses which may occur as an immediate and direct result of the absence or incorrectness of any statements required pursuant to Article 5 of the Belgian law of 22nd July, 1991 on treasury notes and certificates of deposit (*loi relative aux billets de trésorerie et aux certificats de dépôt/wet betreffende de thesauriebewijzen en de depositobewijzen*, hereinafter the “1991 Law”) and pursuant to the provisions of Chapter II, Section 2 of the Belgian royal decree of 14th October, 1991 on the same subject (the “1991 Royal Decree”). This Prospectus is the “prospectus” referred to in Article 5 of the 1991 Law.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “Documents Incorporated by Reference” below). This Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Prospectus.

The Dealers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the Programme or the Notes or their distribution. The statements made in this paragraph are made without prejudice to the responsibility of the Issuer under the Programme.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Prospectus nor any other information supplied in connection with the Programme or the Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Issuer or any of the Dealers that any recipient of this Prospectus or any other information supplied in connection with the Programme should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

The delivery of this Prospectus does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements, if any, of the Issuer when deciding whether or not to purchase any Notes.

The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this document may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which would permit a public offering of the Notes or distribution of this document in

any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the United Kingdom, Japan, France, The Netherlands, Germany and Belgium (see “Subscription and Sale” below).

The Notes have not been and will not be registered under the United States Securities Act 1933, as amended (the “Securities Act”), and are subject to certain U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see “Subscription and Sale” below).

All references in this document to “euro”, “Euro”, “EUR” and “€” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Union, as amended by the Treaty on European Union and as amended by the Treaty of Amsterdam, those to “BEF” are to the currency of Belgium before the introduction of the euro, those to “U.S. dollars”, “U.S.\$”, “\$” and “U.S. cent” are to the currency of the United States of America and those to “Japanese Yen”, “Yen” and “¥” are to the currency of Japan.

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In connection with the issue and distribution of any Tranche of Notes, the Dealer (if any) disclosed as the stabilising manager in the applicable Pricing Supplement or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the stabilising manager or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time. Such stabilising shall be in compliance with all relevant laws and regulations.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (a) the publicly available audited annual financial statements of the Issuer for the most recent financial period;
- (b) the most recently available report describing the Issuer's activities and half-yearly results prepared in accordance with Article 22 of the 1991 Royal Decree (in French and in Dutch); and
- (c) all supplements to this Prospectus circulated by the Issuer from time to time in accordance with the provisions of the Programme Agreement described below,

save that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Issuer will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Written or oral requests for such documents should be directed to the Issuer at its registered office set out at the end of this Prospectus. In addition, such documents will be available free of charge from the principal office in Luxembourg of Dexia Banque Internationale à Luxembourg (the "Listing Agent") for Notes listed on the Luxembourg Stock Exchange.

The Issuer will, in connection with the listing of the Notes on the Luxembourg Stock Exchange, so long as any Note remains outstanding and listed on such exchange, in the event of any material adverse change in the financial condition of the Issuer which is not reflected in this Prospectus, prepare a further supplement to this Prospectus or publish a new prospectus for use in connection with any subsequent issue of Notes to be listed on the Luxembourg Stock Exchange.

If the terms of the Programme are modified or amended in a manner which would make this Prospectus, as supplemented, inaccurate or misleading, a new prospectus will be prepared.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in euro, pounds sterling, U.S. dollars, Yen and such other currencies as may be agreed between the Issuer and the relevant Dealer(s), subject as set out herein.

Notes may be cleared, at the option of the Issuer, either through the X/N Clearing System or directly through Euroclear and/or Clearstream, Luxembourg.

A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer(s) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement for such Notes, as more fully described under “Form of the Notes” below.

This Prospectus and any supplement will only be valid for listing Notes on the Luxembourg Stock Exchange during the period of 12 months from the date of this Prospectus in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed €4,000,000,000 or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the euro equivalent of Notes denominated in another Specified Currency (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under “Form of the Notes”) shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of such Notes (the “Agreement Date”) or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading bank selected by the Issuer on the relevant day of calculation;
- (b) the euro equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under “Form of the Notes”) shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and
- (c) the euro equivalent of Zero Coupon Notes (as specified in the applicable Pricing Supplement in relation to the relevant Notes, described under “Form of the Notes”) and other Notes issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

SUMMARY OF THE PROGRAMME AND TERMS AND CONDITIONS OF THE NOTES

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” below shall have the same meanings in this summary.

Issuer: Société nationale des Chemins de fer belges/Nationale Maatschappij der Belgische Spoorwegen

Description: Euro Medium Term Note Programme

Arranger: Merrill Lynch International

Dealers: ABN AMRO Bank N.V.
Barclays Bank PLC
Citigroup Global Markets Limited
Deutsche Bank AG London
Merrill Lynch International
Société Générale
UBS Limited

Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “Subscription and Sale” on page 62).

Issuing and Paying Agent
(for Notes cleared through Euroclear or Clearstream, Luxembourg):

Dexia Banque Internationale à Luxembourg

Domiciliary Agent
(for Notes cleared through the X/N Clearing System):

Dexia Bank Belgium SA/NV⁽¹⁾

Size: Up to €4,000,000,000 (or its equivalent in other currencies calculated as described herein) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Distribution: Notes may be distributed by way of private or public placement (subject to applicable laws and regulations) and in each case on a syndicated or non-syndicated basis.

Currencies: Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealers(s), including without limitation, euro, pounds sterling, U.S. dollars and Yen.

Maturities: Such maturities as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Pricing Supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

Issue Price: Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

⁽¹⁾ Following a merger with Dexia Bank Belgium, Artesia Banking Corporation has changed its name to Dexia Bank Belgium.

Form of Notes:

E/C Notes will be in bearer form and will be represented upon issuance either by a Temporary Global Note, which will be exchangeable either for (i) interests in a Permanent Global Note or (ii) for definitive Notes, as indicated in the applicable Pricing Supplement or, where so specified in the applicable Pricing Supplement, by a Permanent Global Note. A Permanent Global Note will be exchangeable for definitive Notes upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (ii) (to the extent required by Royal Decrees exempting E/C Notes from interest withholding tax, as described below) only upon the occurrence of an applicable Exchange Event as described under "Form of the Notes", in each case as specified in the applicable Pricing Supplement. Any interests in such a Permanent Global Note will be transferable only in accordance with the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, in effect at the time of such transfer.

The Issuer does not propose to issue E/C Notes until such time as a Royal Decree is in place exempting certain classes of investors holding E/C Notes ("Exempt Investors") from Belgian interest withholding tax – see "Taxation" below.

X/N Notes will be issued in the form of dematerialised notes (*billets de trésorerie/thesauriebewijzen*) under the 1991 Law. They will be represented by book entries in the records of the X/N Clearing System, and will not be represented by physical certificates or exchangeable for bearer notes, notes payable to order or registered notes. Euroclear and Clearstream, Luxembourg maintain accounts with the X/N Clearing System.

Fixed Rate Notes:

Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Pricing Supplement) and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

Floating Rate Notes:

Floating Rate Notes will bear interest at a rate determined on either:

- (i) the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Pricing Supplement).

The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes.

Index Linked Notes:

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Pricing Supplement).

For so long as Index Linked Notes may not be cleared through the X/N Clearing System, such Notes will not be issued unless they are cleared directly through Euroclear and/or Clearstream, Luxembourg.

Other provisions in relation Floating Rate Notes and Index Linked Interest Notes:	<p>Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as selected prior to issue by the Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealers.</p>
Dual Currency Notes:	<p>Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Pricing Supplement).</p> <p>For so long as Dual Currency Notes may not be cleared through the X/N Clearing System, such Notes will not be issued unless they are cleared directly through Euroclear and/or Clearstream, Luxembourg.</p>
Zero Coupon Notes:	<p>Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest other than in the case of late payment.</p> <p>For so long as Zero Coupon Notes having a maturity of five years or less may not be cleared through the X/N Clearing System, such Notes will not be issued unless they are cleared directly through Euroclear and/or Clearstream, Luxembourg.</p>
Redemption:	<p>The Pricing Supplement relating to each Tranche of Notes will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving not less than 15 nor more than 30 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Pricing Supplement) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.</p> <p>The Pricing Supplement may provide that Notes may be repayable in two or more instalments of such amounts and on such dates as are indicated in the applicable Pricing Supplement.</p>
Denomination of Notes:	<p>As at the date hereof, X/N Notes must have a minimum denomination of €250,000 (or its equivalent in any other currency).</p> <p>E/C Notes will have either (i) no minimum denomination or (ii) such minimum denomination as may at the time of issue be required by Royal Decrees exempting such E/C Notes from Belgian interest withholding tax, as indicated in the applicable Pricing Supplement. See further "Belgian Taxation – b) E/C Notes".</p>
Taxation:	<p>The interest component of payments on Notes is, as a rule, subject to Belgian withholding tax at the rate of 15 per cent. subject to such relief as may be available under applicable domestic or tax treaty provisions.</p> <p>All payments of interest by or on behalf of the Issuer should be made without deduction of withholding tax for X/N Notes held by eligible investors in an exempt securities account with the X/N Clearing System or with a participant or sub-participant in such system. See further "Belgian Taxation – a) X/N Notes" below.</p>

The Issuer expects to apply on a year by year basis for a Royal Decree exempting E/C Notes issued during the year in question and held by Exempt Investors (as defined in “Form of Notes” above) from Belgian interest withholding tax. However, no such Royal Decree is currently in place and no assurances can be given that a Royal Decree will be granted in any given year in respect of E/C Notes issued under the Programme. See further “Belgian Taxation – b) E/C Notes” below.

Subject as described above (in respect of E/C Notes) and as provided below (in respect of X/N Notes), payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed within Belgium, subject as provided in Condition 8. In the event that any such deduction is made, the Issuer will, save in circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.

In respect of X/N Notes, withholding tax may be deducted from payments to a Noteholder who is not an Eligible Investor (as defined in Condition 8) or otherwise fails to meet any other condition for exemption from Belgian withholding tax pursuant to the law of 6th August, 1993.

Status of the Notes:

The Notes will constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 3, unsecured obligations of the Issuer and will rank *pari passu* among themselves and equally with all other unsecured, unpreferred and unsubordinated obligations of the Issuer from time to time outstanding.

Negative Pledge:

The terms of the Notes will contain a negative pledge provision as further described in Condition 3.

Cross Default:

The terms of the Notes will contain a cross-default provision as further described in Condition 10.

Listing:

Application has been made to list the Notes issued under the Programme on the Luxembourg Stock Exchange. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s) in relation to each Series. Unlisted Notes may also be issued. The Pricing Supplement relating to each issue will state whether or not and, if so, on which stock exchange(s) the Notes are to be listed.

Governing Law:

X/N Notes will be governed by, and construed in accordance with, Belgian law. E/C Notes will be governed by, and construed in accordance with, English law.

Selling Restrictions:

There are selling restrictions in relation to the United States, the United Kingdom, Japan, France, The Netherlands, Germany, Belgium and such other restrictions of these and other jurisdictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See “Subscription and Sale” below.

United States Selling Restrictions:

The Issuer is being treated as a Category 2 issuer for the purposes of Regulation S under the United States Securities Act of 1933, as amended.

X/N Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “C Rules”). E/C Notes will, as specified in the applicable Pricing Supplement, be issued in compliance with the C Rules or with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “D Rules”).

FORM OF THE NOTES

X/N Notes

Each Tranche of X/N Notes will be issued in the form of dematerialised notes (*billets de trésorerie/thesaurie-bewijzen*) under the 1991 Law. Title to X/N Notes will be evidenced by book entries in the holder's securities account with the National Bank of Belgium (the "NBB") or with an authorised participant in the X/N Clearing System. References herein to "Noteholders" shall, in relation to X/N Notes, be to the persons recorded as owners of one or more such Notes in such a securities account. X/N Notes cannot be converted into bearer notes, whether in global or definitive form, notes payable to order or registered notes. X/N Notes will be issued only in accordance with the C Rules. X/N Notes shall be issued and settled through, and in accordance with the operating procedures of, the X/N Clearing System.

The X/N Clearing System maintains securities accounts in the name of authorised participants only. An investor will not therefore normally hold its Notes in a securities account with the NBB, but will hold them in a securities account with a financial institution which is a participant in the X/N Clearing System, or which holds them through another financial institution which is such a participant. The 1991 Law regulates this system, and in particular contains provisions aimed at protecting the Noteholders in the event of the insolvency of a financial institution through which X/N Notes are held in the system. In such circumstances X/N Notes are to be returned to the respective Noteholders, are not part of the insolvent financial institution's assets, and are not available to the creditors of that financial institution.

Most credit institutions and securities firms established in Belgium are participants in the X/N Clearing System, and Euroclear and Clearstream, Luxembourg are also participants. Investors can thus hold their X/N Notes in securities accounts in Euroclear and Clearstream, Luxembourg in the same way as they would for any other types of securities. For practical purposes, the fact that X/N Notes are ultimately held in the X/N Clearing System is immaterial, and X/N Notes can be held and cleared in Euroclear and Clearstream, Luxembourg in accordance with their usual procedures. Certain types of Belgian investors (being those that are not eligible for holding "X-accounts" – see "Belgian Taxation – a) X/N Notes" below), however, may not hold their Notes through Euroclear or Clearstream, Luxembourg (unless they do so through another financial intermediary which is also a participant in the X/N Clearing System and which will be responsible for the withholding of tax).

The X/N Clearing System offers a "delivery versus payment" settlement service in respect of Notes denominated in euro. In the case of X/N Notes denominated in other currencies, this service is not provided by the NBB and settlements of trades will take place through Euroclear and/or Clearstream, Luxembourg. Similarly, payments of interest and principal owing under X/N Notes denominated in euro will be made through the NBB, whilst payments in other currencies will be made by the Issuer directly to Euroclear, Clearstream, Luxembourg and/or the other relevant participants in the X/N Clearing System, which will in turn redistribute the payments to their own accountholders holding positions in the X/N Notes.

The clearing and settlement systems of the NBB, Euroclear and Clearstream, Luxembourg function under the responsibility of their respective operators. The Issuer, the Issuing and Paying Agent, the Domiciliary Agent and the Paying Agents shall have no responsibility in this respect.

A law of 15th July, 1998 contemplates that the NBB will continue to operate its clearing and settlement system in relation only to securities issued by governmental or other public sector entities, and that its role in relation to securities issued by private sector issuers will be transferred to the CIK (*Caisse interprofessionnelle de dépôts et de virements de titres/Interprofessionele Effectendeposito- en Girokas*). The date of entry into force of this law, however, has not yet been determined, and it is not clear whether X/N Notes will be affected by such a transfer.

The terms and conditions applicable to any X/N Note will consist of the terms and conditions set out under "Terms and Conditions of the Notes" below and the provisions of the relevant Pricing Supplement which supplement, amend and/or replace those terms and conditions.

The Pricing Supplement for each Tranche of X/N Notes must be sent in draft form to the NBB in advance for approval.

Because of their dematerialised form, X/N Notes can be sold only to persons that will hold them in a securities account with the NBB or with a participant in the X/N Clearing System. Pursuant to Article 6 of the 1991 Royal Decree, no such transaction may result in a Noteholder holding an X/N Note representing a principal amount of less than €250,000 (or its equivalent in any other currency).

An X/N Note may be accelerated by the holder thereof in certain circumstances described in “Terms and Conditions of the Notes – Events of Default”. The holders of interests in such X/N Notes credited to their securities accounts with the NBB or with a participant in the X/N Clearing System will in certain circumstances under Belgian law be entitled to proceed directly against the Issuer.

E/C Notes

Each Tranche of E/C Notes will be initially represented by a temporary global Note in bearer form (a “Temporary Global Note”) or, if so specified in the applicable Pricing Supplement, a permanent global Note (a “Permanent Global Note”), which, in either case, will be delivered to a common depositary for Euroclear and Clearstream, Luxembourg. Whilst any E/C Note is represented by a Temporary Global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury Regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent. Any reference in this section “Form of the Notes” to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system specified in the applicable Pricing Supplement.

On and after the date (the “Exchange Date”) which is 40 days after the completion of the distribution of the E/C Notes, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note (and together with a Temporary Global Note, the “Global Notes”) of the same Series or (ii) for definitive Notes in bearer form with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Pricing Supplement), in each case against certification of beneficial ownership in the form described in the preceding paragraph unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused. Pursuant to the Agency Agreement (as defined under “Terms and Conditions of the Notes” below) the Issuing and Paying Agent shall arrange that, where a further Tranche of E/C Notes is issued, the E/C Notes of such Tranche shall be assigned a Common Code and ISIN by Euroclear and Clearstream, Luxembourg which are different from the Common Code and ISIN assigned to E/C Notes of any other Tranche of the same Series until the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the E/C Notes of such Tranche.

Payments of principal and interest (if any) on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Global Note without any requirement for certification. Unless otherwise specified in the applicable Pricing Supplement, a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon either (i) not less than 60 days’ written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Issuing and Paying Agent as described therein or (ii) (to the extent required by Royal Decrees exempting E/C Notes from interest withholding tax) only upon the occurrence of an applicable Exchange Event, in each case as specified in the applicable Pricing Supplement. For these purposes, “Exchange Event” means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention

permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Issuing and Paying Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Issuing and Paying Agent.

Interests in E/C Notes cleared through Euroclear and/or Clearstream, Luxembourg which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

An E/C Note may be accelerated by the holder thereof in certain circumstances described in “Terms and Conditions of the Notes – Events of Default”. In such circumstances, where any E/C Note is still represented by a Global Note cleared directly through Euroclear and Clearstream, Luxembourg and a holder of such E/C Note so represented and credited to his securities account with Euroclear or Clearstream, Luxembourg gives notice that it wishes to accelerate such E/C Note, unless within a period of seven days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such Global Note, such Global Note will become void. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear or Clearstream, Luxembourg will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg, on and subject to the terms of a deed of covenant (the “Deed of Covenant”) dated 19th November, 2001, executed by the Issuer.

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

[Date]

Société nationale des Chemins de fer belges/ Nationale Maatschappij der Belgische Spoorwegen

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the €4,000,000,000 Euro Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 23rd April, 2003. This Pricing Supplement is supplemental to and must be read in conjunction with such Prospectus.

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs.]

1. (i) Series Number: []
(ii) Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)
2. Specified Currency or Currencies: []
3. Aggregate Nominal Amount:
(i) Series: []
(ii) Tranche: []
4. (i) Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
(ii) Net proceeds: [] *(Required only for listed issues)*
5. Specified Denominations: []
[]

(X/N Notes must have a minimum denomination of €250,000 (or its equivalent in any other currency). E/C Notes will have either (i) no minimum denomination or (ii) such minimum denomination as is at the time of issue required by Royal Decrees exempting such E/C Notes from interest withholding tax.

