

INFORMATION MEMORANDUM



S.N.C.B. HOLDING SA de droit public / N.M.B.S. HOLDING NV van publiek recht

(a limited liability company of public law whose registered office is at Rue de France 85, 1060 Brussels, Belgium, registered in the register of legal persons of Brussels under number 0203.430.576)

€1,000,000,000

Euro Medium Term Note Programme

Application has been made to the Luxembourg Stock Exchange, in its capacity as market operator of the Euro MTF market (the "**Euro MTF Market**") under the Luxembourg law on prospectuses for securities dated 10 July 2005 (the "**Prospectus Act 2005**") for notes (the "**Notes**") issued under the Euro Medium Term Note Programme (the "**Programme**") during the period of twelve months from the date of this Information Memorandum to be admitted to trading on the Euro MTF Market and admitted to listing on the official list of the Luxembourg Stock Exchange. The Euro MTF Market is not a regulated market for the purposes of Directive 2004/39/EC on markets in financial instruments (the "**Markets in Financial Instruments Directive**"). This Information Memorandum is a prospectus for the purposes of the Prospectus Act 2005 and for the purposes of the admission to trading of the Notes on the Euro MTF Market in accordance with the rules and regulations of the Luxembourg Stock Exchange. This Information Memorandum does not constitute a prospectus for the purposes of Directive 2003/71/EC, as amended, on the prospectus to be published when securities are offered to the public or admitted to trading.

The Programme also permits Notes to be issued that will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed by the Issuer and the relevant Dealer.

Notes issued under the Programme will be in dematerialised form in accordance with Articles 468 et seq. of the Belgian Company Code. The Notes will be represented by a book entry in the records of the clearing system operated by the National Bank of Belgium (the "**NBB**") or any successor thereto (the "**NBB Securities Settlement System**" or "**NBB-SSS**"). Notes may be held by their holders through participants in the NBB-SSS, including Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Luxembourg société anonyme ("**Clearstream, Luxembourg**"). Possession of the Notes will pass by account transfer. The Notes will not be exchangeable for notes in bearer or registered form.

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €1,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement described herein) (the "**Programme Amount**"), subject to increase as described herein.

Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued by a credit rating agency established in the EEA and registered (or which has applied for registration and not been refused) under Regulation (EU) No. 1060/2009, as amended (the "**CRA Regulation**"), or (2) issued by a credit rating agency which is not established in the EEA but will be endorsed by a credit rating agency which is established in the EEA and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation will be disclosed in the Final Terms.

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.

Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below.

Arranger

BNP PARIBAS

Dealers

BNP PARIBAS

Deutsche Bank

ING Commercial Banking

J.P. Morgan

Société Générale Corporate and Investment Banking

This Information Memorandum is dated 16 March 2012

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IMPORTANT NOTICES

S.N.C.B. Holding SA *de droit public* / N.M.B.S. Holding NV *van publiek recht* (the "**Issuer**") accepts responsibility for the information contained in this Information Memorandum and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Information Memorandum is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" (the "**Conditions**") as amended and/or supplemented by a document specific to such Tranche called final terms (the "**Final Terms**") or in a separate information memorandum specific to such Tranche (the "**Drawdown Information Memorandum**") as described under "*Final Terms and Drawdown Information Memorandum*" below. In the case of a Tranche of Notes which is the subject of a Drawdown Information Memorandum, each reference in this Information Memorandum to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Information Memorandum unless the context requires otherwise. This Information Memorandum must be read and construed together with any amendments or supplements hereto and with any documents incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms.

The Notes may be issued on a continuing basis to one or more of the Dealers named under "*Subscription and Sale*" below and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Information Memorandum to the relevant Dealer shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

The Arranger and the Dealers have not separately verified the information contained in this Information Memorandum. Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Information Memorandum and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Information Memorandum. Neither the delivery of this Information Memorandum or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Information Memorandum is true subsequent to the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Information Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Information Memorandum and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Information Memorandum or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and are subject to 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.

This Information Memorandum contains forward-looking statements and estimates made by the management of the Issuer with respect to the anticipated future performance of the Issuer and the market in which it operates. Certain of these statements and estimates can be recognised by the use of words such

as, without limitation, "believes", "anticipates", "expects", "intends", "plans", "seeks", "estimates", "may", "will" and "continue" and similar expressions. Such statements and estimates are based on various assumptions and assessments of known and unknown risks, uncertainties and other factors, which were deemed reasonable when made but may or may not prove to be correct. Actual events are difficult to predict and may depend upon factors that are beyond the Issuer's control. Therefore, actual results, the financial condition, performance or achievements of the Issuer, or industry results, may turn out to be materially different from any future results, performance or achievements expressed or implied by such statements or estimates. Factors that might cause such a difference include, but are not limited to those discussed in the section "Risk Factors". Given these uncertainties, no representations are made as to the accuracy or fairness of such forward-looking statements and estimates. Furthermore, forward-looking statements and estimates only speak as of the date of the Information Memorandum. The Issuer disclaims any obligation to update any such forward-looking statement or estimates to reflect any change in the Issuer's expectations with regard thereto, or any change in events, conditions circumstances on which any such statement or estimate is based, except to the extent required by applicable law.

Neither this Information Memorandum nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Information Memorandum or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Information Memorandum or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

In this Information Memorandum, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**U.S.\$**", "**U.S. dollars**" or "**dollars**" are to United States dollars, references to "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended and references to "**£**", are to the lawful currency for the time being of the United Kingdom.

Certain figures included in this Information Memorandum have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued by a credit rating agency established in the EEA and registered (or which has applied for registration and not been refused) under the CRA Regulation, or (2) issued by a credit rating agency which is not established in the EEA but will be endorsed by a CRA which is established in the EEA and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency operating in the EEA before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, or (2) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant

Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

OVERVIEW OF THE PROGRAMME

The following overview should be read as an introduction to this Information Memorandum and any decision to invest in the Notes should be based on a consideration of the Information Memorandum as a whole, including any documents incorporated by reference.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Information Memorandum have the same meanings in this summary.