6. (i) Issue Date [and Interest Commencement Date]: []
- (ii) Interest Commencement Date (if different from the Issue Date): []
7. Maturity Date: *[Fixed rate – specify date/ Floating rate – Interest Payment Date falling in or nearest to [specify month]]*
8. Interest Basis: [[] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Dual Currency Interest]
[specify other]
(further particulars specified below)
9. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency Redemption]
[Partly Paid]
[Instalment]
[specify other]
10. Change of Interest Basis or Redemption/ Payment Basis: *[Specify details of any provision for change of Notes into another Interest Basis or Redemption/ Payment Basis]*
11. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
12. Listing: [Luxembourg/specify other/None]
13. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [] per cent. per annum [payable annually/semi-annually/quarterly] in arrear]
- (ii) Interest Payment Date(s): [[] in each year up to and including the Maturity Date]/[specify other]
- (iii) Fixed Coupon Amount(s): [] per [] in nominal amount
- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount]*
- (v) Day Count Fraction: *[30/360 or Actual/Actual (ISMA) or specify other]*
(NB: Actual/Actual (ISMA) is normally only appropriate for Fixed Rate Notes denominated in euro)

- (vi) Determination Date(s): [] in each year
(NB: Only relevant where Day Count Fraction is Actual/Actual (ISMA))
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
15. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Specified Period(s)/Specified Interest Payment Dates: []
- (ii) Business Day Convention: [Following Business Day Convention/specify other]
- (iii) Additional Business Centre(s): []
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []
- (vi) Screen Rate Determination:
- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: []
(In the case of EURIBOR, if not Moneyline Telerate Page 248 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (viii) Margin(s): [+/-] [] per cent. per annum
- (ix) Minimum Rate of Interest: [] per cent. per annum

- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) Day Count Fraction: [Actual/365
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
Other]
(See Condition 5 for alternatives)
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
16. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Accrual Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: []
(Consider applicable day count fraction if euro denominated)
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 7(e)(iii) and 7(j) apply/specify other]
17. **Index Linked Interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent responsible for calculating the principal and/or interest due: []
- (iii) Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable: []
- (iv) Specified Period(s)/Specified Interest Payment Dates: []
- (v) Business Day Convention: [Following Business Day Convention/specify other]
- (vi) Additional Business Centre(s): []
- (vii) Minimum Rate of Interest: [] per cent. per annum
- (viii) Maximum Rate of Interest: [] per cent. per annum

- (ix) Day Count Fraction: []
18. **Dual Currency Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest payable: []
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: []
- (iv) Person at whose option Specified Currency(ies) is/are payable: []
- PROVISIONS RELATING TO REDEMPTION**
19. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): []
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: []
- (b) Higher Redemption Amount: []
- (iv) Notice period (if other than as set out in the Conditions): []
20. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): []
- (iii) Notice period (if other than as set out in the Conditions): []
- (iv) Securities account of the Domiciliary Agent to which Notes are to be transferred upon exercise of the Put Option: *(Applicable in the case of XIN Notes only)*
21. Final Redemption Amount: [Nominal Amount/specify other/see Appendix]

22. Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7(e)): []

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Notes: Dematerialised book-entry Notes†
 [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]*
 [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]*
 [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]*
24. Additional Financial Centre(s) or other special provisions relating to Payment Dates:
 [Not Applicable/give details]
(Note that this item relates to the place of payment and not Interest Period end dates to which items 15(iii) and 17(vi) relate)
25. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]* [Not Applicable]†
26. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:
 [Not Applicable/give details. NB: a new form of Permanent Global Note may be required for Partly Paid issues]
27. Details relating to Instalment Notes:
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]

†X/N Notes only.

*E/C Notes only.

28. Redenomination: Redenomination [not] applicable
 [(if Redenomination is applicable, specify the terms of the redenomination in an Annex to the Pricing Supplement)]
29. Other terms or special conditions: [Not Applicable/give details]

DISTRIBUTION

30. (i) If syndicated, names of Managers: [Not Applicable/give names]
 (ii) Stabilising Manager (if any): [Not Applicable/give name]
31. If non-syndicated, name of relevant Dealer: []
32. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA not applicable**]
33. Additional selling restrictions: [Not Applicable/give details]

OPERATIONAL INFORMATION

34. Clearing System (specify clearing system where Notes have primary clearance): [X/N Clearing System] [Euroclear/Clearstream, Luxembourg] [Specify other]
35. Delivery: Delivery [against†/free of] payment
36. Additional Paying Agent(s) (if any): []

TYPE OF NOTES:	[X/N Notes*/E/C Notes]
ISIN:	[]
Common Code:	[]
Identification no. allocated by the X/N Clearing System:	[2001] [Not Applicable]

[LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the €4,000,000,000 Euro Medium Term Note Programme of Société nationale des Chemins de fer belges/Nationale Maatschappij der Belgische Spoorwegen.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By:
 Duly authorised

†In respect of X/N Notes, delivery can only be against payment for X/N Notes denominated in euro.

*The Pricing Supplement must be submitted to the National Bank of Belgium for approval at least 3 days prior to the issue of X/N Notes.

**Only for Notes having a term to maturity of one year or less.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. Reference should be made to “Form of the Notes” above for a description of the content of Pricing Supplements which will include the definition of certain terms used in the following Terms and Conditions or specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a series of Notes issued by Société nationale des Chemins de fer belges/Nationale Maatschappij der Belgische Spoorwegen (the “Issuer”) and either cleared through the clearing system (the “X/N Clearing System”) operated by the National Bank of Belgium or any successor thereto (the “NBB”) (an “X/N Note”) or upon issue cleared directly through Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear”) or Clearstream Banking, société anonyme (“Clearstream, Luxembourg”) (an “E/C Note”). References herein to the “Notes” shall be references to the Notes of this Series (as defined below) and shall mean (i) in relation to E/C Notes represented by a global Note (a “Global Note”) or to X/N Notes, units of the lowest Specified Denomination in the Specified Currency, (ii) any definitive Notes issued in exchange for a Global Note and (iii) any Global Note.

The E/C Notes and any relative Receipts and Coupons have the benefit of an agency agreement (as amended or supplemented from time to time the “Agency Agreement”) dated 19th November, 2001, and made among the Issuer, Dexia Banque Internationale à Luxembourg, société anonyme as issuing and paying agent in respect of E/C Notes (the “Issuing and Paying Agent”, which expression includes any successor issuing and paying agent appointed from time to time in respect of such Notes), and the paying agents named therein in respect of both E/C Notes and X/N Notes (together with the Issuing and Paying Agent and the Domiciliary Agent (as defined below) the “Paying Agents”, which expression includes any successor or additional paying agents appointed from time to time).

The X/N Notes are the subject of a domiciliary agency agreement dated 19th November, 2001 (as amended or supplemented from time to time the “Domiciliary Agency Agreement”) and made between the Issuer and Artesia Banking Corporation S.A./N.V.⁽²⁾ as domiciliary agent (the “Domiciliary Agent”, which expression includes any successor domiciliary agent appointed in connection with the X/N Notes) and Paying Agent in respect of the X/N Notes, and a clearing services agreement dated 19th November, 2001 (as amended or supplemented from time to time the “Clearing Services Agreement”) and made between the National Bank of Belgium, the Issuer and the Domiciliary Agent.

Interest bearing definitive E/C Notes (unless otherwise indicated in the applicable Pricing Supplement) have interest coupons (“Coupons”) and, if indicated in the applicable Pricing Supplement, talons for further Coupons (“Talons”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive E/C Notes repayable in instalments have receipts (“Receipts”) for the payment of the instalments of principal (other than the final instalment) attached on issue.

The Pricing Supplement for this Note supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References herein to the “applicable Pricing Supplement” are to the Pricing Supplement (or the relevant provisions thereof) attached hereto or endorsed hereon.

Any reference herein to “Noteholders” or “holders” in relation to any Notes shall mean the holders of the Notes, and shall, in relation to any E/C Notes represented by a Global Note and to all X/N Notes, be construed as provided below. Any reference herein to “Receiptholders” shall mean the holders of the Receipts and any reference herein to “Couponholders” shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons.

⁽²⁾ Following a merger with Dexia Bank Belgium, Artesia Banking Corporation has changed its name to Dexia Bank Belgium.

As used herein, “Tranche” means Notes which are identical in all respects (including as to listing) and “Series” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

In respect of X/N Notes, the holders of interests in such X/N Notes credited to their securities accounts with NBB or with an authorised participation the X/N Clearing System will in certain circumstances under Belgian law be entitled to proceed directly against the Issuer.

In respect of E/C Notes, the Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the “Deed of Covenant”) dated 19th November, 2001 and made by the Issuer. The original of the Deed of Covenant is held by a common depositary on behalf of Euroclear and Clearstream, Luxembourg.

Copies of the Agency Agreement, the Domiciliary Agency Agreement, the Clearing Services Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Issuing and Paying Agent, the Domiciliary Agent and the other Paying Agents. Copies of the form of the Pricing Supplement and the Pricing Supplement applicable to this Note are obtainable during normal business hours at the specified office of any Paying Agent. A Pricing Supplement relating to an unlisted Note of any Series will only be available for inspection by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the relevant Paying Agent, as the case may be, as to identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and/or the Domiciliary Agency Agreement, as the case may be and the applicable Pricing Supplement and in the case of E/C Notes, the Deed of Covenant.

Words and expressions defined in the Agency Agreement or the Domiciliary Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement or the Domiciliary Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1. Form, Denomination and Title

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Pricing Supplement.

X/N Notes

The Notes are treasury notes (*billets de trésorerie/thesauriebewijzen*) within the meaning of the law of 22nd July, 1991 on treasury notes and certificates of deposit (*loi relative aux billets de trésorerie et aux certificats de dépôt/wet betreffende de thesauriebewijzen en de depositobewijzen*) and the royal decree of 14th October, 1991 on the same subject, both as amended from time to time. The Notes are accepted for clearance through the X/N Clearing System, and are accordingly subject to the applicable clearing regulations of the NBB. The Notes may be cleared through the X/N accounts system organised with the X/N Clearing System in accordance with the law of 6th August, 1993 on transactions in certain securities (*loi relative aux opérations sur certaines valeurs mobilières/wet betreffende de transacties met bepaalde effecten*) and its implementing royal decrees of 26th May, 1994 and 14th June, 1994. The Noteholders will not be entitled to exchange the Notes into bearer notes, notes payable to order or registered notes.

Title to the Notes is evidenced by book entries in the holder's securities account with the NBB or with a participant in the X/N Clearing System. The person who is for the time being shown in the records of the NBB or of such a participant in the X/N Clearing System as the holder of a particular nominal amount of Notes (in which regard any certificate or other document issued by the NBB or by the relevant participant shall be conclusive and binding for all purposes save in the case of manifest error) shall for all purposes be treated by the Issuer and any Paying Agent as the holder of such nominal amount of Notes, and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly.

E/C Notes

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The Issuer and the relevant Paying Agent, as the case may be, will (except as otherwise required by law) deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant Global Note (and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly). Notes which are represented by such a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system (other than the X/N Clearing System) approved by the Issuer and the Issuing and Paying Agent.

2. Status of the Notes

The Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and equally with all other unsecured, unpreferred and unsubordinated obligations of the Issuer from time to time outstanding.

3. Negative Pledge

So long as any of the Notes remains outstanding, and subject as provided below, the Issuer undertakes not to provide any security upon any part of its undertaking or assets to secure any existing or future Securities (including any guarantee or indemnity in respect thereof) without in any such case at the same time according to the Notes and any relative Receipts and Coupons the same security as is granted to or is outstanding in respect of such Securities (or such guarantee or indemnity in respect thereof).

Nothing in this Condition 3 shall prevent the Issuer from creating or permitting to subsist a mortgage, charge, lien, pledge or similar encumbrance or security interest upon a defined pool of its assets (not representing all of the assets of the Issuer) (including, but not limited to, receivables) (the “Secured Assets”) which is or was created pursuant to any securitisation or like arrangement in accordance with normal market practice (whether or not involving the issue by the Issuer itself of asset backed securities) and whereby all payment obligations in respect of Securities or any guarantee or indemnity given in respect of Securities, as the case may be, secured on the Secured Assets are to be discharged solely from the Secured Assets.

As used in this Condition 3, “Securities” means any loan or other indebtedness in the form of, or represented or evidenced by, bonds, debentures, notes or other securities which are or are intended by the issuer thereof to be quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market.

4. Restrictions on Mergers and Transfers of Assets

The Issuer will not:

- (1) consolidate or amalgamate with, or merge with or into, another entity; or
- (2) transfer all or substantially all of its undertaking, assets or business to one or more other entities,

unless, immediately following such consolidation, amalgamation, merger or transfer (the “Relevant Event”),

- (a) the Kingdom of Belgium, or any political sub-division thereof, expressly assumes all the obligations and liabilities of the Issuer under the Notes, the Agency Agreement, the Domiciliary Agency Agreement, the Clearing Services Agreement and the Deed of Covenant (as the case may be); or
- (b) (i) the legal entity or entities which, in the case of a consolidation, amalgamation or merger, results from the Relevant Event or, in the case of a transfer, the transferee or each transferee (in each case, the “Resulting Entity” or, as the case may be, the “Resulting Entities”) is or, as the case may be, on a joint and several basis are liable for all the obligations of the Issuer incurred prior to the Relevant Event under the Notes, the Agency Agreement, the Domiciliary Agency Agreement, the Clearing Services Agreement and the Deed of Covenant (as the case may be); (ii) such Resulting Entities continue to provide collectively substantially all of the domestic rail passenger service in Belgium pursuant to a public service mission; (iii) one or more of such Resulting Entities have the benefit of a management contract or similar agreement with the Kingdom providing the financial assistance necessary for them to carry out such public service mission and have the benefit of such financial assistance as is necessary to ensure their sound financial condition as long as any of the Notes are outstanding; and (iv) the Resulting Entity or, as the case may be, Resulting Entities effectively indemnifies or, as the case may be, on a joint and several basis indemnify each Noteholder and, as the case may be, each Relevant Account Holder (as defined in the Deed of Covenant) against any tax, duty, fee, governmental charge, cost or expense which is or may be imposed on such Noteholder or, as the case may be, Relevant Account Holder with respect to payments under the Notes in relation to, or in consequence of, the Relevant Event and which would not have been so imposed had the Relevant Event not taken place;

provided that this Condition shall not apply if the Issuer sells, assigns, transfers or leases all or substantially all of its properties and assets to one or more entities in a single transaction or related series of transactions and, immediately after giving effect to such transaction or series of transactions (A) the Issuer (including its consolidated subsidiaries) continues to provide substantially all of the domestic passenger services in Belgium pursuant to its public service mission, and (B) the Issuer (including its consolidated subsidiaries) has the benefit of a management contract or similar agreement with the Kingdom of Belgium providing the financial assistance necessary for the Issuer to carry out such public service mission and such financial

assistance as is necessary to ensure the sound financial condition of the Issuer for so long as any of the Notes remains outstanding.

5. Interest

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in these Terms and Conditions, “Fixed Interest Period” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

In these Terms and Conditions:

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with this Condition 5(a):

(i) if “Actual/Actual (ISMA)” is specified in the applicable Pricing Supplement:

- (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or
- (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if “30/360” is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

“Determination Period” means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“sub-unit” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) Interest on Floating Rate Notes and Index Linked Interest Notes

(i) Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an “Interest Payment Date”) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, “Business Day” means a day:

- (A) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the applicable Pricing Supplement;

- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, on which Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System (the “TARGET System”) is open; and
- (C) in respect of X/N Notes, on which the X/N Clearing System is operating.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (A), “ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Issuing and Paying Agent (in the case of E/C Notes) or the Domiciliary Agent (in the case of X/N Notes), under an interest rate swap transaction if the Issuing and Paying Agent or the Domiciliary Agent (as the case may be) was acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the “ISDA Definitions”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (2) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“LIBOR”) or on the Euro-zone inter-bank offered rate (“EURIBOR”), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Issuing and Paying Agent (in the case of E/C Notes) or the Domiciliary Agent (in the case of X/N Notes). If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest

quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Issuing and Paying Agent or the Domiciliary Agent (as the case may be) for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement (in the case of E/C Notes) or the Domiciliary Agency Agreement (in the case of X/N Notes) contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(iii) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and calculation of Interest Amounts

The Issuing and Paying Agent or the Domiciliary Agent (as the case may be), in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Issuing and Paying Agent or the Domiciliary Agent (as the case may be) of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Issuing and Paying Agent (in the case of E/C Notes) or the Domiciliary Agent (in the case of X/N Notes) will calculate the amount of interest (the “Interest Amount”) payable on the Floating Rate Notes or Index Linked Interest Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

“Day Count Fraction” means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if “Actual/365” or “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

- (iii) if “Actual/365 (Sterling)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

(v) Notification of Rate of Interest and Interest Amounts

The Issuing and Paying Agent (in the case of E/C Notes) or the Domiciliary Agent (in the case of X/N Notes) will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression “London Business Day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vi) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b), whether by the Issuing and Paying Agent or the Domiciliary Agent, or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Issuing and Paying Agent or the Domiciliary Agent (as the case may be), the Calculation Agent (if applicable) and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Issuing and Paying Agent or the Domiciliary Agent or to the Calculation Agent (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Interest on Dual Currency Interest Notes

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

(d) Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

(e) Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) (in respect of E/C Notes only) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Issuing and Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

6. Payments

Paragraphs (a) to (e) below are applicable to E/C Notes only.

(a) Method of payment – E/C Notes

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

(b) Presentation of definitive Notes, Receipts and Coupons – E/C Notes

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent, in each case outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute

valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "Long Maturity Note" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

(c) Payments in respect of Global Notes – E/C Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent. A record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

(d) General provisions applicable to payments – E/C Notes

The bearer of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the bearer of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the bearer of such Global Note. No person other than the bearer of such Global Note shall have any claim against the Issuer in respect of any payments due on that Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of any Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(e) Payment Day – E/C Notes

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, “Payment Day” means any day which (subject to Condition 9) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) the relevant place of presentation;
 - (B) Brussels;
 - (C) any Additional Financial Centre specified in the applicable Pricing Supplement; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET System is open.

Paragraph (f) below is applicable only to X/N Notes:

(f) Provisions applicable to payments – X/N Notes

- (i) *Payments in euro:* All payments in euro of principal or interest owing under the Notes shall be made through the Domiciliary Agent and the X/N Clearing System in accordance with the operating procedures of the X/N Clearing System.
- (ii) *Payments in other currencies:* All payments in any currency other than euro of principal or interest owing under the Notes shall be made through the Domiciliary Agent and Euroclear and/or Clearstream, Luxembourg (in accordance with the rules thereof) or any other relevant participant in the X/N Clearing System.
- (iii) *Payments subject to fiscal laws:* All payments in respect of the Notes will be subject in all cases to any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions of Condition 8. No commissions or expenses shall be charged by the Domiciliary Agent to the Noteholders in respect of such payments.

(g) Interpretation of principal and interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(e)); and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

7. Redemption and Purchase

(a) At Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

(b) Redemption for Tax Reasons

Notes may be redeemed at the option of the Issuer in whole, but not in part, respectively at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Issuing and Paying Agent (in the case of E/C Notes) or the Domiciliary Agent (in the case of X/N Notes) and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of Belgium or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Issuing and Paying Agent (in the case of E/C Notes) or the Domiciliary Agent (in the case of X/N Notes) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 7(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) Redemption at the Option of the Issuer

If the Issuer is specified in the applicable Pricing Supplement as having an option to redeem, the Issuer may, having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Issuing and Paying Agent (in the case of E/C Notes) or the Domiciliary Agent (in the case of X/N Notes),

(which notices shall be irrevocable), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s). Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Higher Redemption Amount, both as indicated in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, as the case may be, in the case of Redeemed Notes represented by a Global Note and the rules of the X/N Clearing System in the case of Redeemed Notes which are X/N Notes, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date").

In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this subparagraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

(d) Redemption at the Option of the Noteholders (Investor Put)

If the Noteholders are specified in the applicable Pricing Supplement as having an option to redeem, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Pricing Supplement, the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Note is an E/C Note in definitive form, to exercise the right to require redemption of this Note under this Condition 7(d), the holder of this Note must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent, as the case may be, falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "Put Notice") and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

If this Note is an X/N Note, to exercise the right to require redemption of this Note under this Condition 7(d), the holder of this Note must transfer such Note to the securities account of the Domiciliary Agent designated in the relevant Pricing Supplement within the notice period, and deposit with the Domiciliary Agent a duly completed and signed Put Notice in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

Any Put Notice given by a holder of any Note pursuant to this paragraph (d) shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph (d) and instead to declare such Note forthwith due and payable pursuant to Condition 10.

(e) Early Redemption Amounts

For the purpose of paragraph (b) above and Condition 10, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of Notes (other than Zero Coupon Notes but including Instalment Notes and Partly Paid Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the Pricing Supplement, at their nominal amount; or
- (iii) in the case of Zero Coupon Notes, at an amount (the “Amortised Face Amount”) equal to the sum of:
 - (A) the Reference Price; and
 - (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date of the first Tranche of Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made on the basis of the actual number of days elapsed divided by 360 or (in any case) on such other calculation basis as may be specified in the applicable Pricing Supplement.

(f) Instalments

If the Notes are repayable in instalments, they will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

(g) Partly Paid Notes

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

(h) Purchases

The Issuer or any of its Subsidiaries (as defined in the Agency Agreement and the Domiciliary Agency Agreement) may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer,

surrendered to any Paying Agent for cancellation (in the case of E/C Notes) or duly cancelled in accordance with the procedures of the X/N Clearing System (in the case of X/N Notes).

(i) Cancellation

All Notes which are redeemed will forthwith be cancelled (together, where applicable, with all unmatured Receipts and Coupons attached thereto or surrendered therewith at the time of redemption). All E/C Notes so cancelled and the E/C Notes purchased and cancelled pursuant to paragraph (h) above (together, where applicable, with all unmatured Receipts and Coupons cancelled therewith) shall be forwarded to any Paying Agent, and no cancelled Note (whether an E/C Note or an X/N Note) may be reissued or resold.

(j) Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) (in respect of E/C Notes only) five days after the date on which the full amount of the moneys payable has been received by any Paying Agent and notice to that effect has been given to the Noteholder either in accordance with Condition 14 or individually.

8. Taxation

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Belgium or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (i) presented for payment or (in the case of X/N Notes) held by or on behalf of a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with Belgium other than the mere holding of such Note, Receipt or Coupon; or
- (ii) presented for payment or (in the case of X/N Notes) held by or on behalf of a holder who would be able to avoid such withholding or deduction by (in the case of an E/C Note) presenting the relevant Note, Receipt or Coupon to another Paying Agent or (in the case of an X/N Note held in a securities account with a financial institution) holding the relevant Note in a securities account with another financial institution, in each case in a Member State of the EU; or
- (iii) presented for payment, in the case of E/C Notes, more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day; or
- (iv) (in the case of X/N Notes) by or on behalf of a holder who, at the time of the relevant payment, is not an Eligible Investor or otherwise fails to meet any other condition for exemption from Belgian withholding tax pursuant to the Belgian law of 6th August, 1993 and its implementing Royal Decree, as amended or replaced from time to time; or

- (v) where such withholding or deduction is imposed on payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th and 27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (vi) where such withholding or deduction would not have been imposed but for the failure to comply with any certification, identification, documentation or other reporting requirement concerning the residence or other connection with Belgium of a Noteholder, Receiptholder or Couponholder or beneficial owner of a Note, if compliance is required as a pre-condition to relief or exemption from such taxes or duties.

As used herein:

“Relevant Date” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Issuing and Paying Agent (in the case of E/C Notes) or the Domiciliary Agent (in the case of X/N Notes), on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14 or, in the case of X/N Notes, such payment is made to the Noteholders; and

“Eligible Investor” means those entities which are referred to in Article 4 of the Royal Decree dated 26th May, 1994 on the deduction of withholding tax and which hold the X/N Notes in an exempt account in the X/N Clearing System.

9. Prescription

The Notes and (where applicable) Receipts and Coupons will become void, in the case of X/N Notes, 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor or, in the case of E/C Notes, unless presented for payment within such periods.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

10. Events of Default

If any one or more of the following events (each an “Event of Default”) shall have occurred and be continuing:

- (i) the Issuer shall default in respect of the payment of principal of the Notes or any of them when and as the same ought to be paid; or
- (ii) the Issuer shall default in respect of the payment of any interest on the Notes or any of them for more than ten (10) days when and as the same ought to be paid; or
- (iii) the Issuer shall fail to perform, observe or comply with any other term, covenant, condition, provision or obligation contained in the Agency Agreement (in the case of E/C Notes) or the Domiciliary Agency Agreement or the Clearing Services Agreement (in the case of X/N Notes) relating to the Notes or in the Notes or any of them (other than the obligation to pay the principal and interest in respect of any Notes), for a period of thirty (30) days after written notice thereof shall have been given to the Issuer by any Noteholder; or
- (iv) if any other Indebtedness for Borrowed Money of the Issuer becomes due and repayable prematurely by reason of an event of default (however described) or the Issuer fails to make any payment in respect of any other Indebtedness for Borrowed Money on the due date for payment as extended by any originally applicable grace period or any security given by the Issuer for any other Indebtedness for Borrowed Money becomes enforceable or if default is made by the Issuer in making any payment due under any guarantee and/or indemnity given by it in relation to any

other Indebtedness for Borrowed Money of any other person, provided that no event shall constitute an Event of Default unless the Indebtedness for Borrowed Money or other relative liability shall amount to at least €25,000,000 (or its equivalent in any other currency); or

- (v) a decree or order by a court having jurisdiction shall have been entered under any applicable bankruptcy, insolvency, reorganisation or other similar law (A) adjudging the Issuer a bankrupt or insolvent, or approving as properly filed a petition seeking reorganisation of the Issuer or (B) appointing a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Issuer or of its property or (C) ordering the winding up or liquidation of the affairs of the Issuer; or
- (vi) proceedings are commenced by the Issuer to be adjudicated a bankrupt or insolvent, or the Issuer shall consent to the filing of a bankruptcy or insolvency proceeding against it, or shall file a petition or answer or consent seeking reorganisation under any applicable bankruptcy, insolvency, reorganisation or other similar law or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or its property, or shall make an assignment for the benefit of creditors or the Issuer shall announce its inability to pay its indebtedness as it matures; or
- (vii) the Issuer ceases, or through an official action of its Board of Directors or the Kingdom will cease, to carry on all or substantially all of its business (unless the provisions set forth in either Condition 4(a) or 4(b) above are satisfied); or
- (viii) the Issuer declares a general moratorium on the payment of its indebtedness; or
- (ix) following a transaction or related series of transactions falling within Condition 4, the provisions set forth in either Condition 4(a) or 4(b) are no longer satisfied; or
- (x) it becomes unlawful, or for any reason whatsoever impossible, for the Issuer to perform or comply with any of its payment obligations under the Notes or any of them,

then any Noteholder may, by written notice to the Issuer at the specified office of the Issuing and Paying Agent (in the case of E/C Notes) or the Domiciliary Agent (in the case of X/N Notes), effective upon the date of receipt thereof by the Issuing and Paying Agent or the Domiciliary Agent, as the case may be, declare the Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 7(e)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

“Indebtedness for Borrowed Money” means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptance or acceptance credit or (iii) any notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash.

11. Replacement of Notes, Receipts, Coupons and Talons – E/C Notes

Should any E/C Note, or any relative Receipt, Coupon or Talon, be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Paying Agent in Luxembourg upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

In the case of loss, destruction, theft or any other event of involuntary dispossession of an E/C Note, the provisions of the Belgian Law of 24th July, 1921 relating to the involuntary dispossession of bearer securities, as amended on 22nd July, 1991 (the “Law”) will apply. Upon such an event of involuntary dispossession with respect to any Note being notified and published in accordance with the procedure of

opposition provided for by the Law, certain obligations will be imposed upon the Issuer or the Issuing and Paying Agent, including the retention of such Note by the Issuing and Paying Agent upon presentation for payment, reinvestment of the principal and, in some cases, the interest payable on such Note as specified, and the refusal of any payment on such Note for a period of four years starting from the first of January following the first publication in the Bulletin of Oppositions (*Bulletin des oppositions/Bulletin der met verzet aangetekende waarden*).

This Condition 11 shall not apply to X/N Notes.

12. Agent and Paying Agents

The names of the initial Issuing and Paying Agent and the other initial Paying Agent and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);
- (ii) there will at all times be an Issuing and Paying Agent, and a Domiciliary Agent; and
- (iii) if any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th and 27th November, 2000 or any law implementing or complying with, or introduced in order to conform to such Directive is introduced, the Issuer will ensure that it maintains a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to any such Directive or law, if any.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 7(d). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

13. Exchange of Talons – E/C Notes

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date (as the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.

This Condition 13 shall not apply to X/N Notes.

14. Notices

All notices regarding the Notes shall be published in 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 Belgium, London and, for so long as the Notes are listed on the Luxembourg Stock Exchange, Luxembourg; which newspaper is expected to be *The Financial Times* of London, if practicable, the *Financieel-Economische Tijd* and the *Echo de la Bourse* in Belgium, if practicable, and for so long as any Securities are listed on the Luxembourg Stock Exchange, the *Luxemburger Wort*, or, if such publication is not practicable, in another leading English language daily newspaper with general circulation in Europe, such newspaper being published on each business day in morning editions, whether or not it shall

be published in Saturday, Sunday or holiday editions. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication in both such newspapers.

In respect of X/N Notes and (until such time as any definitive Notes are issued and for so long as the Global Note(s) is or are held in its/their entirety on behalf of Euroclear or Clearstream, Luxembourg) E/C Notes, there may (provided that, in the case of Notes listed on a stock exchange, the stock exchange agrees) be substituted for such publication in such newspaper(s) the delivery of the relevant notice to the X/N Clearing System or to Euroclear and Clearstream, Luxembourg, as the case may be, for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to the X/N Clearing System or to Euroclear and Clearstream, Luxembourg, as the case may be.

In addition to the above publications, in respect of X/N Notes, any convening notice for a meeting of Noteholders shall be made in accordance with Article 570 of the Belgian Company Code, by an announcement to be inserted twice, with an interval of not less than eight days and the second one at least eight days prior to the meeting, in the Belgian Official Gazette (*Moniteur Belge – Belgisch Staatsblad*) and in a newspaper issued in the region in which the Issuer has its registered office and in a newspaper with general circulation in Belgium. Resolutions to be submitted to the meeting must be described in the convening notice. In addition, the convening notice shall specify the procedures in respect of voting on resolutions to be decided by the meeting.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent (in respect of E/C Notes) or by lodging the same with the Domiciliary Agent (in respect of X/N Notes). Whilst any of the E/C Notes are represented by a Global Note, such notice may be given by any holder of an E/C Note to the Issuing and Paying Agent, and any such notice in respect of an X/N Note must be given by the holder to the Domiciliary Agent, via Euroclear and/or Clearstream, Luxembourg or via the X/N Clearing System, as the case may be, in such manner as the Issuing and Paying Agent (in respect of E/C Notes) or the Domiciliary Agent (in respect of X/N Notes) and Euroclear and/or Clearstream, Luxembourg or the X/N Clearing System, as the case may be, may approve for this purpose.

15. Meetings of Noteholders, Modification and Waiver

(a) Meetings in respect of X/N Notes

Meetings of Noteholders may be convened to consider certain matters relating to the Notes of one or more series, including the modification of certain provisions of these Conditions, in accordance with Articles 569 *sq.* of the Belgian Company Code, which are hereby made applicable. A meeting of Noteholders may be convened by the Board of Directors or the auditors of the Issuer. The Board of Directors of the Issuer must convene such a meeting upon request of Noteholders holding at least one-fifth in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting convened to consider a Resolution (as defined below) will be one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding or, at any adjourned meeting after publication of a new convening notice pursuant to Condition 14, one or more persons being or representing Noteholders whatever the aggregate nominal amount of the Notes so held or represented. A Resolution requires the approval of Noteholders holding or representing at least 75 per cent. of the aggregate nominal amount outstanding of the Notes present or represented at the meeting and taking part in the vote. If however a Resolution is adopted by Noteholders holding or representing less than one-third of the aggregate nominal amount outstanding of the Notes (whether present or represented at the meeting or not), such Resolution is not binding unless approved by the competent Court of Appeal in the district where the Issuer's registered office is located. The above quorum and special majority requirements do not apply to Resolutions relating to interim measures or to the appointment of a representative of the Noteholders. In such a case, the Resolutions shall be adopted if approved by Noteholders holding or representing at least a majority of the aggregate nominal amount of the Notes outstanding present or

represented at the meeting. A Resolution duly passed in accordance with the provisions of Belgian Company Code at any such meeting of Noteholders and, to the extent required by law, approved by the relevant Court of Appeal, will be binding on all Noteholders, whether or not they are present at the meeting and whether or not they vote in favour thereof, and on all holders of coupons.

The matters listed in the Belgian Company Code in respect of which a Resolution may be adopted include modifying or suspending the date of maturity of Notes, postponing any day for payment of interest thereon, reducing the rate of interest applicable in respect of such Notes, deciding urgent interim actions in the common interest of Noteholders, accepting a security in favour of the Noteholders, accepting a transformation of Notes into shares on conditions proposed by the Issuer, and appointing a special agent of the Noteholders to implement the resolutions of the meeting of Noteholders.

For the purpose of this Condition, “Resolution” means a resolution of Noteholders duly passed at a meeting called and held in accordance with the Belgian Company Code.

(b) Meetings in respect of E/C Notes

The Agency Agreement contains provisions for convening meetings of the Noteholders in respect of E/C Notes to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of such Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement.

A meeting of the Noteholders may be convened by the Issuer or Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, Receipts or Coupons), the quorum shall be one or more persons holding or representing not less than 75 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any such meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

(c) Modifications and waivers

The Issuing and Paying Agent and/or the Domiciliary Agent, as the case may be, and the Issuer may agree, without the consent of the Noteholders or, where applicable, the Receiptholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Agency Agreement, the Domiciliary Agency Agreement or the Clearing Services Agreement (as applicable) which is not prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons, the Agency Agreement, the Domiciliary Agency Agreement or the Clearing Services Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders and, where applicable, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

16. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

17. Governing Law and Submission to Jurisdiction

The X/N Notes, the Domiciliary Agency Agreement and the Clearing Services Agreement are governed by, and shall be construed in accordance with, Belgian law. For the avoidance of doubt, it is expressly stated that the courts of Belgium will have exclusive jurisdiction to settle disputes which may arise from or in connection with X/N Notes and accordingly any legal action or proceedings arising from or in connection with the X/N Notes shall be brought before such courts.

The Deed of Covenant, the Agency Agreement, the E/C Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law. If this Note is governed by English law, no rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

The Issuer agrees, for the exclusive benefit of the holders of E/C Notes, Receipts and Coupons governed by English law, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with such E/C Notes, the Receipts and/or the Coupons and that accordingly any suit, action or proceedings (together referred to as “Proceedings”) arising out of or in connection with such E/C Notes, the Receipts and/or the Coupons may be brought in such courts. The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction. Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not. The Issuer appoints its commercial representation in London, known as Belgian National Railways, at Blackfriars Foundry, 156 Blackfriars Road, London SE1 8EN as its agent for service of process, and undertakes that, in the event of Belgian National Railways ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve process in any other manner permitted by law.

The Issuer hereby irrevocably and unconditionally to the fullest extent possible (but subject always to applicable provisions of law, in particular, without limitation, Article 8 of the Law of 21st March, 1991, on the reform of certain public sector enterprises, providing for immunity from enforcement in respect of assets designated for the public service) waives with respect to the Notes, the Receipts and/or the Coupons, regardless of governing law, any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any suit, action or proceedings.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes.

DESCRIPTION OF THE ISSUER

The Issuer is the state-owned national railway company of Belgium. The Issuer was incorporated in 1926 pursuant to the Law of 23rd July, 1926 relating to the creation of the Issuer. In 1992, the Issuer was transformed into a corporation of public law and was granted full ownership of the assets of the Belgian public rail network.

The principal activities of the Issuer are the operation of substantially all domestic passenger and freight rail services in Belgium (including commuter services, but excluding urban underground and tramway systems) and the management and maintenance of the related infrastructure. The Issuer also serves international passenger and freight rail traffic through connecting rail services linked to the principal railways of all contiguous countries. In addition to its rail operations, the Issuer also operates one of the largest parcel delivery services in Belgium through its business division, ABX Transport and Logistics (“ABX”). The Issuer has its own fibre optics network for internal telecommunication activities consisting of almost 3,000 km of fibre optics lines. Extra capacity is sold on the professional user market.