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| Issuer: | S.N.C.B. Holding SA <i>de droit public</i> / N.M.B.S. Holding NV <i>van publiek recht</i> , a limited liability company of public law under Belgian law having its registered office at Rue de France 85, 1060 Brussels (registered in the register of legal persons in Brussels under number 0203.430.576). The Issuer is an operational holding company which holds and manages its shareholdings in its railway transportation subsidiary SNCB SA <i>de droit public</i> / NMBS NV <i>van publiek recht</i> (" SNCB ") and in its railway infrastructure manager subsidiary Infrabel SA <i>de droit public</i> / Infrabel NV <i>van publiek recht</i> (" Infrabel "). |
| Risk Factors: | Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under " <i>Risk Factors</i> " below. |
| Arranger: | BNP Paribas. |
| Dealers: | BNP Paribas, Deutsche Bank AG, London Branch, ING Belgium S.A./N.V., J.P. Morgan Securities Ltd., Société Générale and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes. |
| Domiciliary Agent: | BNP Paribas Securities Services, Belgium Branch. |
| Luxembourg Listing Agent: | BNP Paribas Securities Services, Luxembourg Branch. |
| Final Terms or Drawdown Information Memorandum: | Notes issued under the Programme may be issued either (1) pursuant to this Information Memorandum and associated Final Terms or (2) pursuant to a Drawdown Information Memorandum. The terms and conditions applicable to any particular Tranche of Notes will be the Terms and Conditions of the Notes as supplemented, amended and/or replaced to the extent described in the relevant Final Terms or, as the case may be the relevant Drawdown Information Memorandum. |
| Listing and Trading: | Application has been made for Notes to be admitted during the period of twelve months after the date hereof to listing on the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF Market. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer and the relevant Dealer. |
| Issuance in Series: | Notes will be issued in series (each a " Series "). Each Series may comprise one or more tranches (" Tranches " and each a " Tranche ") issued on the same or different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date, the issue price and the amount of the first |

payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.

Forms of Notes and Clearing:

The Notes are in dematerialised form in accordance with Articles 468 et seq. of the Belgian Company Code. The Notes will be represented by a book entry in the records of NBB-SSS. The Notes may be held by their holders through the participants in the NBB-SSS, including Euroclear and Clearstream, Luxembourg and through other financial intermediaries which in turn hold the Notes through Euroclear, Clearstream, Luxembourg or other participants in the NBB-SSS. Ownership of the Notes will pass by account transfer.

The Notes may not be exchanged for bonds in bearer or registered form. For further details see "*Forms of the Notes*" below.

Currencies:

Notes may be denominated in any currency agreed between the Issuer and the Dealers, subject as mentioned below and subject to compliance with all other applicable legal and/or regulatory and/or central bank requirements and the rules and regulations of the NBB-SSS. Dual currency notes may not be issued under the Programme and Notes may not be denominated in the currency of a state which is not a member state of the Organisation for Economic Co-operation and Development.

Status of the Notes:

Notes will be issued on an unsubordinated basis.

Issue Price:

Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

Maturities:

Any maturity subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only 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 who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the UK Financial Services and Markets Act 2000, as amended, by the Issuer.

Redemption:

Except as mentioned below, Notes may be redeemable at par or at such other Redemption Amount as may be specified in the relevant Final Terms. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms. Index-linked redemption

notes may not be issued under the Programme.

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| Optional Redemption: | Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or at the option of the Noteholders to the extent (if at all) specified in the relevant Final Terms. |
| Change of Ownership Put, Rating Event Put and Material Subsidiary Reorganisation Put: | Notes may be redeemed at the option of the Noteholders at their Redemption Amount specified in the relevant Final Terms upon the occurrence of a Change of Ownership, a Rating Event or a Material Subsidiary Reorganisation (each as defined in the Conditions) as described in Conditions 9(f)(<i>Redemption upon Change of Ownership</i>), 9(g) (<i>Redemption on Rating Event</i>) and 9(h) (<i>Redemption following a Material Subsidiary Reorganisation</i>). |
| Tax Redemption: | Except as described in " <i>Optional Redemption</i> " and " <i>Change of Ownership Put, Rating Event Put and Material Subsidiary Reorganisation Put</i> " above, early redemption will only be permitted for tax reasons as described in Condition 9(b) (<i>Redemption for tax reasons</i>). |
| Programme Amount: | The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed the Programme Amount, which may be increased by the Issuer, subject to consent by the Dealers. |
| Interest: | Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series. Index-linked interest notes may not be issued under the Programme. |
| Denominations: | Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements and save that the minimum denomination of each Note will be €100,000 (or, where the Notes are denominated in a currency other than euro, the equivalent amount in such other currency). |
| Negative Pledge: | The Notes will have the benefit of a negative pledge as described in Condition 5 (<i>Negative Pledge</i>). |
| Cross Default: | The Notes will have the benefit of a cross default as described in Condition 12 (<i>Events of Default</i>). |
| Taxation: | All payments in respect of Notes will be made free and clear of withholding taxes of the Kingdom of Belgium unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 11 (<i>Taxation</i>)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required. |
| Governing Law: | The Notes will be governed by Belgian law. |
| Ratings: | Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant |

Tranche of Notes will be (1) issued by a credit rating agency established in the EEA and registered (or which has applied for registration and not been refused) under the CRA Regulation or (2) issued by a credit rating agency which is not established in the EEA but will be endorsed by a credit rating agency which is established in the EEA and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency operating in the EEA before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, or (2) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

Selling Restrictions:

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the United Kingdom, the Kingdom of Belgium and Japan, see "*Subscription and Sale*" below.

Use of proceeds:

The net proceeds of each issue of Notes will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue of Notes there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

Clearing System:

NBB-SSS.

RISK FACTORS

The Issuer believes that the risk factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may, based on information currently available to it, not be considered significant risks by the Issuer or which it may not currently be able to anticipate. The sequence in which the risk factors are listed is not an indication of their likelihood to occur or of the extent of their commercial consequences. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum or incorporated by reference in this Information Memorandum and reach their own views prior to making any investment decision and consult with their own professional advisors if they consider it necessary. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Information Memorandum have the same meanings in this section.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES

Financial & Economic Risks

As at 30 June 2011, the Issuer had total net consolidated debt outstanding of approximately EUR 2,349 million and approximately EUR 100 million of unused committed credit lines, EUR 52 million of unused non-committed credit lines and EUR 4 billion of unused STEP-compliant CP programmes. An increase of the debt level may be necessary if the Issuer does not generate positive cash flows. The Issuer's ability to pay principal and interest on the Notes and on its other debt and to comply with its other obligations and financial covenants under such debt depends on its future operating performance and on that of the Group (as defined in "Description of the Issuer" below). Future operating performance is primarily dependent on the operating grants granted by the Belgian federal government and is further also subject to market conditions and business factors that often are beyond the Issuer's control.

Risks associated with the suppliers could adversely affect the Group's financial performance

Significant disruptions in operations of its suppliers (in particular, its electricity suppliers) could materially impact the Group's operations by disrupting service-levels resulting in reduced income and possible claims.

General economic factors may adversely affect the Group's financial performance

General economic conditions may adversely affect the Group's financial performance. Higher interest rates, higher fuel, electricity and other energy costs, any weakening in its position in the transportation market (specifically in segments open to competition), inflation, deflation and overall economic slowdown and other economic factors could adversely affect demand for the services offered by the Group.

Turbulence in the global credit markets and economy may adversely affect the Issuer's financial condition and liquidity

Economic conditions have been, and continue to be, volatile. Disruptions in the capital and credit markets could adversely affect the Issuer's and its subsidiaries' ability to draw on its bank credit facilities or enter into new bank credit facilities. The Group's access to funds under its bank credit facilities is dependent on the ability of the banks that are parties to the facilities to meet their funding commitments. Those banks may not be able to meet their funding commitments to the Group if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests from the Group and other borrowers within a short period of time. Also, disruptions in the capital and credit markets may impact the Group's ability to renew those bank credit facilities or enter into new bank credit facilities as needed. In addition, the Group's suppliers and third-party service providers could experience credit or other financial difficulties that could result in their inability, or delays in their ability, to supply the Group with necessary goods and services.