The Issuer is authorised to engage in all commercial, industrial or financial activities or any other activity directly or indirectly related to those activities.

THE RELATIONSHIP BETWEEN THE ISSUER AND THE KINGDOM OF BELGIUM

Autonomous Status; Range of Activities

As of the date of its incorporation in 1926, the Issuer was granted the right to manage and operate the rail network in Belgium for a period of 75 years. Pursuant to the Law of 21st March, 1991 reforming certain public sector enterprises (the “1991 Law”) and the Royal Decree of 30th September, 1992 approving the first management contract (as from time to time in effect, the “Management Contract”) between the Issuer and the Kingdom of Belgium (the “Kingdom”), the Issuer was transformed into a corporation of public law (*société anonyme de droit public/naamloze vennootschap van publiek recht*), regulated under the 1991 Law, with unlimited duration and full ownership of the assets of the Belgian public rail network.

The Issuer, as a corporation of public law, is permitted to engage in all activities consistent with its public service tasks and may, within certain limits, set prices and buy and sell assets.

The 1991 Law provides that the Kingdom’s financial obligations towards a corporation of public law are limited to the obligations set forth in the management contract with such corporation. The 1991 Law grants such a corporation control over administrative, economic and accounting matters, subject to certain limits set forth in this law. Corporations of public law governed by the 1991 Law must keep separate accounts for their activities connected with their public service tasks, on the one hand, and other activities, on the other hand. Additionally, the Issuer is required to keep separate accounts for its infrastructure and transportation activities and to take certain measures to improve its financial situation.

The Issuer relies for the funding of its activities and debt service to a significant extent on subsidies of the Kingdom. The continuous availability of such subsidies cannot be assured. The Notes do not constitute obligations of the Kingdom and are not guaranteed by the Kingdom.

As a result of its performance of public service tasks, the Issuer is subject to supervision by the Belgian Ministry of Transportation through a government commissioner (*commissaire du gouvernement/regeringscommissaris*). This commissioner is empowered to suspend certain decisions and acts of the Issuer that he deems contrary to the law, the Issuer’s charter or the Management Contract. The Minister of Transportation subsequently reviews the decision or act and may approve or overrule it.

Capital and Ownership of Shares

On 30th June, 2002, the Issuer’s stated capital amounted to €4,896,541,471.60. The Kingdom holds 99.99 per cent. (36.71 per cent. directly and 63.28 per cent. indirectly, through its interest in Financière TGV) of the share capital and 99.94 per cent. of the voting rights of the Issuer. The remaining 0.01 per cent. of

the Issuer's share capital consists of preferred shares which were initially issued to the public in 1926 and were gradually repurchased by the Kingdom. Each preferred share has one-tenth of the voting rights of an ordinary share. Article 56 of the Law of 20th December, 1995, concerning fiscal, financial and other matters, provides that funds allocated to the Issuer by the Ministry of Transportation for financing rail infrastructure (as defined in Article 156 of the 1991 Law) or rolling stock for domestic passenger transportation shall be deemed increases in subscribed capital rather than investment grants. The 1991 Law also provides that depreciation of rail infrastructure and rolling stock shall result in an equal reduction in subscribed capital. The Issuer believes that the Kingdom has no present intentions to reduce its ownership interest in the Issuer.

Under the 1991 Law, the Kingdom and certain public institutions must own at all times at least 50 per cent. plus one share of the Issuer's share capital. The Kingdom may not transfer the shares of the Issuer, except for transfers to public institutions within the meaning of the 1991 Law or transfers especially authorised by an Act of Parliament. The 1991 Law further prohibits (i) the issuance of new shares, convertible bonds or bonds with share warrants of the Issuer that would dilute the Kingdom and authorised public institutions below 50 per cent. plus one share and (ii) any transfer of shares of the Issuer by a public institution that would cause the aggregate number of shares owned by the Kingdom and authorised public institutions to fall below 50 per cent. plus one share of the Issuer's share capital.

Management

Under the 1991 Law, as amended by the Law of 22nd March, 2002 (the "2002 Law"), the Issuer's Board of Directors consists of 10 members, including the Chief Executive Officer. The Kingdom appoints a number of members representing the proportion of voting rights held by the Kingdom, including the chairman and the Chief Executive Officer (*i.e.*, all Board members at present). Under the 1991 Law, the Kingdom and authorised public institutions, together, are at all times entitled to at least 75 per cent. of the voting rights and to elect at least 75 per cent. of the members of the Board of Directors, regardless of their aggregate voting rights. To the extent required to comply with this provision, the voting rights and rights to elect members of the Board of Directors of other shareholders would be reduced proportionally.

A Management Committee composed of the Chief Executive Officer and general managers appointed by the Board of Directors is in charge of the day-to-day management of the company and of the implementation of resolutions adopted by the Board of Directors. The general managers (other than the Chief Executive Officer) may not be members of the Board of Directors. The Chief Executive Officer and one general manager designated by the Board of Directors, acting jointly, have the authority to represent the Issuer for all corporate actions.

Certain biographical information with respect to the Chief Executive Officer and each of the ten general managers is set forth below:

Mr. Karel Vinck is the Chief Executive Officer of the Issuer and member of the Board of Directors. Previously, Mr. Vinck was the Chief Executive Officer of Umicore (ex Union Minière), Bekaert and Eternit, chairman of the Flemish Employers' Association (VEV) and member of the Board of Directors of KU Leuven, Generale Maatschappij, Tractebel and Barco.

Mr. Antoine Martens is the General Manager in charge of Operations. Previously, Mr. Martens was a member of the Issuer's Board of Directors and its Deputy Managing Director, in charge of the following business units: "Domestic Passengers", "International Passengers", "Network", "Staff administration and social affairs" and "Communication".

Mr. Luc Lallemand is General Manager in charge of Finance. Previously, Mr. Lallemand was Financial Adviser at the Issuer's Treasury division between 1991 and 1995. From 1999 through 2002, he was Head of Cabinet of the Vice-Prime Minister and Minister of Employment and Equal Opportunities.

Mr. Tony Van Den Berghen is General Manager in charge of Human Resources. Previously, Mr. Van Den Berghen was Director of the Issuer's North-East District.

Mr. Marc Descheemaeker is General Manager in charge of Freight Transportation. Previously, Mr. Descheemaeker was Vice-President and member of the Board of Directors of the VEV.

Mr. Leo Pardon is General Manager in charge of Passengers Traffic. Previously, Mr. Pardon was a member of the Issuer's Board of Directors as a Director Manager. Mr. Pardon was in charge of the Business Units "International Passengers", "IT", "Rolling Stock and Train Drivers", "Legal Affairs" and "Accounting & Controlling".

Mr. Jean Denayer is General Manager in charge of Equipment. Previously, Mr. Denayer was General Manager of the Issuer's Business Unit "Maintenance of Infrastructure".

Mr. Daniel Derochette is General Manager in charge of Trains. Previously, Mr. Derochette was General Manager of the Issuer's Business Unit WMS (Wagons Maintenance Services).

Mr. Alex Migom is General Manager in charge of Network. Previously, Mr. Migom was General Manager of the Issuer's Business Unit "Network".

Mr. Jean-Marie Raviart is General Manager in charge of Infrastructure. Previously, Mr. Raviart was member of the Issuer's Board of Directors as a Director Manager.

Mr. Vincent Bourlard is General Manager in charge of Patrimony. Previously, Mr. Bourlard was member of the Issuer's Board of Directors as a Director Manager.

Committees of the Board of Directors

The 2002 Law requires the Board of Directors to create the following committees:

- an audit committee, composed of four directors (other than the Chief Executive Officer), in charge of assisting the Board in its review of financial information (including financial statements, the management report, periodic reports and reports on financial risk management);
- a nomination and compensation committee, composed of four directors (other than the Chief Executive Officer), in charge of advising the Board on the appointment of general managers proposed by the Chief Executive Officer and the compensation of general managers and other senior executives; and
- a strategic committee, composed of all the members of the Board and six members appointed by royal decree from among representatives of the unions, in charge of working out the Issuer's investment plan, negotiating and monitoring the management contract and advising the Board on various matters (including employment, strategy or mergers and acquisitions).

Finally, the 2002 Law creates an orientation committee, composed of all the members of the Board and six members to be appointed by the Regions from among representatives of regional public transportation undertakings, in charge of advising the Board in connection with measures that may influence the co-operation between the Issuer and regional public transportation undertakings. The orientation committee's advice is binding on the Board, unless the Board expressly elects to disregard any such advice.

Management Contract

The 1991 Law requires the Kingdom and the Issuer to enter into a Management Contract for a term of three to five years. In essence, the Management Contract assigns certain public service tasks to the Issuer and provides for subsidies to be paid by the Kingdom to the Issuer for the performance of those tasks. The current Management Contract, originally set to expire on 31st December, 2001, was extended by operation of law until the next management contract shall become operational. Under the 1991 Law, the Belgian Government may, but is under no obligation to adopt interim measures unilaterally pending the renewal, including provisions for the performance of public service tasks by the Issuer and the level of subsidies to be paid by the Kingdom. The Government has not adopted any interim measure thus far.

Responsibilities of the Issuer

The Management Contract assigns the following public service tasks to the Issuer:

- the transportation of domestic passengers by rail, the improvement of urban rail service, and the maintenance of related rolling stock;

- the acquisition, construction, maintenance, management and operation of the infrastructure, including the track, signal equipment, power supply equipment and the land on which they are located; and
- certain services to be rendered to meet national needs, including (i) participation in police, customs and safety activities in connection with transportation to and from the United Kingdom and (ii) participation in military activities.

Subsidies

The Management Contract sets forth the subsidies to be paid by the Kingdom to the Issuer for the performance of public service tasks by the Issuer. The following are the subsidies required to be paid by the Kingdom to the Issuer under the current Management Contract:

- for the transportation of domestic passengers:
 - (i) from 1997 until the termination of the Management Contract, an annual amount of BEF 12,868.2 million (€319 million) in constant 1996 BEF for providing an established minimum level of public passenger rail service (i) under certain conditions, including a minimum number of train kilometers per day and a minimum frequency, or (ii) on the basis of tariffs that reduce the profitability of the Issuer; and
 - (ii) from 1997 until the termination of the Management Contract, an annual amount of BEF 54 million (€1.34 million) in constant 1996 BEF for the operation of the circle line east of Brussels;
- for the acquisition, construction, maintenance, management and operation of the rail infrastructure, which includes the track, signal equipment, power supply equipment and the land on which they are located:
 - (i) from 1997 until the termination of the Management Contract, an annual amount of BEF 23,000 million (€570.16 million) in constant 1996 BEF, increasing by 1 per cent. annually, for investments in infrastructure and rolling stock for domestic passenger transportation;
 - (ii) from 1997 until the termination of the Management Contract, an annual amount of BEF 24,000 million (€594.94 million) in constant 1996 BEF for maintenance and management of infrastructure; and
 - (iii) from 1999 through 2001, an annual amount of €153.27 million, reflecting the amount received by the Kingdom in connection with its agreement with the Kingdom of the Netherlands, dated 21st December, 1996, concerning the high-speed rail line between Antwerp and the Dutch border;
- from 1997 until the termination of the Management Contract, an annual amount of BEF 10 million (€247,893.52) in constant 1996 BEF for the promotion of combined transport; and
- an annual amount calculated in accordance with the accounting rules for the normalisation of accounts of railway companies provided in European Union ("EU") Regulation 1192/69 of 26th June, 1969 and as in effect on the date of the signing of the Management Contract (in 2001, €520.03 million) in compensation for pension obligations and certain other employee benefit obligations paid by the Issuer.

In addition, the Kingdom makes payments in respect of certain debt securities issued by the Issuer and compensates the Issuer for certain financial obligations incurred under certain sale and lease-back or sale and rent-back transactions. For 2001, the amount paid by the Kingdom in respect of these debt securities and financial obligations was €13.93 million.

Total subsidies and compensatory payments due to the Issuer by the Kingdom for 2001 pursuant to the Management Contract amounted to €2,120.52 million.

Although under the current Management Contract the Kingdom provides to the Issuer the subsidies described above under the conditions described above, there can be no assurance that each or any of such subsidies will be continued, or that the conditions for their provision will not be changed, pending or after the renewal of the current Management Contract. Additionally, there can be no assurance that the EU and the Kingdom will not modify their respective policies or adopt new regulations restricting or prohibiting the provision of subsidies to the Issuer. See “Regulatory Framework”.

Amendments

The first amendment to the Management Contract, signed on 7th April, 2000, principally concerns accounting principles with respect to public services provided by the Issuer.

The second amendment to the Management Contract, signed on 29th May, 2000 provides for the following:

- *Improvement of Domestic Passenger Transportation.* The improvement of domestic passenger service through measures including (i) increased service, (ii) realisation of the Regional Express Network in the Brussels area, (iii) introduction of “total quality management”, (iv) renovation and modernisation of rail lines and stations and (v) acceleration of the tariff integration between the various public transportation companies.
- *State Funding for Public Service Projects.* The establishment of incentive mechanisms based on quantifiable data.
- *Improvement of Customer Relations.* The improvement of customer relations through (i) the development of additional ways, on board trains and in stations or stopping points, to inform travellers in the shortest possible time in case of disturbances; (ii) studies on how to indemnify customers when the service has not been provided or has shown serious failures, (iii) the establishment of procedures for consulting with customers and (iv) co-operation with the Ombudsman (a third-party mediation service for resolving disputes between the Issuer and its customers) and the Consultative Users’ Committee (an external committee representing the passengers, authorised to propose service improvements).

REGULATORY FRAMEWORK

European Union Law

The Issuer is subject to the provisions of the Treaty of Rome (as amended by subsequent Treaties, the “Treaty”), relating to competition in the transportation sector, and to generally applicable regulations with respect to rail transportation matters issued under the Treaty.

State Aid

- Existing Regulations

The following EC regulations govern state aids to railway companies:

- (i) Regulation 1191/69 establishes the terms and conditions for the granting of state aids to railway companies for public service tasks in connection with passenger transport;
- (ii) Regulation 1192/69 establishes rules and standards for the normalising of the financial accounts of railway companies, particularly with respect to the recording of profits and losses; and
- (iii) Regulation 1107/70 implements Articles 92 and 94 of the Treaty of Rome relating to state aids to railway companies, establishing terms and conditions for the granting of such subsidies for the “co-ordination of rail transport”, principally including infrastructure projects.

The Issuer believes that the subsidies it receives are granted in compliance with provisions of, and regulations issued under, the Treaty as they apply to the railway industry.

- Recent Developments

The European Commission has made certain proposals intended to: (i) promote transparency of and coherence, (ii) anticipate the developments of the liberalisation process with respect to railway companies (as described below), (iii) address market distortions resulting from the granting of state subsidies and exclusive rights to railway companies and (iv) generally reduce the number of cases qualifying for state subsidies.

Specifically, the European Commission has made proposals with respect to the following: (i) the use of public service contracts (through tender procedure), (ii) a more detailed definition of public service tasks, including minimum criteria, (iii) the establishment of rules with respect to subsidies granted to infrastructure managers (companies responsible for the acquisition, construction, maintenance and operation of the infrastructure) and (iv) the establishment of rules for the granting of state subsidies to freight transport companies for the use of railway infrastructure by way of compensation for costs that would not be carried by the transport company in case of transportation by road, air or water.

Railway Policies and Directives

- Existing Directives

On 1st January, 1993, Directive 91/440/EEC (the “EU Railway Directive”), regarding the development of the railways in the European Community, became effective. Intended to increase the transparency of railway companies and to promote transport by rail, the EU Railway Directive established the following core principles for the first phase of a liberalisation process:

- (i) National railways must be managed independently from the respective Member States and operate more as ordinary industrial and commercial enterprises.
- (ii) The accounts of railway companies related to infrastructure management and transportation operations must be kept separate, although actual organisational or institutional separation is optional.
- (iii) Member States must establish appropriate mechanisms to help railway companies improve their financial situation.
- (iv) Railway companies and international associations of railway companies must have access, under equitable conditions, to the rail infrastructure in the other Member States as follows:
 - (a) railway companies: access rights for international combined transport of goods;
 - (b) international associations of railway companies: (i) access and transit rights for international transport in states of association members and (ii) transit rights for international transport in all Member States.

In furtherance of the objectives of the EU Railway Directive, the EU Council adopted two additional directives to clarify the terms and the technical conditions according to which access to the railway infrastructure is granted: (i) Directive 95/18/EC, regarding the granting of permits to railway companies, and (ii) Directive 95/19/EC, regarding the allocation of railway infrastructure capacity and rights of use. Railway companies that want to offer international (combined) transport must meet the following conditions: (i) hold a licence from the Member State where the transport activities take place, (ii) hold a safety certificate, (iii) apply for infrastructure capacity and (iv) pay user fees to the infrastructure manager.

- Recent Developments

The next phase of the liberalisation process will take effect as soon as three new directives, which became effective on 15th March, 2001, are implemented into national law. The objectives of these three directives are consistent with the prior directives.

Directive 01/12/EC, regarding the development of the railways, amends the EU Railway Directive as follows:

- (i) The independence of infrastructure managers vis-à-vis the transport activities of their respective railway companies is reinforced through:
 - (a) increased separation of the accounts of the infrastructure managers and the railway companies;
 - (b) a prohibition on infrastructure managers engaged in transport activities from performing certain tasks and the requirement that such tasks be performed instead by separate entities; and
 - (c) the creation of a separate supervisory body to settle certain disputes.
- (ii) The separation of the accounts for freight transport and passenger transport in connection with public service tasks is required.
- (iii) Railway companies' right of access to rail infrastructure in other Member States is extended to include access rights for international transport of goods on the Trans-European Rail Freight Network (and after 15th March, 2008, on the entire European network).

Under Directive 01/13/EC, railway company licenses apply to the entire Community and are required for national transport. Capacity can, insofar as the Member States provide for it, be allotted to natural or legal persons that are not railway companies or international associations of railway companies.

Moreover, Directive 01/14/EC creates a new framework for the allocation of infrastructure capacity and the charging of user fees to promote the independence and impartiality of the bodies granting licences and allocating capacity. The granting of licences and allocation of capacity will be supervised by an independent national body, which will settle possible disputes between infrastructure manager and transportation companies in cases like discriminatory user fees and network access problems.

Competition Law

The provisions of, and the regulations issued under, the Treaty, by regulating economic concentration, co-operative agreements and concerted actions among enterprises, limit the Issuer's ability to co-operate with other economic operators to create an integrated transportation system.

Certain articles of the Treaty are complemented or amended by EU Regulations on rail transportation to account for the special characteristics of the transportation sector. The most important of these regulations include Regulations 1/2003, regarding the implementation of the competition rules in the articles 81 and 82 in the Treaty and 1017/68, which establish procedures and criteria for determining anti-competitive agreements and practices with regard to rail transport. These Regulations prohibit every agreement, collaboration or concerted action between companies that could influence trade between Member States and distort fair competition inside the Common Market.

Moreover, no exception has been provided for the railway sector regarding the preliminary control of concentrations between undertakings (mergers, acquisitions of control, joint ventures). Hence the concentration control regulation is fully applicable.

Belgian Law

Railway Decrees

EU Directives 91/440/EEC, 95/18/EEC and 95/19/EEC, were initially implemented into Belgian Law by the Royal Decree of 5th February, 1997 (implementing 91/440/EEC) and the Royal Decree of 11th December, 1998 (implementing 95/18/EEC and 95/19/EEC), and were further implemented on 31st March, 1999 through the publication of five Ministerial Decrees. These five Ministerial Decrees provide for (i) the appointment of the members of the Committee for Railway Transportation (the Committee advises the minister on the issuing, suspending and withdrawing of licences), (ii) the designation of the agents of the “Cell Railway Transportation” in charge of monitoring compliance with the Railway Decrees, (iii) the conditions for granting licences to railway companies, (iv) the conditions for granting safety certificates to railway companies, and (v) the conditions for allocating railway infrastructure capacity.

The Ministerial Decrees designate the Administration of Overland Transportation of the Ministry of Transportation and Infrastructure as the government agency responsible for (i) granting licences to railway companies upon the recommendation of the Committee for Railway Transportation, (ii) granting safety certificates, (iii) the allocation of the railway infrastructure capacity and (iv) monitoring railway companies for compliance with safety standards and regulations.

The Ministerial Decrees designate the Issuer as both railway company and infrastructure manager. The fee for use of railway infrastructure is both determined and collected by the Issuer.

The three new directives, 01/12/EC, 01/13/EC and 01/14/EC, must be implemented into Belgian Law by 15th March, 2003 at the latest. Their implementation may entail changes to the Issuer’s organisational structure.

Bankruptcy Law

The Issuer is not subject to Belgian bankruptcy laws and therefore cannot be declared bankrupt nor be subject to the appointment of a trustee for the liquidation and distribution of its assets. In addition, the Issuer can only be liquidated pursuant to an Act of Parliament. The Issuer’s properties and assets which are used in, or designated for the performance of, public service tasks are not subject to attachment or seizure pursuant to Article 8 of the 1991 Law.

RECENT DEVELOPMENTS

The investment plan for the period 2001-2002

The Federal Government of the Kingdom has made it an objective for the Issuer to recapture market share, and to increase by 50 per cent. both passenger and freight traffic, by the year 2010. Consequently, on 26th January, 2001, the Issuer made a proposal for a ten-year investment plan representing its contribution to the policy for increased mobility by rail. The plan involves a major increase in infrastructure capacity, and expresses the commitment of the Issuer to contribute to the solution of mobility problems through improved efficiency.

Following consultations held with the Regional Governments of the Kingdom, the Council of Ministers agreed on 14th July, 2001, to the investment plan proposed for the period 2001-2012 for a total amount of €17.733 billion. Taking into account the very significant financing this plan requires, the Federal Government suggested the implementation of alternative financing methods and co- and pre-financing mechanisms by the Belgian Regions. These alternative financing methods are detailed in a co-operation agreement entered into on 27th April, 2002 among the Belgian Federal Government, the Flemish Region, the Walloon Region and the Brussels Region.

The Law of 22nd March, 2002 (the “2002 Law”), amending the 1991 Law

In addition to an extensive reform of the Issuer’s corporate governance structure (see “Management” and “Committees of the Board of Directors” above), the 2002 Law requires the Issuer, as of fiscal year 2003, to keep separate general and analytical financial statements for each of the different sectors in which the Issuer is active, and provide for specific accounting for investments allowing a detailed follow-up for each investment project.

Reorganisation

Consistent with the 1991 Law, the 2002 Law and Directives 01/12/EC, 01/13/EC and 01/14/EC (see “Regulatory Framework” above), the organisational chart of the Issuer has been modified as follows:

- The Management Committee consists of 10 general managers plus the Chief Executive Officer. Each general manager is in charge of a department. Nine of those departments (“Finance”, “Human resources”, “Freight”, “Passengers”, “Material”, “Trains”, “Network”, “Infrastructure” and “Patrimony”) are a regrouping of the former 22 Business Units. An additional department named “Operations” supports the CEO in the daily operational management.
- In addition, six advisory departments were created: “Strategy and development”, “Communication”, “Legal Affairs”, “General secretary”, “IT and Telecom” and “Regional Express Network”.

ABX

The Issuer has created a world-wide logistics network, ABX Logistics, by acquiring across Europe, and sometimes outside of Europe, several companies active in freight forwarding, road transport, transport by sea and by air and (contract) logistics in order to create a world wide platform that is complementary to its rail freight business. Certain companies acquired by the Issuer were in need of financial restructuring at the time of their acquisition. Adverse economic conditions in 2001 and 2002, loss of customers and persistent financial and operational problems originating in the pre-acquisition period have led to a failure for ABX Logistics to meet its business plan objectives and to a further worsening of its financial condition, particularly in Germany, France and the Netherlands. The activities of ABX Logistics have generated significant negative cash flows in recent years.

The Issuer has decided to restructure ABX Logistics focusing on the turnaround of loss-making activities in Germany, France and the Netherlands. With a view to permitting this restructuring to occur, the European Commission approved on 21st January, 2003, the grant of short-term bridge finance in the amount of maximum €123 million by the Issuer.

The restructuring plan contemplates the creation of an integrated international ABX Logistics group, several divestitures, significant cost restructuring and productivity improvements. The plan will be financed

in part by the Issuer through a bridge loan of maximum €140 million for 12 months, which will consolidate the €123 million short-term bridge finance authorised on 21st January, 2003. The Issuer also plans to convert certain existing indebtedness in a total amount of €91.6 million into equity at the level of certain ABX subsidiaries. On 14th February, 2003, the Belgian Government has notified the restructuring plan to the European Commission, submitting that the two financial measures contained in it (i.e., the maximum €140 million bridge loan and the €91.6 million debt/equity conversion) do not constitute State aid since the Issuer acts as any private shareholder would do and that, if the Commission were to find any State aid elements, the Commission should approve them under the guidelines for restructuring aid. Though it is unclear whether and when the Commission will clear these measures, the Issuer is hopeful that this will occur in the spring of 2003.

Inter Ferry Boats

Inter Ferry Boats (IFB), an 85.23 per cent. subsidiary of the Issuer, operates container terminals in Belgium, France and Germany, organises conventional and intermodal transport and offers additional logistic and administrative support.

The adverse balance of trade of some of IFB's activities in Belgium and France resulted in significant financial problems for IFB at the end of 2002. For that reason, the Issuer decided early in 2003 to increase IFB's capital by converting €60 million of debt into equity and contributing €20 million cash.

IFB is currently restructuring in order to eliminate the existing cash drain. Furthermore, the Issuer is working on a strategic plan that includes, next to IFB, all other freight activities of the Issuer.

2002 Results

On 28th March, 2003, the Issuer's Board of Directors approved its 2002 unconsolidated annual accounts. These accounts are still unaudited and have not yet been presented to the General Assembly (which is expected to take place in June 2003).

The key figures are as follows:

- Net loss is €911.7 million, compared to a net loss of €177.5 million for the year before.
- Net operating loss for the year ended 31st December, 2002 is €227.7 million, compared to a net operating loss of €91.1 million for the year before
- Equity has decreased by €837 million at 31st December, 2002 compared to 31st December, 2001
- Financial debt (defined as being long term and short term financial debts) has increased by €957.3 million compared to 31st December, 2001.

The net loss is mainly a result of additional depreciation and provisions regarding the subsidiaries ABX and IFB.

The Issuer's consolidated accounts are still being prepared.

The following key figures are estimates:

- Net loss (Group share) is €635.6 million, compared to a net loss (Group share) of €285.1 million for the year before.
- Net operating loss for the year ended 31st December, 2002 is €192.9 million, compared to a net operating loss of €42.7 million for the year before.
- Shareholders' equity has decreased by €560.5 million at 31st December, 2002 compared to 31st December, 2001.
- Net financial debt (defined as being long term and short term financial debts less cash and short term investments) has increased by €1,179.5 million compared to 31st December, 2001.

SUMMARY FINANCIAL INFORMATION

(Consolidated accounts)⁽¹⁾

BALANCE SHEET

										Year ended 31st December,	
										2001	2000
										(EUR)	
ASSETS											
Fixed Assets	..	..	..	..	..	..	..	..	..	11,015,725,703	10,535,507,108
I. Formation expenses	..	..	..	..	..	..	..	..	..	6,527,592	1,636,630
II. Intangible fixed assets	..	..	..	..	..	..	..	..	..	88,476,375	51,736,244
III. Consolidation differences (positive)	..	..	..	..	..	..	..	..	..	222,921,810	357,148,526
IV. Tangible fixed assets	..	..	..	..	..	..	..	..	..	10,180,816,083	9,642,291,230
A. Land and buildings	..	..	..	..	..	..	..	..	..	2,282,457,298	2,001,738,325
B. Plants, machinery and equipment	..	..	..	..	..	..	..	..	..	3,435,436,319	3,349,589,117
C. Furniture and rolling stock	..	..	..	..	..	..	..	..	..	1,276,894,496	1,262,253,986
D. Leasing and similar rights	..	..	..	..	..	..	..	..	..	642,904,628	604,581,474
E. Other tangible fixed assets	..	..	..	..	..	..	..	..	..	283,630,556	343,409,229
F. Assets under construction and advance payments	..	..	..	..	..	..	..	..	..	2,259,492,787	2,080,719,098
V. Financial fixed assets	..	..	..	..	..	..	..	..	..	516,983,843	482,694,479
A. Enterprises linked by participating interests	..	..	..	..	..	..	..	..	..	492,847,226	450,730,460
1. Participating interests	..	..	..	..	..	..	..	..	..	467,480,350	435,654,634
2. Amounts receivable	..	..	..	..	..	..	..	..	..	25,366,876	15,075,826
B. Other enterprises	..	..	..	..	..	..	..	..	..	24,136,616	31,964,019
1. Shares	..	..	..	..	..	..	..	..	..	16,241,832	25,710,212
2. Amounts receivable	..	..	..	..	..	..	..	..	..	7,894,785	6,253,807
Current Assets	..	..	..	..	..	..	..	..	..	4,854,587,843	3,836,620,572
VI. Amounts receivable after more than one year	..	..	..	..	..	..	..	..	..	7,056,935	6,040,067
A. Trade debtors	..	..	..	..	..	..	..	..	..	39,688	1,684,398
B. Other amounts receivable	..	..	..	..	..	..	..	..	..	7,017,247	4,355,668
VII. Stocks and contracts in progress	..	..	..	..	..	..	..	..	..	612,590,055	474,370,754
A. Stocks	..	..	..	..	..	..	..	..	..	428,317,116	333,687,631
1. Raw materials and consumables	..	..	..	..	..	..	..	..	..	283,935,742	272,888,580
2. Work in progress	..	..	..	..	..	..	..	..	..	23,526,468	21,543,198
3. Finished goods	..	..	..	..	..	..	..	..	..	780,690	1,562,765
4. Goods purchased for re-sale	..	..	..	..	..	..	..	..	..	2,310,913	1,352,366
5. Real estate acquired or constructed for re-sale	..	..	..	..	..	..	..	..	..	117,763,302	36,338,706
6. Advance payments	..	..	..	..	..	..	..	..	..		2,016
B. Contracts in progress	..	..	..	..	..	..	..	..	..	184,272,939	140,683,122
VIII. Amounts receivable within one year	..	..	..	..	..	..	..	..	..	2,064,957,129	1,780,593,181
A. Trade debtors	..	..	..	..	..	..	..	..	..	1,116,377,445	1,002,694,406
B. Other amounts receivable	..	..	..	..	..	..	..	..	..	948,579,684	777,898,775
IX. Investments	..	..	..	..	..	..	..	..	..	1,327,005,004	1,051,733,302
B. Other investments	..	..	..	..	..	..	..	..	..	1,327,005,004	1,051,733,302
X. Cash at bank and in hand	..	..	..	..	..	..	..	..	..	156,966,240	68,624,341
XI. Accrued charges and deferred income	..	..	..	..	..	..	..	..	..	686,012,481	455,258,928
Total Assets	..	..	..	..	..	..	..	..	..	15,870,313,546	14,372,127,680

⁽¹⁾ The figures in the consolidated accounts have been rounded to the nearest Euro, with €0.50 being rounded upwards to €1.00.

BALANCE SHEET (continued)

Year ended 31st December,

										2001	2000
										(EUR)	
LIABILITIES											
Capital and Reserves										4,941,012,161	5,188,549,421
I.	Capital	..	..	..	..	..	..	..	..	4,451,255,452	4,425,903,526
A.	Issued capital	..	..	..	..	..	..	..	..	4,451,255,452	4,425,903,526
II.	Issue premiums	..	..	..	..	..	..	..	..
III.	Revaluation surpluses	..	..	..	..	..	..	..	..	5,092,108	5,519,812
IV.	Consolidated reserves	..	..	..	..	..	..	..	..	87,840,792	372,913,167
V.	Consolidation differences (negative)	..	..	..	..	..	..	..	..	216,233,888	212,029,998
VI.	Translation differentials	..	..	..	..	..	..	..	..	18,391,753	16,622,120
VII.	Capital subsidies	..	..	..	..	..	..	..	..	162,198,167	155,560,798
Minority Interests										21,213,247	15,872,965
VIII.	Minority interests	..	..	..	..	..	..	..	..	21,213,247	15,872,965
Provisions and Deferred Taxes										2,311,479,771	2,454,378,895
IX.	A.	Provisions for liabilities and charges	..	..	..	..	..	..	..	2,305,715,346	2,451,403,397
	1.	Pensions and similar obligations	..	..	..	..	..	..	..	175,130,511	170,093,918
	2.	Taxes	..	..	..	..	..	..	..	2,984,430	3,324,270
	3.	Major repairs and maintenance	..	..	..	..	..	..	..	191,599,989	154,567,442
	4.	Other liabilities and charges	..	..	..	..	..	..	..	1,936,000,415	2,123,417,767
	B.	Deferred taxation and latent taxes	..	..	..	..	..	..	..	5,764,425	2,975,499
Amounts Payable										8,596,608,367	6,713,326,398
X.	Amounts payable after more than one year	..	..	..	..	..	..	..	..	3,779,869,479	2,520,721,206
A.	Financial debts	..	..	..	..	..	..	..	..	2,739,214,886	1,844,564,638
	1.	Subordinated loans	..	..	..	..	..	..	..	31,527,814	224,437
	2.	Unsubordinated debentures	..	..	..	..	..	..	..	1,408,420,151	790,846,523
	3.	Leasing and other similar obligations	..	..	..	..	..	..	..	830,886,781	916,667,411
	4.	Credit institutions	..	..	..	..	..	..	..	449,045,960	119,841,586
	5.	Other loans	..	..	..	..	..	..	..	19,334,181	16,984,682
B.	Commercial debts	..	..	..	..	..	..	..	..	547,516,569	356,491,832
	1.	Suppliers..	..	..	..	..	..	..	..	547,516,569	356,491,832
	2.	Bills outstanding	..	..	..	..	..	..	..
C.	Down payments on orders..	..	..	..	..	..	..	..	..		309,867
D.	Other amounts payable	..	..	..	..	..	..	..	..	493,138,024	319,354,870
XI.	Amounts payable within one year	..	..	..	..	..	..	..	..	3,418,422,435	3,001,078,058
A.	Current portion of amounts payable after more than one year	..	..	..	..	..	..	..	..	524,267,385	402,434,448
B.	Financial debts	..	..	..	..	..	..	..	..	1,212,203,484	1,041,903,986
	1.	Credit institutions	..	..	..	..	..	..	..	100,598,499	10,524,670
	2.	Other loans	..	..	..	..	..	..	..	1,111,604,985	1,031,379,316
C.	Trade debts	..	..	..	..	..	..	..	..	958,703,772	790,510,451
	1.	Suppliers..	..	..	..	..	..	..	..	958,359,171	790,203,780
	2.	Bills outstanding	..	..	..	..	..	..	..	344,601	306,671
D.	Advances received on orders in progress	..	..	..	..	..	..	..	..	23,845,617	30,448,922
E.	Taxes, remuneration and social security	..	..	..	..	..	..	..	..	397,494,954	363,960,464
	1.	Taxes	..	..	..	..	..	..	..	101,320,239	132,712,938
	2.	Remuneration and social security..	..	..	..	..	..	..	..	296,174,714	231,247,526
F.	Other amounts payable	..	..	..	..	..	..	..	..	301,907,223	371,819,789
XII.	Accrued charges and deferred income	..	..	..	..	..	..	..	..	1,398,316,453	1,191,527,134
Total Liabilities										15,870,313,546	14,372,127,680

INCOME STATEMENT

								Year ended 31st December,	
								2001	2000
								(EUR)	
INCOME									
I.	Operating income	..	..	..	..	..	..	6,623,352,716	6,415,675,414
A.	Turnover	..	..	..	..	..	..	4,953,682,053	4,897,235,980
B.	Variance in stocks of finished goods, work in progress and contracts in progress	..	..	..	..	..	..	109,275,260	27,322,871
C.	Own production capitalised	..	..	..	..	..	..	454,819,374	401,621,619
D.	Other operating income	..	..	..	..	..	..	1,105,576,028	1,089,494,945
II.	Operating charges	..	..	..	..	..	..	6,666,105,842	6,342,065,445
A	Raw materials, consumables and goods for re-sale							421,809,672	328,746,229
1.	Purchases	..	..	..	..	..	..	443,294,326	354,560,272
2.	Increase or decrease in stocks	..	..	..	..	..	..	(21,484,654)	(25,814,043)
B.	Services and other goods	..	..	..	..	..	..	2,798,346,280	2,807,413,146
C.	Remuneration, social security and pensions (note 15.B)							2,950,691,740	2,798,317,104
D.	Depreciation, amortisation, and other amounts written off formation expenses and tangible fixed assets	..	..	..	..	..	..	529,584,180	504,061,154
E.	Depreciation of stocks, orders in progress, and trade debtors	..	..	..	..	..	..	34,968,302	11,081,021
F.	Provisions for liabilities and charges	..	..	..	..	..	..	(154,351,966)	(156,184,318)
G.	Other operating costs	..	..	..	..	..	..	85,680,492	48,621,143
H.	Operating costs activated as restructuring costs	..	..	..	..	..	..	(622,860)	9,966
III.	Operating profit	..	..	..	..	..	..		73,609,969
	Operating loss	..	..	..	..	..	..	42,753,126	
IV.	Financial income	..	..	..	..	..	..	119,927,767	104,507,958
A.	Income from investments	..	..	..	..	..	..	3,973,991	1,477,642
B.	Income from current assets	..	..	..	..	..	..	79,400,897	62,236,156
C.	Other financial income	..	..	..	..	..	..	36,552,879	40,794,160
V.	Financial charges	..	..	..	..	..	..	236,281,073	252,476,909
A.	Interest payable	..	..	..	..	..	..	185,590,909	152,007,245
B.	Amortisation of positive consolidation differences							31,380,483	29,609,509
C.	Depreciation of current assets other than those included under II.E	..	..	..	..	..	..	2,427,357	57,217,009
D.	Other financial costs	..	..	..	..	..	..	16,882,324	13,643,145
VI.	Loss before tax and extraordinary items of consolidated companies	..	..	..	..	..	..	159,106,432	74,358,982