Increases in interest rates could negatively affect the Issuer's financing costs and its ability to obtain financing

The Issuer has partial exposure to future interest rates based on the variable rate debt held by the Issuer, to the extent that the Issuer raises debt in the capital markets to meet maturing debt obligations and to fund its working capital needs. Daily working capital requirements are typically financed with operational cash flows, in-house cash pooling, through the use of committed and uncommitted credit lines and commercial paper programmes. The interest rate on these short and medium term borrowing arrangements is generally determined either as the inter-bank offering rate at the borrowing date, plus a pre-set margin or based on market quotes from banks. Pursuant to the Issuer's financial policy, which has been approved by its board of directors, the long-term debt at floating interest rates must be limited to about 33 per cent. (with a 5 per cent. margin) of the Issuer's total long-term debt. Therefore the Issuer employs risk management techniques to hedge against interest rate volatility. Nevertheless, significant and sustained increases in market interest rates could considerably increase the Issuer's financing costs and negatively impact its reported results.

A downgrade of the Issuer's credit rating could increase the Issuer's financing cost and its ability to access financial markets

The Issuer relies on access to bank and capital markets as sources of liquidity for cash requirements not satisfied by cash flows from operations. A downgrade in its credit ratings issued by the internationally-recognised credit rating agencies, particularly to a level below investment grade, could negatively affect the ability of the Issuer to access the interbank and capital markets, especially in a time of uncertainty in either or both of those markets. A ratings downgrade could also impact the Issuer's ability to grow its business by substantially increasing the cost of, or limiting access to, capital.

Employment & Personnel Risks

A competitive labour market as well as changes in labour conditions may increase the Group's costs.

The Group's success depends in part on its ability to attract and retain qualified personnel in all areas of its business. The Group competes in attracting and retaining employees with other market participants. Tight labour markets, increased overtime, collective labour agreements, increased healthcare costs, government mandated increases in the minimum wage and a higher proportion of full-time employees could result in an increase in labour costs, which could materially impact the Group's results of operations. Notwithstanding the fact that a cost saving programme has been implemented, including selective personnel replacements, a shortage of qualified employees may require the Group to increase its wage and benefit offerings to compete effectively in the hiring and retention of qualified employees or to retain more expensive temporary employees.

In addition, while the Group believes that relations with its employees are good and a gradual headcount reduction is achievable thanks to the Group's employee age pyramid showing approximately 40 per cent. of the personnel retiring within the next 10 years, the Group cannot provide full assurance that it will not become the target of strikes and labour unrest in the future. Strike actions and other labour unrest by employees (whether or not supported by unions) have occurred in the past and cannot be excluded in the future, in particular in the context of the current economic turmoil. Such actions, if significant, could have a negative effect on the financial performance of the Group.

Increased labour costs could increase the Group's costs, resulting in a decrease in its profits or an increase in its losses. The Group may be unable to fully absorb any increased labour costs through its efforts to increase efficiencies in other areas of its operations.

Environmental Risks

Because of the number of properties that the Group owns and leases, the Group has a potential risk of environmental liability

The Group is subject to laws, regulations and ordinances that govern activities and operations that may have adverse environmental effects and impose liabilities for the costs of cleaning and certain damages arising from sites of past spills, disposals or other releases of hazardous materials. Under applicable environmental laws, the Group may be responsible for the remediation of environmental conditions and may be subject to associated liabilities relating to its properties, regardless of whether the Group leases,

subleases or owns the property in question and regardless of whether such environmental conditions were created by the Group or by a prior owner or tenant. The costs of investigation, remediation or removal of environmental conditions may be substantial. Certain environmental laws also impose liability in connection with the handling of or exposure to asbestos containing materials, pursuant to which third parties may seek recovery from owners, tenants or sub-tenants of real properties for personal injuries associated with asbestos-containing materials. Although provisions in relation to such liabilities have been made, there can be no assurance that environmental conditions relating to prior, existing or future properties will not harm the Group through, for example, cost of remediation or harm to reputation.

Operating Risks

Delays and other punctuality problems could lead to a reduction in the perceived quality of service provided by the Group

The Group operates in a technically complex sector characterised by a networked system. Unforeseen technical problems and repairs of the network could lead to service interruptions and a decline in punctuality of the Group's rail transport activities. Reductions in punctuality could in turn affect the perceived quality of service provided by the Group and result in a loss of customers, which could directly impact the Group's financial performance.

Information Technology Risks

The Group's operations are dependent on information technology (IT) systems, the failure or breach of security of any of which may harm its reputation and adversely affect its financial performance

Many of the functions of the Group's operations are dependent on IT systems developed and maintained by internal experts or third parties. The failure of any of these IT systems may cause disruptions in the Group's operations, adversely affecting its business. The Group has disaster recovery plans in place to reduce the negative impact of such IT systems failures on its operations, but there is no assurance that these disaster recovery plans will be completely effective. Liability could arise from third party claims alleging misrepresentation of its privacy and data security practices. Any such liability for misappropriation of such information could decrease the Group's profitability. The Group's security measures are designed to protect against security breaches, but its failure to prevent such security breaches could subject the Issuer to liability claims, damage its reputation and diminish the value of its brand-names.

Legal Risks

Unexpected outcomes in its legal proceedings could materially impact the Issuer's financial performance

From time to time, the Group is a party to legal proceedings including matters involving personnel and employment issues, personal injury, intellectual property, competition/antitrust matters, landlord-tenant matters, tax matters and other proceedings arising in the ordinary course of business. Furthermore, a number of important litigations exist and may come up in the future based on alleged wrong allocation of contracts under the law governing public procurement. The Issuer has estimated its exposure to the claims and litigation arising in the normal course of business and believes it has made adequate provisions for such exposure. Unexpected outcomes in these matters could have an adverse effect on its financial condition and results of operations.

Regulatory Risk

As an autonomous public sector enterprise, the Issuer is governed by the law on autonomous public law enterprises, which differs in certain respects from the laws applicable to other Belgian commercial companies

The Issuer is an autonomous public sector enterprise that has adopted the legal form of a limited liability company under Belgian public law and therefore is governed by certain provisions of Belgian public and administrative law, in particular the Belgian law of 21 March 1991 on the reform of certain economic public enterprises. Changes in the Belgian law on the reform of certain economic public enterprises could affect the Issuer's specific legal status.

The Issuer is controlled by the Belgian State whose interests may not always be aligned with the interests of other investors

Pursuant to the Belgian law of 21 March 1991 on the reform of economic public enterprises, Belgian public authorities are required to hold at least 50 per cent. plus 1 share in the Issuer, or 75 per cent. plus 1 of the voting rights of the Issuer. The Belgian State currently holds 100 per cent. the Issuer's shares and 99.22 per cent. of the Issuer's voting rights.