INCOME STATEMENT (continued)

								<i>As at 31st December,</i>	
								<i>2001</i>	<i>2000</i>
								<i>(EUR)</i>	
VII.	Extraordinary income	..	..	..	..	..	..	73,174,677	90,264,934
A.	Amounts written back on depreciation and other amounts written off intangible fixed assets	..	..					2,087,008	16,645,460
B.	Amounts written back on depreciations of consolidation differences	..	..	..	..	..	..	125,901	
C.	Writing back of amounts written back off financial and tangible fixed assets	..	..	..	..	..	..	1,298	1,394,736
D.	Writing back of provisions for extraordinary liabilities and charges	..	..	..	..	..	..	7,888,008	14,512,384
E.	Profits on disposal of fixed assets	..	..	..	..	..	..	21,556,611	23,412,676
F.	Other extraordinary income	..	..	..	..	..	..	41,515,852	34,299,677
VIII.	Extraordinary charges	..	..	..	..	..	..	232,331,904	74,131,176
A.	Extraordinary depreciation and write-downs on formation expenses and intangible and tangible fixed assets	..	..	..	..	..	..	39,215,752	72,199,619
B.	Exceptional write-downs on positive consolidation variances	..	..	..	..	..	..	119,275,322	2,939,508
C.	Amounts written off financial fixed assets	..	..					4,294,056	832,762
D.	Provisions for extraordinary liabilities and charges							10,802,338	4,732,271
E.	Losses on disposal of fixed assets	..	..					6,568,936	665,647
F.	Other extraordinary costs	..	..	..	..	..	..	53,443,018	9,860,615
H.	Negative consolidation differences	..	..	..	..	..	..	(1,267,518)	(17,099,246)
IX.	Pre-tax loss	..	..	..	..	..	..	318,263,660	58,225,224
X.	A. Transfers to deferred taxation and latent taxes	..						(766,377)	(132,059)
	B. Withdrawal from deferred and latent taxes	..	..					197,414	860,040
XI.	Income taxes	..	..	..	..	..	..	12,900,150	(12,941,114)
	A. Taxes	..	..	..	..	..	..	13,881,154	(13,888,753)
	B. Tax adjustments and write-backs of tax provisions							981,004	947,639
XII.	Loss of the financial year	..	..	..	..	..	..	331,732,772	70,438,357
XIII.	Group share of results of related companies..	..	..					40,778,796	47,411,529
	A. Group share of profits	..	..	..	..	..	..	40,995,100	48,593,416
	B. Group share of losses	..	..	..	..	..	..	(216,305)	(1,181,887)
XIV.	Consolidated loss	..	..	..	..	..	..	290,953,977	23,026,828
XV.	Share of minority interests in result	..	..	..	..	..	..	(5,881,602)	(5,150,690)
XVI.	Group share in result	..	..	..	..	..	..	(285,072,375)	(17,876,138)
Transfers and withdrawals									
A.	Profit balance to allocate (loss balance)	..	..					(285,072,375)	(17,876,138)
B.	Deductions from equity capital	..	..	..	..	..	..	137,116,106	171,852,186
	1. On capital	..	..	..	..	..	..	137,116,106	171,852,186
	2. On issue premiums	..	..	..	..	..	..
C.	Addition to reserves	..	..	..	..	..	..	285,072,375	29,876,138
	1. Parent company	..	..	..	..	..	..	(121,213,464)	(10,655,982)
	2. Other enterprises included in the consolidation							(163,858,911)	(19,220,157)
D.	Profits for distribution	..	..	..	..	..	..	(137,116,106)	(183,852,186)

SUMMARY FINANCIAL INFORMATION
(Unconsolidated accounts)⁽¹⁾

BALANCE SHEET

										<i>Year ended 31st December,</i>	
										<i>2001</i>	<i>2000</i>
										<i>(EUR)</i>	
ASSETS											
Fixed Assets	..	..	..	..	..	..	..	..	..	10,696,173,125	10,241,316,910
I. Formation expenses	..	..	..	..	..	..	..	..	..	5,729,927	1,535,561
II. Intangible fixed assets	..	..	..	..	..	..	..	..	..	51,245,740	36,119,743
III. Tangible fixed assets	..	..	..	..	..	..	..	..	..	9,789,737,159	9,285,232,606
A. Land and buildings	..	..	..	..	..	..	..	..	..	2,111,470,798	1,868,162,431
B. Plants, machinery and equipment	..	..	..	..	..	..	..	..	..	3,400,486,467	3,305,362,181
C. Furniture and rolling stock	..	..	..	..	..	..	..	..	..	1,230,346,728	1,225,258,316
D. Leasing and similar rights	..	..	..	..	..	..	..	..	..	474,979,652	411,802,083
E. Other tangible fixed assets	..	..	..	..	..	..	..	..	..	258,811,219	319,654,853
F. Assets under construction and advance payments	..	..	..	..	..	..	..	..	..	2,313,642,293	2,154,992,739
IV. Financial fixed assets	..	..	..	..	..	..	..	..	..	849,460,298	918,428,998
A. Affiliated enterprises	..	..	..	..	..	..	..	..	..	567,922,423	631,733,979
1. Participating interests	..	..	..	..	..	..	..	..	..	515,784,354	539,255,665
2. Amounts receivable	..	..	..	..	..	..	..	..	..	52,138,069	92,478,314
B. Enterprises linked by participating interests	..	..	..	..	..	..	..	..	..	280,742,283	285,814,398
1. Participating interests	..	..	..	..	..	..	..	..	..	280,742,283	285,814,398
C. Other financial fixed assets	..	..	..	..	..	..	..	..	..	795,591	880,620
1. Shares	..	..	..	..	..	..	..	..	..	223,022	295,867
2. Amounts receivable and cost securities	..	..	..	..	..	..	..	..	..	572,569	584,753
Current Assets	..	..	..	..	..	..	..	..	..	3,693,407,619	2,784,183,585
V. Amounts receivable after more than one year	..	..	..	..	..	..	..	..	..	1,116,452	989,398
A. Trade debtors	..	..	..	..	..	..	..	..	..	39,687	24,417
B. Other amounts receivable	..	..	..	..	..	..	..	..	..	1,076,764	964,981
VI. Stocks and contracts in progress	..	..	..	..	..	..	..	..	..	381,962,061	360,682,433
A. Stocks	..	..	..	..	..	..	..	..	..	303,872,848	291,851,434
1. Raw materials and consumables	..	..	..	..	..	..	..	..	..	280,092,531	270,155,728
2. Work in progress	..	..	..	..	..	..	..	..	..	23,289,924	21,272,673
3. Finished goods	..	..	..	..	..	..	..	..	..	217,488	279,804
4. Goods purchased for re-sale	..	..	..	..	..	..	..	..	..	272,905	143,229
B. Contracts in progress	..	..	..	..	..	..	..	..	..	78,089,210	68,830,998
VII. Amounts receivable within one year	..	..	..	..	..	..	..	..	..	1,295,353,786	983,000,178
A. Trade debtors	..	..	..	..	..	..	..	..	..	487,609,658	315,466,788
B. Other amounts receivable	..	..	..	..	..	..	..	..	..	807,744,127	667,533,389
VIII. Current investments	..	..	..	..	..	..	..	..	..	1,307,845,087	982,206,761
Other investments	..	..	..	..	..	..	..	..	..	1,307,845,087	982,206,761
IX. Cash at bank and in hand	..	..	..	..	..	..	..	..	..	76,848,802	17,597,322
X. Deferred charges and accrued income (adjustment accounts)	..	..	..	..	..	..	..	..	..	630,281,430	439,707,490
Total Assets	..	..	..	..	..	..	..	..	..	14,389,580,745	13,025,500,496

⁽¹⁾ The figures in the unconsolidated accounts have been rounded downwards to the last Euro, with €0.99 being rounded downwards to zero.

BALANCE SHEET (continued)

										Year ended 31st December,	
										2001	2000
LIABILITIES										(EUR)	
Capital and Reserves										4,930,155,313	5,075,364,363
I.	Capital	..	..	..	..	..	..	..	..	4,451,255,452	4,425,903,526
A.	Issued capital	..	..	..	..	..	..	..	..	4,451,255,452	4,425,903,526
III.	Revaluation surpluses	..	..	..	..	..	..	..	..	1,012,271	1,012,271
IV.	Reserves	..	..	..	..	..	..	..	..	473,654,942	494,990,288
A.	Legal reserves	..	..	..	..	..	..	..	..	3,444,652	3,444,652
C.	Untaxed reserves	..	..	..	..	..	..	..	..	470,210,289	458,951,572
D.	Available reserves	..	..	..	..	..	..	..	..	—	32,594,108
V.	Loss to be carried forward	..	..	..	..	..	..	..	..	(156,185,178)	
VI.	Capital subsidies	..	..	..	..	..	..	..	..	160,417,826	153,458,276
Provisions and Deferred Taxes (Note IX)										2,159,263,508	2,316,244,886
VII. A.	Provisions for liabilities and charges	..	..	..	..	..	..	..	..	2,159,263,508	2,316,244,886
1.	Pensions and similar obligations	..	..	..	..	..	..	..	..	101,433,693	100,103,961
3.	Provisions for major repair and maintenance work	..	..	..	..	..	..	..	..	190,449,279	153,759,979
4.	Other liabilities and charges	..	..	..	..	..	..	..	..	1,867,380,536	2,062,380,946
Creditors										7,300,161,922	5,633,891,246
VIII.	Amounts payable after more than one year	..	..	..	..	..	..	..	..	3,583,554,928	2,298,436,821
A.	Financial debts	..	..	..	..	..	..	..	..	2,542,966,011	1,622,710,520
2.	Unsubordinated debentures	..	..	..	..	..	..	..	..	1,408,071,267	758,071,267
3.	Leasing and other similar obligations	..	..	..	..	..	..	..	..	716,671,400	774,482,139
4.	Credit institutions	..	..	..	..	..	..	..	..	418,203,424	90,157,114
B.	Commercial debts	..	..	..	..	..	..	..	..	547,516,568	356,491,831
1.	Suppliers	..	..	..	..	..	..	..	..	547,516,568	356,491,831
D.	Other amounts payable	..	..	..	..	..	..	..	..	493,092,267	319,234,468
IX.	Amounts payable within one year	..	..	..	..	..	..	..	..	2,345,943,665	2,151,682,002
A.	Current portion of amounts payable after more than one year	..	..	..	..	..	..	..	..	404,236,321	238,554,136
B.	Financial debts	..	..	..	..	..	..	..	..	1,003,102,065	965,658,738
1.	Credit institutions	..	..	..	..	..	..	..	..	732,988	50,829
2.	Other loans	..	..	..	..	..	..	..	..	1,002,369,077	965,607,909
C.	Trade debts	..	..	..	..	..	..	..	..	71,069,124	370,640,163
1.	Suppliers	..	..	..	..	..	..	..	..	471,065,121	370,640,163
D.	Advances received on orders in progress	..	..	..	..	..	..	..	..	18,134,881	19,015,094
E.	Taxes, remuneration and social security	..	..	..	..	..	..	..	..	449,405,274	557,813,866
1.	Taxes	..	..	..	..	..	..	..	..	33,841,196	70,151,684
2.	Remuneration and social security	..	..	..	..	..	..	..	..	244,564,140	201,254,437
F.	Other amounts payable	..	..	..	..	..	..	..	..	170,999,938	286,407,745
X.	Accrued charges and deferred income (adjustment accounts)	..	..	..	..	..	..	..	..	1,370,663,328	1,183,772,422
Total Liabilities										14,389,580,745	13,025,500,496

INCOME STATEMENT

								Year ended 31st December,	
								2001	2000
								(EUR)	
I.	Operating income	..	..	..	..	..	..	3,634,752,432	3,636,670,180
A.	Turnover	..	..	..	..	..	..	2,171,282,814	2,186,048,552
B.	Variance in stocks of finished goods, work in progress and contracts in progress	..	..	..	..	..	..	16,067,102	13,788,686
C.	Own production capitalised	..	..	..	..	..	..	369,569,720	363,061,782
D.	Other operating income (note XII. B)	..	..	..	..	..	..	1,077,832,794	1,073,771,159
II.	Operating charges	..	..	..	..	..	..	3,596,673,419	3,508,959,323
A.	Raw materials, consumables and goods for re-sale	..	..	..	..	..	..	223,763,939	211,933,799
1	Purchases	..	..	..	..	..	..	244,488,004	237,635,396
2	Increase or decrease in stocks	..	..	..	..	..	..	(20,724,064)	(25,701,596)
B.	Services and other goods	..	..	..	..	..	..	641,806,899	672,145,063
C.	Remuneration, social security and pensions (note XII. C2)	..	..	..	..	..	..	2,392,004,138	2,306,832,197
D.	Depreciations and amounts written off formation expenses and intangible and tangible fixed assets	..	..	..	..	..	..	474,111,854	454,621,389
E.	Depreciation of stocks, orders in progress, and trade debtors (note XII. D)	..	..	..	..	..	..	20,422,729	4,773,583
F.	Provisions for liabilities and charges (note XII. C3 and E)	..	..	..	..	..	..	(160,858,167)	(147,697,858)
G.	Other operating costs (note XII. F)	..	..	..	..	..	..	5,422,025	6,351,148
III.	Operating profit	..	..	..	..	..	..	38,079,013	127,710,856
IV.	Financial income	..	..	..	..	..	..	110,873,866	94,504,468
A.	Income from investments	..	..	..	..	..	..	6,736,840	5,513,105
B.	Income from current assets	..	..	..	..	..	..	74,795,837	56,760,159
C.	Other financial income (note XIII. A)	..	..	..	..	..	..	29,341,188	32,231,203
V.	Financial charges	..	..	..	..	..	..	168,093,819	194,132,012
A.	Interest payable (note XIII. B and C)	..	..	..	..	..	..	155,789,610	128,204,961
B.	Depreciation of current assets other than those included under II E. (note XII. D)	..	..	..	..	..	..	3,158,981	57,179,082
C.	Other financial costs	..	..	..	..	..	..	9,145,226	8,747,968
VI.	Profit before tax and extraordinary items of consolidated companies	..	..	..	..	..	..	—	28,083,313
	Loss before tax and extraordinary items of consolidated companies	..	..	..	..	..	..	(19,140,939)	—
VII.	Extraordinary income	..	..	..	..	..	..	78,651,466	65,770,240
A.	Amounts written back on depreciation and other amounts written off intangible and tangible fixed assets	..	..	..	..	..	..	1,816,553	16,415,645
B.	Amounts written back on financial fixed assets	..	..	..	..	..	..	427,143	2,055,612
D.	Profits on disposal of fixed assets	..	..	..	..	..	..	47,657,797	16,874,104
E.	Other extraordinary income (note XIV. A)	..	..	..	..	..	..	28,749,971	30,424,878
VIII.	Extraordinary charges	..	..	..	..	..	..	237,031,051	87,979,551
A.	Extraordinary depreciation and amounts written off formation expenses and intangible and tangible fixed assets	..	..	..	..	..	..	38,160,784	71,508,802
B.	Amounts written off financial fixed assets	..	..	..	..	..	..	159,168,301	9,099,737
C.	Provisions for extraordinary liabilities and charges	..	..	..	..	..	..	3,876,789	1,899,688
D.	Losses on disposal of fixed assets	..	..	..	..	..	..	600,213	698,454
E.	Other extraordinary costs	..	..	..	..	..	..	35,224,962	4,772,868
IX.	Profit for the period, before taxes	..	..	..	..	..	..	—	5,874,002
	Loss for the period, before taxes	..	..	..	..	..	..	177,520,524	—

INCOME STATEMENT (continued)

						<i>Year ended 31st December,</i>	
						<i>2001</i>	<i>2000</i>
						<i>(EUR)</i>	
XI.	Profit of the financial year	..	..	..	..		5,874,002
	Loss of the financial year	..	..	..	..	177,520,524	–
XII.	Withdrawal from untaxed reserves	..	..	..	..	19,435,977	20,260,129
	Transfer to untaxed reserves	..	..	..	..	30,694,739	1,144,301
XIII.	Profit for the period available for appropriation	..	..	..	..	–	24,989,831
	Loss for the period to be appropriated	..	..	..	..	188,779,287	–
	Transfers and withdrawals	..	..	..	..
A.	Profit to appropriate	..	..	..	..	–	24,989,831
	Loss to appropriate	..	..	..	..	188,779,287	–
1.	Profit for the period available for appropriation	..	..	..	..	–	24,989,831
2.	Loss brought forward	..	..	..	..	188,779,287	–
B.	Deductions from equity capital	..	..	..	..	169,710,214	171,852,186
1.	On capital and share premium accounts	..	..	..	..	137,116,105	171,852,186
2.	On reserves	..	..	..	..	32,594,108	–
C.	Addition to the equity capital	..	..	..	..	–	(12,989,831)
2.	To the legal reserves	..	..	..	..	–	(1,249,491)
3.	To the other reserves	..	..	..	..	–	(11,740,339)
D.	Result to be carried forward	..	..	..	..
2.	Loss to be carried forward	..	..	..	..	156,185,178	
F.	Profits for distribution	..	..	..	..	(137,116,105)	(183,852,186)
1.	Dividends	..	..	..	..	(137,116,105)	(183,852,186)

CAPITALISATION

The following table sets out the unconsolidated short- and long-term indebtedness and total unconsolidated capitalisation of the Issuer as of 31st December, 2000, 31st December, 2001 and 31st December, 2002.