Accordingly, the Belgian State has and, as long as the Belgian law of 21 March 1991 remains unchanged, will continue to have the power to determine matters submitted for a vote of shareholders, including the ability to control the outcome of certain corporate actions such as dividend policy, mergers and other extraordinary transactions. The interests of the Belgian State in deciding these matters and the factors it considers in exercising its vote could be different from the interests of the Issuer's other investors.

The Issuer's group may become subject to restructurings of which the outcome is currently unknown

The newly-formed Belgian federal government published a government statement (*regeringsverklaring/déclaration gouvernementale*) in December 2011. This statement mentions that the current structure of the Group will be reviewed and that an organisational simplification of the Group is required. According to this statement, after the realisation of an organisational evaluation of the Group and an analysis of the financial flows between and within the entities of the Group by the Belgian Court of Auditors (*Rekenhof/Cour des Comptes*), the Group will be restructured to adjust to passengers' expectations and needs, to increase the quality of the services provided, to ensure safety on the Belgian railway network and to guarantee the continuity of public service. It is currently unknown to what extent such restructuring could impact the Issuer or its subsidiaries and whether such would have a negative impact on the Issuer's financial position.

Future changes in legislation could subject the Issuer or its subsidiaries to bankruptcy laws

As public sector enterprises providing public services, the Issuer and certain of its subsidiaries are currently not subject to Belgian bankruptcy legislation. Legislative changes could in the future subject SNCB, as a railway operator, to bankruptcy laws. The Issuer may become subject to insolvency proceedings other than bankruptcy such as judicial reorganisation proceedings under the Belgian law dated 31 January 2009. Notwithstanding Condition 12(f), it should be noted that an acceleration or early termination of the Notes as a result of the Issuer or any of its Material Subsidiaries applying for or being subject to such judicial reorganisation proceedings may not be enforceable.

Changes in the overall legal conditions could affect the Group's business

The Group structure may have to be adapted as a result of a legislative change in order to satisfy customer's expectations in relation to the quality of the services provided, security of the transportation system and the efficiency and financial condition of the Group.

The Group operates in a highly regulated market. Changes in the overall legal conditions at national, regional or European level could result in risks for the Group's business.

The framework of the railway activities in Belgium is mainly governed by European regulations that have (i) gradually established the liberalisation of the railway activities and (ii) put in place a framework for the integration of public services by determining under which conditions transport activities can still be considered as public service tasks.

The Group is still vested with the exclusive right to carry out all domestic passenger transport. A future regulatory change at European level will most likely open the domestic passenger transport network up to competition. Upon implementation of this future regulatory change, the Group may become subject to competition in respect of domestic passenger transport which may have a negative effect on its business and revenues.

The Issuer benefits from an immunity of execution in respect of the assets that are used (entirely or partially) for public services

Notwithstanding Condition 20(c) and in accordance with the Belgian law of 21 March 1991, the Issuer benefits from an immunity of execution that may not be waived in respect of the assets that are used

(entirely or partially) in the performance by the Issuer of its public services. As a result such assets are protected against claims of the Issuer's creditors (including noteholders) seeking to attach such assets in satisfaction of their claims. Such assets cannot become the subject of a forced sale instructed by the Issuer's creditors.

Contractual Risks

The renewal of the management contracts with the federal government could have a negative impact on the Group's income

The Issuer and its subsidiaries SNCB and Infrabel (each as defined in "Description of the Issuer" below) have entered into management contracts with the Belgian federal government. These management contracts determine the obligations and public services mandates to be performed by the three Group companies, in return for which the Group companies receive state subsidies. The management contracts remain in force until the end of 2012 and will automatically be extended until new management contracts are executed.

Although the draft declaration of the general policy of the federal government dated 1 December 2011 confirms the intention of the federal government to ensure the continuity of the public service through the management contracts, a decrease of the state subsidies in future management contracts cannot be fully excluded. Such a decrease would have a negative impact on the Group's business.

Force Majeure

Natural disasters and severe weather conditions could adversely affect the Group's operations and financial performance

The occurrence of one or more natural disasters or severe weather, whether as a result of climate change or otherwise could adversely affect the Group's operations and financial performance. Such events could result in physical damage to one or more of the Group's properties, the temporary closure of its transportation infrastructure, the temporary lack of an adequate work force, the temporary decrease in revenues and the temporary or long-term disruption in the supply of products and services from suppliers. These factors could otherwise disrupt and adversely affect the Group's operations and financial performance.

The Group may suffer losses in the event of an accident or incident involving its trains

One or more accidents or incidents involving one of the Group's trains could require repair or replacement of the damaged trains, cause their consequential temporary or permanent loss from service and incur significant liability to injured passengers and others. Although the Issuer believes that the Group currently maintains liability insurance in amounts and of the type generally consistent with industry practice, the amount of such coverage may not be adequate to cover in full the costs related to accidents or incidents, resulting in harm to its results of operations and financial condition. Moreover, major accidents or incidents involving the trains of other companies in other countries may cause demand for railway travel in general to decrease, which would adversely affect the Group's results of operations and financial condition.

Terrorist attacks, the threat or the fear of such attacks, even if not made directly on the railway industry, could negatively affect the Group and the railway industry as a whole; the travel industry continues to face on-going security concerns and cost burdens

Terrorist attacks (even if not made directly towards the Group or on the railway industry) the threat of terrorist attacks, the fear of or the precautions taken in anticipation of such attacks (including the elevated threat warnings or selective cancellation of trains) could adversely affect the Group, its operating results and financial condition. In addition, potential or actual terrorist attacks may result in substantial disruption costs caused by stopping of trains, significant increases of security costs and associated passenger inconvenience, increased insurance costs, substantial higher ticket refunds and significantly decreased traffic and revenue.

FACTORS THAT ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISK ASSOCIATED WITH THE NOTES

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in the light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets;
- (v) consider all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency; and
- (vi) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial, tax or legal adviser) to evaluate how the Notes will perform under the changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

There is no active trading market for the Notes

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made for the Instruments issued under the Programme to be admitted to listing on the official list of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

The Notes may be redeemed prior to maturity

Unless in the case of any particular Tranche of Notes the relevant Final Terms specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Belgium or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specifies that the Notes are redeemable at the Issuer's option in certain other circumstances the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Change of Ownership Put, Rating Event Put and Material Subsidiary Reorganisation Put

The Notes will be redeemable at the option of Noteholders at the Change of Ownership Exercise Price, the Rating Event Exercise Price or the Material Subsidiary Reorganisation Exercise Price (as applicable) upon the occurrence of a Change of Ownership in accordance with Conditions 9(f) (*Redemption on Change of Ownership*), a Rating Event in accordance with Condition 9(g) (*Redemption on Rating Event*) or a Material Subsidiary Reorganisation in accordance with Condition 9(h) (*Redemption following a Material Subsidiary Reorganisation*).

Investors should however note that, as at the date of this Information Memorandum, article 39 of the Belgian Law of 21 March 1991 (the "**Law**") prevents a Change of Ownership of the Issuer. The Issuer is an autonomous public enterprise, entitled with certain public service tasks and is subject to certain specific rules and requirements by virtue of the Law. Article 39 of the Law contains various specific provisions regarding the share capital of certain autonomous public enterprises, which also apply to the Issuer, the most relevant of which provide that:

- (a) public authorities must at all times retain (i) over 75 per cent. of the voting rights that are attached to the share capital of the Issuer and of (ii) over 75 per cent. of the mandates within the organs of the Issuer;
- (b) the Belgian State may only sell 50 per cent. of its shares in the Issuer; moreover, these shares may only be sold to public entities that are designated by virtue of a royal decree and under the conditions established by that decree; and
- (c) every transfer of shares in the Issuer by a public authority, other than the Belgian State, must be notified to the Issuer. Such transfer will be null and void if it brings the direct participation of all public authorities in the Issuer's share capital below 50 per cent., unless a capital increase of the Issuer would bring the public authorities' participation in the share capital again above the 50 per cent. threshold within a period of three months following that transfer.

Pursuant to article 39 of the Law, public authorities are required to hold at least 50 per cent. +1 share of the shares in the Issuer. Moreover, the shares held by public authorities provide, by operation of law, a right to 75 per cent. +1 voting rights of the voting rights of the Issuer. The application of the specific requirements and restrictions imposed by the Law cannot be avoided and will continue to apply to the Issuer until the relevant provisions of the Law are abolished or amended. Investors should therefore note that the Change of Ownership in respect of the Issuer would not be permitted under Belgian law, unless article 39 of the Law is amended, abrogated or no longer applies to the Issuer.

It should be noted that under Belgian law contractual provisions that grant rights to third parties and that are dependent on the occurrence of a change of control over a company or the launch of a public take-over bid in respect of such company can only be granted by the general meeting of shareholders in accordance with article 556 of the Belgian Company Code. Furthermore, the shareholders resolution authorising any such contractual provision needs to be filed with the Clerk of the Commercial Court of Brussels (*greffe du tribunal de commerce / griffie van de rechtbank van koophandel*).

Should the Change of Ownership occur with respect to the Issuer, prior to (i) the approval of Condition 9(f) (*Redemption upon Change of Ownership*) (including the exercise by Noteholders of the Change of Ownership Put Option) by the shareholders of the Issuer in a general meeting and (ii) the shareholder resolution approving Condition 9(f) (*Redemption upon Change of Ownership*) (including the exercise by Noteholders of the Change of Ownership Put Option) being filed with the Clerk of the Commercial Court of Brussels (*greffe du tribunal de commerce / griffie van de rechtbank van koophandel*) in accordance with article 556 of the Belgian Company Code, any purported exercise of the Change of Ownership Put Option by a Noteholder prior to such approval and filing may not be effective and, as a consequence, the Issuer may not be obliged to purchase the Notes from the Noteholders.

A Rating Event – which will trigger the Rating Event Put Option – will occur if the rating of the Issuer is downgraded below a long-term rating of at least Baa3 by Moody's or BBB- by S&P at any time after a Change of Ownership of the Issuer occurs prior to Condition 9(f) (*Redemption upon Change of Ownership*) having been approved by the shareholders of the Issuer and the relevant shareholders resolution having been filed with the Clerk of the Commercial Court of Brussels (*greffe du tribunal de commerce / griffie van de rechtbank van koophandel*) in accordance with article 556 of the Belgian Company Code.

There is currently no approval by the general meeting of the Issuer relating to Condition 9(f) (*Redemption upon Change of Ownership*) in accordance with article 556 of the Belgian Company Code. Noteholders should be aware that there can be no assurance that the shareholders of the Issuer in any general meeting will give such approval.

It is possible that a Change of Ownership, a Rating Event or a Material Subsidiary Reorganisation may occur at a time when prevailing interest rates are relatively low. If in such circumstances an investor exercises the Change of Ownership Put Option, the Rating Event Put Option or the Material Subsidiary Reorganisation Put Option, as applicable, such investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes. In addition, the Issuer's ability to repurchase the Notes in respect of which the Change of Ownership Put Option, the Rating Event Put Option or the Material Subsidiary Reorganisation Put Option has been exercised may be limited by law or by the terms of other agreements relating to its indebtedness outstanding at that time.

Investors should also be aware that the Change of Ownership Put Option, the Rating Event Put Option and the Material Subsidiary Reorganisation Put Option may only be exercised in the specified circumstances of Conditions 9(f) (*Redemption upon Change of Ownership*), 9(g) (*Redemption on Rating Event*) and 9(h) (*Redemption following a Material Subsidiary Reorganisation*), respectively, which may not cover all situations in which a change of ownership, a rating event or a Material Subsidiary reorganisation could occur or where successive changes of control occur in relation to the Issuer. Once given, a Change of Control Exercise Notice, a Rating Event Exercise Notice or a Material Subsidiary Reorganisation Exercise Notice, as the case may be, is irrevocable.

In the event that some, but not all, Noteholders exercise their Change of Ownership Put Option, Rating Event Put Option or Material Subsidiary Reorganisation Put Option, this may reduce the liquidity of any trading market for the Notes. See "*There is no active trading market for the Notes*" above.

Taxation

All payments in respect of Notes are required to be made free and clear of withholding taxes of the Kingdom of Belgium unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 11 (*Taxation*)) be required to pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required. Unless in the case of any particular Tranche of Notes the relevant Final Terms specifies otherwise, in the event that the Issuer becomes obliged to pay any such additional amounts, the Issuer will be entitled to redeem all outstanding Notes in accordance with the Conditions.

The information contained in "*Taxation*" below is a general description of certain Belgian tax considerations relating to the Notes, is based upon the law as in effect on the date of this Information Memorandum, is subject to any change in law that may take effect after such date and does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of

interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries.

Modification, waivers and substitution

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. These provisions impose in certain instances more stringent quorum requirements and grant broader competences to the meeting than the provisions relating to meetings of Noteholders set out in the Belgian Company Code. It should be noted that there is currently no unanimity among legal scholars as to whether it is possible to deviate from the rules in the Belgian Company Code. If these rules would indeed be considered to be of mandatory application, the provisions of the Belgian Company Code may need to be applied.

The Conditions also provide that the Notes and the Conditions may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Domiciliary Agency Agreement may agree to modify any provision thereof, provided that the Issuer may not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

Noteholders must rely on the procedures of the NBB-SSS, Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer

In accordance with the Belgian Company Code, Notes issued under the Programme will be in dematerialised form and may not be physically delivered to investors. The Notes will be represented exclusively by book entries in the records of the NBB-SSS, access to which is available through NBB-SSS participants whose membership extends to securities such as the Notes. NBB-SSS participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), and Euroclear and Clearstream, Luxembourg.

Transfers of interests in the Notes will be effected between the NBB-SSS participants in accordance with the rules and operating procedures of the NBB-SSS. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the NBB-SSS participants through which they hold their Notes.