								<u>31st December,</u>	<u>31st December,</u>	
								<u>2002</u>	<u>2001</u>	<u>2000</u>
								<i>(Unaudited)</i>	<i>(Audited)</i>	
									<i>(EUR)</i>	
Short term less than one year										
Short term financial debt ⁽¹⁾	1,256,727,346	1,003,102,066	965,658,738
Current portion of financial debt payable after more than one year	..	..	..	..	..	..	..	244,935,196	377,586,008	180,879,947
								1,501,662,542	1,380,688,074	1,146,538,686
Long term, more than one year										
Unsubordinated debentures	..	..	..	..	..	..	..	2,036,242,716	1,408,071,267	758,071,267
Leasing and other similar obligations	..	..	..	..	..	..	..	651,193,959	716,671,400	774,482,139
Credit institutions	..	..	..	..	..	..	..	582,747,660	418,203,424	90,157,114
								3,270,184,335	2,542,946,092	1,622,710,521
Capital	..	..	..	..	..	..	..	4,527,010,278	4,451,255,452	4,425,903,526
Revaluation surplus	..	..	..	..	..	..	..	1,012,271	1,012,271	1,012,271
Reserves	..	..	..	..	..	..	..	428,803,320	473,654,942	494,990,288
Profit carried forward	..	..	..	..	..	..	..	—
Loss to be carried forward	..	..	..	..	..	..	..	(1,023,062,359)	(156,185,178)	
Investment grants	..	..	..	..	..	..	..	159,307,953	160,417,826	153,458,276
Total shareholders equity	..	..	..	..	..	..	..	4,093,071,463	4,930,155,313	5,075,364,362
Total capitalisation	..	..	..	..	..	..	..	8,864,918,340	8,853,789,477	7,844,613,566

⁽¹⁾ Since 31st December, 2002, short term debt has fluctuated significantly. On 25th March, 2003 (which is the most recent date for which information is available) short term debt was approximately €700 million.

⁽²⁾ Save as disclosed above, there has been no material change in the Issuer's unconsolidated capitalisation since 31st December, 2002.

BELGIAN TAXATION

The following is a broad summary of the tax treatment with regard to withholding taxes, capital gains taxes and stamp taxes of the Kingdom of Belgium as at the date hereof in relation to Notes which may be issued under the Programme. This summary is of a general nature and not exhaustive, and in particular does not deal with the Notes and/or Coupons other than in relation to such taxes and does not cover the taxation issues that may arise in connection with the issuance of specific series of Notes that may be issued under the Programme. **Therefore, prospective investors and Noteholders should consult their professional advisers.**

The present section does not address the tax situation of natural persons residing in Belgium.

Belgian Withholding Tax

The interest component of payments on Notes is, as a rule, subject to Belgian withholding tax at the rate of 15 per cent., subject to such relief as may be available under applicable domestic or tax treaty provisions.

a) X/N Notes

All payments of interest by or on behalf of the Issuer shall be made without deduction of withholding tax for X/N Notes held by eligible investors (the “Eligible Investors”) in an exempt securities account (an “X-Account”) with the X/N Clearing System or with a participant or sub-participant in such system (a “Participant”).

Eligible Investors are those persons referred to in Article 4 of the Royal Decree of 26th May, 1994, including, *inter alia*:

1. Belgian resident companies subject to corporate income tax within the meaning of Article 2, §2, 2° of the Income Tax Code 1992 (“ITC 1992”);
2. without prejudice to Article 262, 1° and 5°, of ITC 1992, Belgian insurance or pension undertakings within the meaning of Article 2, §3 of the Law of 9th July, 1975 on supervision of insurance companies (other than those referred in points 1° and 3° of said Article);
3. State-linked social security organisations and institutions assimilated therewith within the meaning of Article 105, 2° of the Royal Decree of 27th August, 1993 implementing ITC 1992;
4. non-residents of Belgium within the meaning of Article 105, 5° of said Royal Decree of 27th August, 1993;
5. mutual funds within the meaning of Article 115 of said Royal Decree of 27th August, 1993;
6. companies, entities or partnerships within the meaning of Article 227, 2° of ITC 1992 which are subject to non-resident income tax in Belgium in accordance with Article 233 of ITC 1992 and whose Notes are held as a part of a taxable business activity in Belgium;
7. the Belgian State, with respect to its investments exempted from withholding tax in accordance with Article 265 of ITC 1992;
8. mutual funds organised under foreign law which are structured as an undivided estate managed by a management company on behalf of certificateholders, provided that their certificates are not publicly offered or otherwise marketed in Belgium; and
9. Belgian resident companies not referred to in point 1 above whose sole or principal activity consists in granting credits or loans.

Eligible Investors do not include natural persons residing in Belgium or not-for-profit organisations (other than those referred to in points 2 and 3 above). Participants in the X/N Clearing System must keep

the Notes they hold for non-Eligible Investors in a non-exempt securities account (an “N-Account”). All payments of interest on such Notes will be made subject to deduction of withholding tax at the rate of 15 per cent.

Upon opening an X-Account with the X/N Clearing System or with a Participant, an Eligible Investor is required to certify its eligible status on a standard form approved by the Minister of Finance. There are no ongoing certification requirements for Eligible Investors. However, direct Participants are required to annually report to the X/N Clearing System as to the eligible status of each holder for whom they hold Notes in an X-Account. Such requirements do not apply in respect of X/N Notes held in Euroclear or Clearstream, Luxembourg in their capacity as Participants to the X/N Clearing System, provided that Euroclear or Clearstream, Luxembourg must be able to identify each holder for whom they hold Notes in an Exempt Account.

An X-Account may be opened with a Participant by an intermediary (an “Intermediary”) in respect of X/N Notes that such Intermediary holds for the account of its customers (the “Beneficial Owners”), provided that each Beneficial Owner is an Eligible Investor. In such a case, the Intermediary must certify on a standard form approved by the Minister of Finance that (i) it is itself an Eligible Investor, and (ii) the Beneficial Owners holding their X/N Notes through it are also Eligible Investors.

b) E/C Notes

Annual Budget Laws typically contain a provision allowing the enactment of Royal Decrees exempting securities issued principally abroad by the Belgian State, its instrumentalities and certain public-sector entities (such as the Issuer) from Belgian interest withholding tax. This exemption is available only to investors eligible for such relief (the “Exempt Investors”) under Annual Budget Laws, typically including:

1. Non-residents of Belgium;
2. Belgian banks and financial institutions within the meaning of Article 105, 1° of the Royal Decree of 27th August, 1993 implementing ITC 1992;
3. Other professional investors within the meaning of Article 105, 3° of the Royal Decree of 27th August, 1993 implementing ITC 1992; and
4. Without prejudice to Article 262, 1° of ITC 1992, legal entities referred to in Article 220 of ITC 1992.

Exempt Investors typically do not include, *inter alia*, (i) natural persons residing in Belgium, (ii) Belgian pension funds within the meaning of Article 2, §3, 6° of the law of 9th July, 1975 on supervision of insurance companies and of the Royal Decree of 15th May, 1985 on the activities of private pension institutions, or (iii) Belgian mutual funds which are not organised in the form of a corporation.

The Issuer expects to apply on a year by year basis for a Royal Decree exempting E/C Notes held by Exempt Investors issued during the year in question under the Programme and to be cleared through Euroclear and/or Clearstream, Luxembourg from interest withholding tax, subject to such requirements as may be imposed by such Royal Decree. No such Royal Decree in respect of E/C Notes is currently in place and no assurances can be given that a Royal Decree will be granted in any given year in respect of E/C Notes issued under the Programme.

EU Savings Tax Directive

The European Union is currently in the process of finalising a new directive regarding the taxation of savings income. Under the current proposal, each Member State other than Austria, Belgium and Luxembourg would be required, beginning in 2004, to provide the tax authorities of each other Member State with details of payments of interest or other similar income paid by a person within its jurisdiction to individuals resident in such other Member State. Beginning on the same date, Austria, Belgium, and Luxembourg would impose a withholding tax on such income. The withholding tax rate would initially be

15 per cent., increasing to 20 per cent. after 2006 and 35 per cent. after 2009. If and when (i) the European Union enters into exchange of information agreements with Switzerland, Liechtenstein, Monaco, Andorra and San Marino and (ii) the Council of the European Union confirms that the United States is sufficiently committed to exchange of information pursuant to bilateral agreements, Austria, Belgium, and Luxembourg would cease to apply the withholding tax and would instead comply with the automatic exchange of information rules applicable to the other Member States. Although the Council of the European Union intends to finalize and approve the directive soon, some issues relating to the proposal remain to be resolved. Noteholders should consult their own tax advisers regarding the implications of the proposed directive in their particular circumstances.

Capital Gains

Capital gains realised with respect to the Notes or the Coupons are subject to Belgian tax only if the Notes or Coupons are held as a part of a taxable business activity in Belgium.

For natural persons residing in Belgium and for Belgian legal entities subject to the Belgian income tax on legal entities (*impôt des personnes morales/rechtspersonenbelasting*), the pro rata interest included in the capital gain on the Notes is taxable as interest at a rate of 15 per cent.

Transfer Taxes

A stamp tax may be levied at the rate of 0.07 per cent. on the sale and on the purchase of Notes in Belgium, and at the rate of 0.14 per cent. on the issuance of Notes to investors in Belgium, provided in each case that such transactions are carried out through intermediation of a professional intermediary in Belgium. Such tax will, however, be limited to a maximum amount of €250 per taxable transaction. Moreover, an exemption from this tax is available under Article 126/1, 2° of the Code on Taxes assimilated with Stamp Tax as regards parties to securities trades who are intermediaries within the meaning of Article 2 of the law of 6th April, 1995 on secondary markets and the status and supervision of investment firms, intermediaries and investment advisers (the “Law of 6th April, 1995”), acting for their own account, insurance undertakings within the meaning of Article 2, §1 of the law of 9th July, 1975 on supervision of insurance companies, pension funds within the meaning of Article 2, §3, 6° of the law of 9th July, 1975 on supervision of insurance companies and of the Royal Decree of 15th May, 1985 on the activities of private pension institutions, collective investment schemes, or non-residents.

A stamp tax may also be levied at the rate of 0.2 per cent. on the physical delivery of definitive Notes issued in bearer form following their subscription or in connection with their purchase through intermediation of a professional intermediary in Belgium. An exemption from this tax is available under Article 159 of the Code on Taxes assimilated with Stamp Tax as regards parties to securities trades who are intermediaries within the meaning of Article 2, §1 of the Law of 6th April, 1995. This tax does not apply to the issue, or subsequent trading, of X/N Notes issued in dematerialised form.

SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement (the “Programme Agreement”) dated 19th November, 2001, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “Form of the Notes” and “Terms and Conditions of the Notes”. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph and in the following paragraph have the meanings given to them by Regulation S under the Securities Act.

Until the expiration of the 40-day period referred to above, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to Notes which have a maturity of one year or more and which are not to be admitted to the Official List, it has not offered or sold and, prior to the expiry of the period of six months from the issue date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);

- (ii) with respect to any Tranche of Notes which is issued after Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) has come into force, which must be redeemed before the first anniversary of the date of their issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (iii) it has only issued or passed on and will only issue or pass on in the United Kingdom, before the repeal of Section 57 of the FSA, any document received by it in connection with the issue of any Notes to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 (as amended) or is a person to whom such document may otherwise lawfully be issued or passed on and, after the repeal of Section 57 of the FSA, it will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (iv) it has complied and will comply with all applicable provisions of the FSA and, after they come into force, all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Belgium

The offering of Notes has not been and will not be notified to the Belgian Banking and Finance Commission (*Commission bancaire et financière/Commissie voor het Bank- en Financiewezen*) nor has this Prospectus been or will it be approved by the Belgian Banking and Finance Commission.

The Notes shall not, directly or indirectly, as part of their initial distribution or at any time thereafter, be offered, sold, transferred or delivered in Belgium to investors other than (i) qualified institutional investors referred to in Article 3, 2°, of the Royal Decree of 7th July, 1999 on public offerings (*relatif au caractère public des opérations financières/over het openbaar karakter van financiële verrichtingen*) (the “Royal Decree”) acting for their own account, or (ii) investors wishing to acquire Notes for an amount of at least €250,000 individually, as specified in Article 3, 1° of the Royal Decree.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “Securities and Exchange Law”) and each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws and regulations of Japan.

France

Each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that in connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in the Republic of France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France, this Prospectus or any other offering material

relating to Notes, and that such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in, and in accordance with, Article L.411.1 and L.411-2 of the *Code Monétaire et Financier*, and *décret* no. 98-880 dated 1st October, 1998.

Germany

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the Federal Republic of Germany other than in compliance with the German Securities Selling Prospectus Act (*Wertpapierverkaufsprospektgesetz*) of 13th December, 1990, as amended, or any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities.

The Netherlands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell in The Netherlands any Notes other than to persons who trade or invest in securities in the conduct of a profession or business (which include banks, stockbrokers, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises) unless one of the other exemptions from or exceptions to the prohibition contained in article 3 of the Dutch Securities Transactions Supervision Act 1995 (*Wet toezicht effectenverkeer 1995*) is applicable and the conditions attached to such exemption or exception are complied with.

General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Dealer shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer(s) shall agree and as shall be set out in the applicable Pricing Supplement.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes under the Programme were duly authorised by a resolution of the Board of Directors of the Issuer dated 20th July, 1994. The increases in the Programme size have been duly authorised by resolutions of the Board of Directors of the Issuer dated 20th July, 2001 and 7th February, 2003.

Qualification for the issuance of Dematerialised Notes in Belgium

The unconsolidated own funds of the Issuer as at 31st December, 2002 amounted to €4,093,071,464.77, and thus are in excess of €25,000,000, as a result of which the Issuer qualifies to issue treasury notes (*billets de trésorerie/thesauriebewijzen*) in dematerialised form under Article 13 of the 1991 Royal Decree.

Listing of Notes on the Luxembourg Stock Exchange

Application has been made to list Notes issued under the Programme on the Luxembourg Stock Exchange. A legal notice relating to the Programme and the constitutional documents of the Issuer are being lodged with the Registrar of the District Court in Luxembourg (*Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg*), where such documents may be examined and copies obtained. The Luxembourg Stock Exchange has allocated the number 9791 to the Programme for listing purposes.

Documents Available

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in Brussels and Luxembourg:

- (i) the constitutional documents (in Dutch and in French) of the Issuer;
- (ii) the financial statements of the Issuer in respect of the financial years ended 31st December, 2001 and 31st December, 2000 (in Dutch and in French);
- (iii) the most recently available audited annual financial statements of the Issuer (in Dutch and in French) (the Issuer does not publish interim financial statements);
- (iv) the most recently available report (in Dutch and in French) describing the Issuer's activities and half-yearly results prepared in accordance with Article 22 of the 1991 Royal Decree;
- (v) the Programme Agreement, the Agency Agreement (which contains the forms of the Temporary and Permanent Global Notes, the Definitive Notes, the Receipts, the Coupons and the Talons), the Domiciliary Agency Agreement, the Clearing Services Agreement and the Deed of Covenant;
- (vi) a copy of this Prospectus;
- (vii) any future prospectuses, offering circulars, information memoranda and supplements (including Pricing Supplements save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Paying Agent as to the identity of such holder) to this Prospectus and any other documents incorporated herein or therein by reference; and
- (viii) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Clearing Systems

The Notes have been accepted for clearance through the X/N Clearing System, Euroclear and/or Clearstream, Luxembourg, as the case may be. The appropriate identification number, Common Code and/or ISIN for each Tranche allocated by the X/N Clearing System, Euroclear and/or Clearstream, Luxembourg, as the case may be, will be specified in the relevant Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the relevant Pricing Supplement.

Significant or Material Change

Save as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Issuer since the date of the last financial year end of the Issuer and there has been no material adverse change in the financial position or prospects of the Issuer since the date of the last financial year end of the Issuer.

Litigation

The Issuer (whether as defendant or otherwise) is not engaged in any legal, arbitration, administrative or other proceedings, the results of which might have or have had a material adverse effect on the financial position or the operations of the Issuer, nor is the Issuer aware of any such proceedings being threatened.

Auditors

In respect of its unconsolidated accounts, the auditors of the Issuer are, acting jointly, ScPRL Van Impe & Partners, ScPRL Michel Delbrouck & Co., Mr. Franky Van Stapel and Mr. Michel de Fays (the latter two being designated by the Cour des Comptes). Those auditors have audited the Issuer's accounts in accordance with generally accepted auditing standards in Belgium as they apply to the Issuer, for each of the financial periods ended 31st December, 1999, 31st December, 2000 and 31st December, 2001 respectively.

Such accounts were audited without qualification in respect of the financial periods ended 31st December, 1999 and 31st December, 2000 and were audited with a qualified opinion on the financial statements with an emphasis of matter paragraph for the financial period ended 31st December, 2001.

The qualified auditors' report on the unconsolidated accounts of the Issuer for the financial period ended 31st December, 2001 is reproduced below.

“Report of the board of auditors to the General Assembly of 31st May, 2002⁽¹⁾”

Ladies and Gentlemen,

In accordance with the legal and statutory provisions in force, in particular articles 143 and 144 of the company laws, which apply to SNCB, limited liability company of Public Law by virtue of article 37 of the law of 21st March, 1991, we present you with the results of the audit task entrusted to us.

In accordance with legal and statutory requirements we are pleased to report to you on the performance of the audit mandate which you have entrusted to us.

We carried out an audit of the unconsolidated accounts drawn up under the responsibility of the company's Board of Directors of the year 2001, closing on 31.12.01 with a balance sheet total of EUR 14 393 250 112,26. The income statement showed a profit of EUR 1 348 842,27. We also performed the additional specific checks as laid down by the law.

⁽¹⁾ The Board of Auditors had added explanations, information and additional annotations to its report to the General Assembly that do not alter the scope of the annual account attestation. The complete text of the Auditor's report is available at the department Communication of SNCB/NMBS.

Qualified audit opinion on the financial statements

We conducted our audit in accordance with the generally accepted accounting principles. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, taking into account the legal and regulatory requirements applicable to financial statements in Belgium.