Neither the Issuer, nor the Dealers or any Agent will have any responsibility for the proper performance by the NBB-SSS or the NBB-SSS participants of their obligations under their respective rules and operating procedures.

A Noteholder must rely on the procedures of the NBB-SSS, Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer will have no responsibility or liability for the records relating to, or payments made in respect of, the Notes within the NBB-SSS.

No Agent is required to segregate amounts received by it in respect of Notes cleared through the NBB-SSS.

The terms and conditions of the Notes and the Domiciliary Agency Agreement provide that an Agent will debit the relevant account of the Issuer and use such funds to make payment to the Noteholders. The Domiciliary Agency Agreement provides that an Agent will, simultaneously with the receipt by it of the relevant amounts, pay to the Noteholder, directly or through the NBB, any amounts due in respect of the relevant Notes. However, no Agent is required to segregate any such amounts received by it in respect of the Notes, and in the event that such Agent were subject to insolvency proceedings at any time when it held any such amounts, Noteholders would not have any further claim against the Issuer in respect of such amounts, and would be required to claim such amounts from such Agent in accordance with applicable Belgian insolvency laws.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Fixed Rate Notes

Investment in Fixed Rate Notes involves the risks that substantial changes in market interest rates adversely affect the value of the Fixed Rate Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Credit or corporate ratings may not reflect all risks

One or more independent rating agencies may assign ratings to the Instruments. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the value of the Instruments. A credit rating and/or a corporate rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Change of law

The Notes, all related contractual documentation (other than the Dealer Agreement, and any contractual obligations arising out of or in connection with it, which are governed by English law) and any non-contractual obligations arising out of or in connection with them are governed by the laws of the Kingdom of Belgium. No assurance can be given as to the impact of any possible judicial decision or change to the laws of the Kingdom of Belgium or England (or Luxembourg in respect of the admission of the Notes to listing and trading) or administrative practice after the date of this Information Memorandum.

Delisting of the Notes

Application has been made for Notes issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and Notes issued under the Programme may also be admitted to trading, listing and/or quotation by any other listing authority, stock exchange or quotation system, as specified in the relevant Final Terms. Such Notes may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no

assurance is made as to the liquidity of the Notes as a result of listing, any delisting of the Notes may have a material effect on a Noteholder's ability to resell the Notes on the secondary market.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk based capital or similar rules.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisors.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

DOCUMENTS INCORPORATED BY REFERENCE

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

- (i) the Issuer's annual report for the financial year ended 31 December 2010 (including the audited consolidated financial statements, the auditors' report thereon and notes thereto);
- (ii) the Issuer's annual report for the financial year ended 31 December 2009 (including the audited consolidated financial statements, the auditors' report thereon and notes thereto);
- (iii) the unaudited reviewed interim unconsolidated management accounts (including the auditors' review report thereon and notes thereto) of the Issuer in respect of the nine months ended 30 September 2011; and
- (iv) the unaudited limited consolidated management accounts for the financial year ended 31 December 2010,

Copies of the documents specified above as being incorporated by reference in this Information Memorandum are available for viewing at www.bourse.lu and may be obtained free of charge, during normal business hours at the registered office of the Issuer, being Rue de France 85, 1060 Brussels, Belgium and at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out at the end of this Information Memorandum.

The following table sets out the page numbers of certain financial information contained in the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2010 and 31 December 2009.

| | Consolidated financial statements for the financial year ended 31 December 2010 (as set out in the Issuer's 2010 Annual Report) | Consolidated financial statements for the financial year ended 31 December 2009 (as set out in the Issuer's 2009 Annual Report) |
|---|--|--|
| Consolidated Income Statements | Pages 108-109 | Pages 102-103 |
| Consolidated Balance Sheets | Pages 106-107 | Pages 100-101 |
| Accounting policies and explanatory notes | Pages 110-127 | Pages 104-120 |
| Auditors' report | Pages 128-132 | Pages 121-125 |

The following table sets out the page numbers of certain financial information contained in the unaudited reviewed interim unconsolidated management accounts of the Issuer for the nine months ended 30 September 2011.

| | Management accounts of the Issuer for the nine months ended 30 September 2011 |
|------------------------|--|
| Income Statement | Page 3 |
| Balance Sheet..... | Page 12 |

The following table sets out the page numbers of certain financial information contained in the unaudited consolidated management accounts for the financial year ended 31 December 2010.

| | Consolidated management accounts of the Issuer for the financial year ended 31 December 2010 |
|---|---|
| Limited Consolidated Income Statement | Page 7 |

FINAL TERMS AND DRAWDOWN INFORMATION MEMORANDA

In this section the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuer has endeavoured to include in this Information Memorandum all of the necessary information except for information relating to the Notes which is not known at the date of this Information Memorandum and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Information Memorandum and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Information Memorandum. Such information will be contained in the relevant Final Terms unless any of such information constitutes a significant new factor relating to the information contained in this Information Memorandum in which case such information, together with all of the other necessary information in relation to the relevant series of Notes, may be contained in a Drawdown Information Memorandum.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, supplement this Information Memorandum and must be read in conjunction with this Information Memorandum. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Information Memorandum will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Information Memorandum. In the case of a Tranche of Notes which is the subject of a Drawdown Information Memorandum, each reference in this Information Memorandum to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Information Memorandum unless the context requires otherwise.

Each Drawdown Information Memorandum will be constituted either (1) by a single document containing the necessary information relating to the Issuer and the relevant Notes or (2) by a registration document (the "**Registration Document**") containing the necessary information relating to the Issuer, a securities note (the "**Securities Note**") containing the necessary information relating to the relevant Notes and, if necessary, a summary note. In addition, if the Drawdown Information Memorandum is constituted by a Registration Document and a Securities Note, any significant new factor, material mistake or inaccuracy relating to the information included in the Registration Document which arises or is noted between the date of the Registration Document and the date of the Securities Note which is capable of affecting the assessment of the relevant Notes will be included in the Securities Note.

USE OF PROCEEDS

The net proceeds of each issue of Notes will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue of Notes there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

FORMS OF THE NOTES

The Notes are in dematerialised form in accordance with Articles 468 et seq. of the Belgian Company Code. The Notes will be represented by a book entry in the records of the NBB-SSS. The Notes can be held by their holders through the participants in the NBB-SSS, including Euroclear and Clearstream, Luxembourg and through other financial intermediaries which in turn hold the Notes through Euroclear, Clearstream, Luxembourg or other participants in the NBB-SSS.

Possession of the Notes will pass by account transfer. Noteholders are entitled to exercise their voting rights and other associative rights (as defined for the purposes of Article 474 of the Belgian Company Code) against the Issuer and are entitled to claim directly against the Issuer any payment which the Issuer has failed to make in accordance with Condition 10(a) (*Principal and Interest*), and to exercise their voting rights and other associative rights (as defined for the purposes of Article 474 of the Belgian Company Code) against the Issuer upon submission of an affidavit drawn up by the NBB, Euroclear or any other participant duly licensed in the Kingdom of Belgium to keep dematerialised securities accounts showing their position in the Notes (or the position held by the financial institution through which their Notes are held with the NBB, Euroclear or such other participant, in which case an affidavit drawn up by that financial institution will also be required). The Notes may not be exchanged for notes in bearer or registered form.

TERMS AND CONDITIONS OF THE NOTES

The following text constitutes the terms and conditions of the Notes as supplemented, amended and/or replaced by the relevant Final Terms. Such terms and conditions will not be endorsed on any physical document of title.

1. Introduction

- (a) *Programme:* S.N.C.B. Holding SA *de droit public* / N.M.B.S. Holding NV *van publiek recht* (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €1,000,000,000 in aggregate principal amount of notes (the "**Notes**").
- (b) *Final Terms:* Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a final terms (the "**Final Terms**") which supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) *Domiciliary and Paying Agency Agreement:* The Notes are the subject of a domiciliary and paying agency agreement dated on or around 16 March 2012 (the "**Domiciliary Agency Agreement**") between the Issuer, BNP Paribas Services, Belgium Branch as domiciliary agent (the "**Domiciliary Agent**", which expression includes any successor domiciliary agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Domiciliary Agent, the "**Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). The Issuer, the Domiciliary Agent and the National Bank of Belgium, as operator of the NBB-SSS, have entered into a clearing services agreement dated on or around 16 March 2012 relating to the clearing and settlement of the Notes in the NBB-SSS (the "**Clearing Services Agreement**").
- (d) *The Notes:* All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below.
- (e) *Summaries:* Certain provisions of these Conditions are summaries of the Domiciliary Agency Agreement and the Clearing Services Agreement and are subject to their respective detailed provisions. The holders of the Notes (the "**Noteholders**") are bound by, and are deemed to have notice of, all the provisions of the Domiciliary Agency Agreement and the Clearing Services Agreement applicable to them. Copies of the Domiciliary Agency Agreement and the Clearing Services Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below.

2. Interpretation

- (a) *Definitions:* In these Conditions the following expressions have the following meanings:
 - "**Accrual Yield**" has the meaning given in the relevant Final Terms;
 - "**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;
 - "**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;
 - "**Business Day**" means:
 - (a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and

- (b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

"Business Day Convention", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) **"FRN Convention"**, **"Floating Rate Convention"** or **"Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
 - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (e) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"Calculation Agent" means the Domiciliary Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"Calculation Amount" has the meaning given in the relevant Final Terms;

"Change of Ownership" means that public authorities of the Kingdom of Belgium cease to control (either one such authority alone or jointly with any other such authorities, and either directly or indirectly) the Issuer;

"Change of Ownership Put Option" has the meaning given to it in Condition 9(f) (*Redemption on Change of Ownership*);

"control" means:

- (a) owning or voting more than one-half of the issued voting share capital of the Issuer at a general meeting of the Issuer (save to the extent the owner of such shares cannot use this right to cast or control the casting of such votes in its discretion by reason of any

arrangement of any nature whatsoever with any other party, where such third party would as a consequence of such arrangement be considered as exercising control over the Issuer in accordance with this definition);

- (b) the ownership of less than one-half of the maximum number of votes that might be cast at a general meeting of the Issuer where the entity holding such shares, has, whether alone or together with any or more other entities:
 - (i) the right to cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting of the Issuer (whether by way of proxy, contract, agency or law);
 - (ii) the power to appoint or remove all, or the majority, of the members of the board of directors or other equivalent officers of the Issuer (where such members of the board of directors or other equivalent officers of the Issuer perform, either alone or jointly, the duties granted by the Belgian Company Code to the board of directors and daily managers of a Belgian NV/SA); or
 - (iii) the power to give directions with respect to the operating and financial policies of the Issuer which the directors or other equivalent officers of the Issuer are obliged to comply with;

"Day Count Fraction" means, in respect of the calculation of an amount for any period of time (the **"Calculation Period"**), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (a) if **"Actual/Actual (ICMA)"** is so specified, means:
 - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
 - (iii) if **"Actual/Actual (ISDA)"** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
 - (iv) if **"Actual/365 (Fixed)"** is so specified, means the actual number of days in the Calculation Period divided by 365;
 - (v) if **"Actual/360"** is so specified, means the actual number of days in the Calculation Period divided by 360;
- if **"30/360"** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30";

if "30E/360" or "Eurobond Basis" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30; and

- (vi) if "30E/360 (ISDA)" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"Early Redemption Amount (Tax)" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"Early Termination Amount" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

"Eligible Investor" means a person who is entitled to hold securities through a so called "X account" (being an account exempted from withholding tax) in a settlement system in accordance with Article 4 of the Belgian Royal Decree of 26 May 1994 on the collection and refund of withholding tax (as amended or replaced from time to time),

"Extraordinary Resolution" means a resolution passed at a meeting duly convened and held in accordance with these Conditions and the Belgian Company Code by a majority of at least 75 per cent. of the votes cast;

"Final Redemption Amount" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"First Interest Payment Date" means the date specified in the relevant Final Terms;

"Fixed Coupon Amount" has the meaning given in the relevant Final Terms;

"Guarantee" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (a) any obligation to purchase such Indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (d) any other agreement to be responsible for such Indebtedness;

"Indebtedness" means any indebtedness for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;
- (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days but excluding (i) the amount of any liability due to any Subsidiary of the Issuer in respect of services or deliveries and (ii) the amount of any liability which is being disputed in good faith on the basis of appropriate legal advice; and
- (e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"Interest Amount" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"Interest Commencement Date" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"Interest Determination Date" has the meaning given in the relevant Final Terms;

"Interest Payment Date" means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"Interest Period" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"ISDA Definitions" the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

"Issue Date" has the meaning given in the relevant Final Terms;

"Material Subsidiary" means, as long as they are a Subsidiary of the Issuer, each of (i) SNCB, (ii) Infrabel, (iii) their respective successors, and (iv) any entity with or into which any of them is merged or by which any of them is acquired or to which all or any material part of the assets of any of them is transferred, *provided that*, in the event of (iii) and (iv) following a Permitted Reorganisation, any such successor or transferee which is a Subsidiary of the Issuer shall be regarded as the Material Subsidiary and the transferor entity shall no longer be considered as Material Subsidiary);

"Material Subsidiary Reorganisation" means:

- (a) the completion of a transfer (as a result of a sale, amalgamation, reorganisation, merger, demerger, consolidation, contribution restructuring or otherwise) by the Issuer of its entire shareholding in a Material Subsidiary to a person other than another Subsidiary of the Issuer; or
- (b) the completion of a transfer by a Material Subsidiary of all or substantially all of its assets and undertaking to a person other than the Issuer or another Subsidiary of the Issuer;

"Material Subsidiary Reorganisation Exercise Notice" has the meaning given to it in Condition 9(h) (*Redemption following a Material Subsidiary Reorganisation*);