In accordance with those standards, we considered the company's administrative and accounting organisation, as well as its internal control procedures. Company officials have responded clearly to our requests for explanations and information. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing accounting principles used and significant accounting estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The board of auditors raises a qualification with regard to the annual accounts about the following elements:

- (a) The valuation of the subsidiary Interferry Boats SA due to a problem regarding the continuity of operations of this company;
- (b) Reversal of the restructuring provisions for an amount of EUR 175.20 million as a result of the fact that the legislation had not been amended previously.
- (a) With respect to the accounts closed on 28th February, 2002 by the financial department of Interferry Boats SA, it was observed on 10th May, 2002 that the company falls under the application of article 633 of the Company Laws. This article stipulates the following:

“When as a result of the loss incurred, the operating net assets have dropped below half of the registered capital, the general assembly, save more stringent stipulations in the articles of association, has to meet within a period of two months at the latest after the loss was recorded or should have been recorded according to the legal or statutory provisions in order to, as the case may be and in accordance with the rules applying to the amendment of the articles of association, deliberate and decide upon the dissolution of the company and other possible measures listed on the agenda.

The board of directors motivates its proposal in a special report to be put at the shareholders' disposal fifteen days before the general meeting at the registered office of the company. If the board of directors proposes to continue the activity, it shall include in the report an outline of the measure it considers to implement in order to restore the company's financial situation. The report is mentioned on the agenda. A copy can be obtained following article 535. A copy will also be sent to those who have met the formalities listed in the articles of association as regards the right to attend the general meeting. (...).”

In view of the situation, a Board Meeting of Interferry Boats SA was called for 21st May, with on the agenda, among other things, the application of article 633 of the company laws with respect to the aforementioned accounting situation and as consequence, the convocation of a special general meeting to be held within a period of two months.

Since SNCB is the significant majority shareholder of the company in financial difficulties, it has to give its opinion on a restructuring plan to be submitted by the board of directors of Interferry Boats SA.

The qualification is justified because SNCB has not yet had the opportunity to pronounce itself on the continuity of the activities of its subsidiary.

Should SNCB decide to dissolve Interferry Boats SA, then the financial risk for SNCB can be estimated at an amount of at least EUR 50 million. This amount corresponds with the valuation of

the participations and the claims on this subsidiary in the SNCB balance sheet, closed on 31st December, 2001, and this without prejudice to the risk regarding the subsidiaries of Interferry Boats SA and its economic interest groupings.

- (b) On 19th April, 2002, date of the definitive enactment of the 2001 accounts, the Board of Directors decided for the first time to partly reverse the provision constituted in 1996 under the terms of article 57 of the Act of 20th December, 1995 regarding fiscal, financial and miscellaneous provisions and this for an amount of EUR 175.20 million.

The Board of Auditors has deliberated about the competence of the Board of Directors to take such a decision under application of article 55 of the Royal Decree of 30th January, 2001 regarding the implementation of the company laws. Hence the Board of Auditors, with that consent of the SNCB management, asked legal advice from a specialised law firm on 30th April last.

The legal advice, received on 14th May, 2002, gives two different legal possibilities:

- on the one hand, the one supporting that the reversal of the restructuring provision is not possible without intervention from the legislator;
- on the other hand, the one mentioned above by virtue of article 55.

The Board agrees with the option that has the preference of the legal advisor and is therefore of the opinion that the Company should first have consulted the legal authorities so that the latter would have the possibility to evaluate the expedience of amending the law in order to allow for the partial reversal of the provision. The legal advisor adds that the amendment of the law could be retrospective for the year 2001 insofar as the retrospective effect does not prejudice third parties.

Therefore the Board of Auditors did not examine the terms pertaining to the application of article 55 of the Royal Decree of 30th January, 2001 regarding the implementation of the Company Laws.

In our opinion, and subject to the elements mentioned above, the annual accounts as closed on 31st December, 2001, taking into account the applicable general and specific legal and statutory provisions, give a true and fair view of the company's assets, liabilities, financial position as of 31st December, 2002 and the results of its operations for the year 2001 then ended, and the information given in the notes give adequate justification including the analytic results of the two public service obligations and of the source and appropriation tables.

Complementary attestations required under the law

Our report is completed with the following complementary attestations required under the law that do not alter in any way our general conclusion regarding the annual accounts:

The annual report comprises the legally required information and concurs with the annual accounts.

We have no knowledge of operations carried out or decisions taken in violation of the Act of 21st March, 1991, the laws on commercial companies or the company's statutes.

The results agree with article 31 of the company statutes.

The one billion preferential SNCB shares, subscribed by Financière TGV SA, company of public law, on 14th May, 1997, entitle to dividends calculated according to the paid capital of EUR 3 098.67 million. The principle of this allocation was stipulated in article 4 of the Act of 17th March, 1997 regarding the financing of HST project. The provisions were listed in appendix D to the management protocol between the State, Financière TGV, SNCB and the Société Fédérale de Participations, approved by the Royal Decree of 20th May, 1997. In compliance with this management protocol SNCB granted on 30th September, 2000 an interim dividend to Financière TGV of EUR 128.89

million, whereas the balance of EUR 42.96 million was paid by the end of May 2001. On 30th September, 2001 an interim dividend of EUR 137.12 million was paid to Financière TGV.

By virtue of article 5 of the Act of 17th March, 1997 regarding the financing of the HST project, SNCB is allowed to grant dividends on preferential shares, held by Financière TGV, without prejudice to restrictions as stipulated in articles 617, 618 and 619 of the company laws. Since these provisions do not apply to SNCB, the Board of Auditors did not draft a verification report regarding the granting of the interim dividend, as stipulated by article 618, § 3 and 4 of the company laws.

The Board of Auditors thanks the financial management and their representatives for the assistance given in fulfilling the audit task.

Drawn up in Brussels on 16th May, 2002,
The Board of Auditors

The Court of Audit of Belgium represented by

M. de Fays
Councillor to the Cour des Comptes
F. Vanstapel
Chairman of the Cour des Comptes

Members of the Institute of Company Auditors

S.c.P.R.L. Michel Delbrouck & C°
Represented by M. Delbrouck
Statutory Auditor
S.c.P.R.L. Van Impe & Partners
Represented by H. Van Impe
Statutory Auditor
Board of Auditors”

The qualified complementary auditor’s report on the unconsolidated accounts of the Issuer for the financial period ended 31st December, 2001 is reproduced below.

“Complementary auditor’s report on the unconsolidated accounts to the general assembly of 21st June, 2002⁽²⁾

Ladies and Gentlemen,

This audit report is a supplement to the qualified audit report about the 2001 accounts drawn up by the Board of Auditors on 16th May, 2002 and submitted to the SNCB Annual General Meeting of 31st May, 2002.

By virtue of article 555 of the Company Laws the Board of Directors of SNCB decided on the day of the ordinary General Meeting of 31st May, 2002 to adjourn this General Meeting by three weeks, viz. to 21st June, 2002, and more particularly to adjourn the decisions regarding on the one hand the approval of the 2001 accounts and on the other hand the acquittal to the directors and auditors, and this as a result of the qualification raised in the first auditors’ report with respect to the following elements:

- the valuation of the subsidiary Interferry Boats SA due to a problem regarding the continuity of operations of this company;

⁽²⁾ The Board of Auditors has added explanations, information and additional annotations to its report to the General Assembly that do not alter the scope of the annual account attestation. The complete text of the Auditor’s report is available at the department Communication of SNCB/NMBS.

- the reversal of restructuring provisions for an amount of EUR 175.20 million as a result of the fact that the legislation had not been amended previously.

In this respect the Board of Directors of 5th June, 2002 enacted a new version of the 2001 accounts, including the following amendments:

- modification of the depreciations of SNCB participations in Inter Ferry Boats SA and in Depaire SA, the latter owning 23.71 per cent. of the capital of Inter Ferry Boats SA. This modification (increase of depreciations by EUR 3 669 367.10) results from the variation of the equity capital of Inter Ferry Boats SA between the provisional version and the definitive version of its accounts 2001;
- annulment of the reversal of the restructuring provision for an amount of EUR 175.200.000.

The justifications with regard to those two modifications, the one with regard to IFB and the other concerning the cancellation of the reversal of the restructuring provision are included in the Board of Directors' new annual report concerning the revised annual accounts 2001.

Qualified opinion with a matter of emphasis paragraph

The qualification with regard to the subsidiary Inter Ferry Boats is at this moment still justified, because, on the one hand SNCB has not yet had the possibility to pronounce itself about the continuing of the activities of its subsidiary and on the other hand, despite the additional depreciation of EUR 3.67 million as regards the participations in Inter Ferry Boats SA and in Depaire SA (minority shareholder of Inter Ferry Boats SA and subsidiary of SNCB), the financial risk for SNCB remains significant in case of discontinuation of the activities of its subsidiary.

As regards the cancellation of the reversal of the restructuring provision for an amount of EUR 175.2 million, the Auditors find that the Board of Directors of 5th June, 2002 justifies the cancellation as follows: "Given the legal uncertainty and with a view to the general criterion of caution, no reversal of the aforementioned provision has been recorded in the 2001 annual accounts, which are to be submitted for approval to the General Assembly of 21st June."

In our opinion, under the above-mentioned qualification with regard to Inter Ferry Boats SA and taking into account the operative legal provisions and statutes, both general and specific, the annual accounts as closed on 31st December, 2001, enacted by the Board of Directors of 5th June, 2002, with a balance sheet total of EUR 14 389 580 745.16 and the income statement closing with a loss for the period of EUR 177 520 524.83, give a true picture of the assets, the financial situation and the company results. Likewise the comments provide adequate justification including the analytic results of the two public service obligations and the tables of sources and appropriations concerning these two missions.

Without questioning the qualified attestation stated above, we would like to draw attention to the annual accounts, drafted by the Board of Directors of 5th June, 2002, stating with respect to the restructuring provision that: "As some of the measures outlined in the plan "Objectif 2005" have already been implemented, others are in progress and still others are no longer relevant, and finally still others are under study, the Board of Directors will pronounce itself later about the character and the amount of the provision, considering the legal and statutory provisions and in accordance with the criteria of caution, fairness and good faith"...

"Given the legal uncertainty and with a view to the general criterion of caution, no reversal of the aforementioned provision has been recorded in the 2001 annual accounts, which are to be submitted for approval to the General Assembly of 21st June."

Complementary attestations required under the law

The Board of Auditors refers to its report of 16 May 2002 about the first version of the annual accounts 2001, except as regards item B.1. "Valuation of financial fixed assets" to be read as follows:

ABX Transport & Logistics	EUR 55,82 million
Gruppo Saima Avandero SRL	EUR 35,84 million
ABX Logistics France	EUR 32,95 million
ABX Logistics Holding	EUR 16,00 million
Interferryboats SA	EUR 9,47 million
Edmond Depaire SA	EUR 6,59 million
– Others	EUR 2,50 million
Total	EUR 159,17 million

Checks as regards the application of the laws on the public contracting of work

The Auditors refer to their report of 16th May, 2002 about the first version of the annual accounts 2002.

The Board of Auditors thanks the financial management and their representatives for the assistance given in fulfilling this audit task.

Drawn up in Brussels on 7th June, 2002,
The Board of Auditors

The Court of Audit of Belgium represented by

M. De Fays
Councillor to the Court of Audit of Belgium
F. Vanstapel
Chairman of the Court of Audit of Belgium

Members of the Institute of Company Auditors

S.c.P.R.L. Michel Delbrouck & C°
Represented by M. Delbrouck
Statutory Auditor

S.c.P.R.L. Van Impe & Partners
Represented by H. Van Impe
Statutory Auditor
Board of Auditors"

In respect of its consolidated accounts, the auditors of the Issuer are, acting jointly, ScPRL Van Impe & Partners, ScPRL Michel Delbrouck & Co. and PricewaterhouseCoopers SCCRL. Those auditors (with the exception of the financial period ended 31st December, 1999, for which SCCRL PricewaterhouseCoopers were not the auditors of the Issuer) have audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in Belgium as they apply to the Issuer for each of the financial periods ended 31st December, 1999 and 31st December, 2000, respectively.

The auditors rendered a qualified audit opinion in respect of the consolidated accounts for the financial period ended 31st December, 2001. The qualifications relate to impact caused by the financial condition and performance of the Issuer's ABX Logistics and Inter Ferry Boats businesses. Action taken by the Issuer in relation to ABX Logistics and Inter Ferry Boats since adoption of the 2001 consolidated accounts is discussed under "Recent Developments" on page 50. The qualified auditors' report on the consolidated accounts of the Issuer for the financial period ended 31st December, 2001 is reproduced below:

“Statutory Auditor’s Report for the year ended 31st December, 2001 to the shareholders’ meeting of the company Société nationale des Chemins de fer belges S.A. de droit public.

In accordance with legal and regulatory requirements, we are pleased to report to you on the performance of the audit mandate, which you have entrusted to us.

We have audited the consolidated financial statements as of and for the year ended 31st December, 2001 which have been prepared under the responsibility of the board of directors and which show a balance sheet total of EUR 15.870.313.545,95 and a loss for the year of EUR 285.072.374,91 (group share). We have also carried out the specific additional audit procedures required by law.

This report replaces our previous report of 17th May, 2002 following the decision taken by the Board of Directors not to submit the consolidated financial statements to the Shareholders’ meeting of 31st May, 2002 and to adjust them prior to submission to the Shareholders’ meeting of 21st June, 2002.

Qualified audit opinion on the consolidated financial statements with an emphasis of matter paragraph

We conducted our audit in accordance with Belgian auditing standards, as issued by the “Institut des Réviseurs d’Entreprises/Instituut der Bedrijfsrevisoren”. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, taking into account the legal and regulatory requirements applicable to financial statements in Belgium.

In accordance with those standards, we considered the group consolidated administrative and accounting organisation, as well as its internal control procedures. Company officials have responded clearly to our requests for explanations and information. We examined, on a test basis, evidence supporting the amounts in the consolidated financial statements. We assessed the accounting principles used, the basis of consolidation and significant estimates made by the company, as well as the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

As explained in more detail in the audit opinion of the S.N.C.B./N.M.B.S. non-consolidated financial statements for the year ended 31st December, 2001, the going concern situation of one of the subsidiaries, Inter Ferry Boats S.A., should be confirmed by the main shareholder. The consolidated financial statements of the S.N.C.B./N.M.B.S. for the year ended 31st December, 2001 include assets of EUR 56,8 million and liabilities of EUR 40,9 million that should be restated in the event that the going concern situation is not confirmed. We are not able to assess the impact of such restatement.

In the process of the consolidation of the financial statements the company has eliminated inter-company assets, liabilities, income and expenses of certain subsidiaries that were not properly identified as being inter-company transactions and balances. Inter-company accounts receivable and accounts payable of EUR 10,6 million and EUR 11,3 million, respectively, have been eliminated from the consolidated financial statements for the year ended 31st December, 2001 and net current assets for an amount of EUR 1,4 million and short-term liabilities for an amount of EUR 2,1 million have been recorded in the consolidated financial statements. Management of ABX Logistics analysed the main inter-company differences. Based on the analysis performed which may not be considered sufficient from an accounting point of view, management believes that it is unlikely that a systematic reconciliation of inter-company balances would have a significant impact on the company’s consolidated net result of the year. We are not able to confirm that the weakness within the inter-company reconciliation process would not have a substantial impact on the consolidated net result for the year.

In our opinion, except as indicated in the preceding paragraphs, taking into account the legal and regulatory requirements both generally and specifically applicable to the parent company, the consolidated financial statements present fairly the company’s net worth and financial position as of 31st December, 2001 and the consolidated results of its operations for the year then ended, in

accordance with the applicable legal and regulatory requirements in Belgium and the information given in the notes to the financial statements is adequate.

Without further qualifying our opinion, we draw your attention to the consolidated director's report, which refers to the legal uncertainty regarding the nature and amount of the restructuring provision to be implemented as detailed in chapter III of the "Objectif 2005" plan. Subsequently, the Board of Directors on 5th June, 2002 decided not to reverse any part of the aforementioned provision in the consolidated financial statements for the year ended 31st December, 2001, to be submitted to the shareholders' meeting of 21st June, 2002. Therefore, the consolidated financial statements do not include any potential adjustments that could be required should the aforementioned legal uncertainty be removed.

We supplement our report with the following certifications and information, which do not have any impact on our audit opinion on the consolidated financial statements:

1. The consolidated directors' report contains the information required by the law and is consistent with the consolidated financial statements.
2. As indicated in the preceding paragraphs, the reconciliation process of inter-company balances is not properly controlled by foreign subsidiaries. In this context, we recommend that the process of preparing and sending the financial information to the parent company should be improved.
3. We would also like to draw your attention to the significant weaknesses within several subsidiaries' accounting procedures. Even though the year-end closing process has limited the impact of such weaknesses, however this may not be the case in the future if the required improvements are not implemented.

Brussels, 7th of June 2002

Joint auditors

ScPRL Van Impe & Partners
Bedrijfsrevisoren
Represented by

Herman Van Impe

PricewaterhouseCoopers,
Reviseurs d'Enterprises SCCRL
Represented by

Jean Fossion

ScPRL Michel Delbrouck & Co.
Reviseurs d'Enterprises
Represented by

Michel Delbrouck

US Taxation

The following legend will appear on all E/C Notes in global and definitive form, receipts, interest coupons and talons issued in accordance with the D Rules:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on E/C Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of E/C Notes, receipts or interest coupons.

THE ISSUER

**Société nationale des Chemins de fer belges/
Nationale Maatschappij der Belgische Spoorwegen**
Rue de France 85
B-1070 Brussels

DOMICILIARY AND PAYING AGENT

Dexia Bank Belgium S.A./N.V.
boulevard Pachéco 44
B-1000 Brussels

ISSUING AND PAYING AGENT

Dexia Banque Internationale à Luxembourg
69 route d'Esch
L-2953 Luxembourg

LEGAL ADVISERS

To the Issuer as to Belgian law

Cleary, Gottlieb, Steen & Hamilton
Rue de la Loi 57
B-1040 Brussels

To the Dealers as to English law

Allen & Overy
One New Change
London EC4M 9QQ

AUDITORS

To the Issuer

ScPRL Van Impe & Partners
Represented by H. Van Impe
Herenthout 117
9450 Haaltert
Belgium

PricewaterhouseCoopers SCCRL
Represented by J. Fossion
Woluwedal 18
1932 Sint Stevens Woluwe
Belgium

ScPRL Michel Delbrouck & Co.
Represented by Michel Delbrouck
Rue de Awirs 245
440 Flémalle
Belgium

LISTING AGENT

Dexia Banque Internationale à Luxembourg
69 route d'Esch
L-2953 Luxembourg

DEALERS

ABN AMRO Bank N.V.
250 Bishopsgate
London EC2M 4AA

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

Merrill Lynch International
Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ

UBS Limited
1 Finsbury Avenue
London EC2M 2PP

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB

Deutsche Bank AG London
Winchester House
1 Great Winchester Street
London EC2N 2DB

Société Générale
29 boulevard Haussmann
75009 Paris
France