"Material Subsidiary Reorganisation Exercise Price" has the meaning given to it in Condition 9(h) (*Redemption following a Material Subsidiary Reorganisation*);

"Material Subsidiary Reorganisation Put Option" has the meaning given to it in Condition 9(h) (*Redemption following a Material Subsidiary Reorganisation*);

"Margin" has the meaning given in the relevant Final Terms;

"Maturity Date" has the meaning given in the relevant Final Terms;

"Maximum Redemption Amount" has the meaning given in the relevant Final Terms;

"Minimum Redemption Amount" has the meaning given in the relevant Final Terms;

"NBB" means the National Bank of Belgium;

"NBB-SSS" means the X/N clearing system operated by the National Bank of Belgium, or any successor thereto;

"Optional Redemption Amount (Call)" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"Optional Redemption Amount (Put)" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"Optional Redemption Date (Call)" has the meaning given in the relevant Final Terms;

"Optional Redemption Date (Put)" has the meaning given in the relevant Final Terms;

"Participating Member State" means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;

"Payment Business Day" means:

- (a) if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euro, any day which is (i) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"Permitted Rating Event" means, for so long as the long-term senior unsecured debt of the Issuer is rated at least Baa3 by Moody's and BBB- by S&P, an event of default which arises solely as a result of the Issuer being unable to maintain a certain rating from any credit rating agency;

"Permitted Reorganisation" means:

- (a) a Material Subsidiary Reorganisation;
- (b) in the case of a Material Subsidiary, an amalgamation, reorganisation, merger, demerger, consolidation, restructuring whilst solvent, contribution, sale or other transfer whereby all or substantially all of the assets and undertaking of such Material Subsidiary are transferred to or otherwise vested in the Issuer or another Subsidiary of the Issuer; or
- (c) in the case of the Issuer, an amalgamation, reorganisation, merger, demerger, consolidation, restructuring whilst solvent, contribution, sale or other transfer whereby all or substantially all of the assets and undertaking of the Issuer are vested in a body corporate validly organised and existing under the laws of the Kingdom of Belgium and such body corporate (1) assumes or maintains (as the case may be) liability as principal debtor in respect of the Notes; and (2) continues to carry on substantially the same business of the Issuer;

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"Principal Financial Centre" means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (a) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (b) in relation to New Zealand dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

"Put Option Notice" means a notice which must be delivered to the Domiciliary Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder (other than in the case of a Change of Ownership Put Option or a Rating Event Put Option);

"Put Option Receipt" means a receipt issued by the Domiciliary Agent to a Noteholder following receipt by it of a Put Option Notice from any such Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Rate of Interest" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

"Rating Event" will be deemed to have occurred if at any time that is:

- (a) after the date of the occurrence of the Change of Ownership; and
- (b) prior to the approval by the shareholders of the Issuer of Condition 9(f) (*Redemption upon Change of Ownership*), including the Noteholders' right to exercise the Change of Ownership Put Option, the filing of a copy of such resolution with the Clerk of the Commercial Court of Brussels (*greffe du tribunal de commerce / griffie van de rechtbank van koophandel*) and the taking of all other steps (if any) necessary to cause Condition 9(f) (*Redemption upon Change of Ownership*) to be legally valid and binding,

the rating of the long-term senior unsecured debt of the Issuer is or becomes below a long-term rating of at least Baa3 by Moody's or BBB- by S&P or the long-term senior unsecured debt of the Issuer is rated by neither Moody's or S&P;

"Rating Event Put Option" has the meaning given to it in Condition 9(g) (*Redemption on Rating Event*);

"Redemption Amount" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

"Reference Banks" has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

"Reference Price" has the meaning given in the relevant Final Terms;

"Reference Rate" has the meaning given in the relevant Final Terms;

"Regular Period" means:

- (a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period .

"Relevant Change of Law" will be deemed to have occurred if it becomes legally possible for a Change of Ownership to occur as a consequence of any of the following events:

- (a) the regime provided for in the Belgian Law of 21 March 1991 (or any successor or replacement legislation thereof) has been revoked, abrogated or amended;
- (b) the Issuer is withdrawn from the scope of the regime of the Belgian Law of 21 March 1991; or
- (c) any change is made to any other applicable law.

"Relevant Date" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Domiciliary Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"Relevant Financial Centre" has the meaning given in the relevant Final Terms;

"Relevant Screen Page" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"Relevant Time" has the meaning given in the relevant Final Terms;

"Reserved Matter" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"Secured Assets" has the meaning given to it in Condition 5 (*Negative Pledge*);

"Securities" means any present or future indebtedness in the form of, or represented or evidenced by, bonds, debentures, notes or other securities (including by way of *Schuldschein* loan) which are or are capable of being quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the counter or other securities market;

"Specified Currency" has the meaning given in the relevant Final Terms;

"Specified Denomination(s)" has the meaning given in the relevant Final Terms;

"Specified Office" has the meaning given in the Domiciliary Agency Agreement;

"Specified Period" has the meaning given in the relevant Final Terms;

"Subsidiary" means, in relation to any Person (the **"first Person"**) at any particular time, any other Person (the **"second Person"**):

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

"TARGET2" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"TARGET Settlement Day" means any day on which the NBB-SSS and TARGET2 are open for the settlement of payments in euro;

"Treaty" means the Treaty establishing the European Communities, as amended;

"Zero Coupon Note" means a Note specified as such in the relevant Final Terms.

(b) *Interpretation:* In these Conditions:

- (i) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 11 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (ii) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (iii) references to Notes being "outstanding" shall be construed in accordance with the Domiciliary Agency Agreement;
- (iv) if an expression is stated in Condition 2(a) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and

- (v) any reference to the Domiciliary Agency Agreement shall be construed as a reference to the Domiciliary Agency Agreement, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

3. **Form, Denomination and Title**

The Notes are in dematerialised form in accordance with Articles 468 et seq. of the Belgian Company Code in the Specified Denomination(s), and can only be settled through the NBB-SSS in nominal amounts equal to such denomination(s) or integral multiples thereof. In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination

The Notes will be represented by a book entry in the records of the NBB-SSS. The Notes may be held by Noteholders through the participants in the NBB-SSS, including Euroclear and Clearstream, Luxembourg and through other financial intermediaries which in turn hold the Notes through Euroclear, Clearstream, Luxembourg or other participants in the NBB-SSS.

Possession of the Notes will pass by account transfer. Noteholders are entitled to exercise their voting rights and other associative rights (as defined for the purposes of Article 474 of the Belgian Company Code) and are entitled to claim directly against the Issuer any payment which the Issuer has failed to make in accordance with Condition 10(a) (*Principal and Interest*), and to exercise their voting rights and other associative rights (as defined for the purposes of Article 474 of the Belgian Company Code) against the Issuer upon submission of an affidavit drawn up by the NBB, Euroclear or any other participant duly licensed in the Kingdom of Belgium to keep dematerialised securities accounts showing their position in the Notes (or the position held by the financial institution through which their Notes are held with the NBB, Euroclear or such other participant, in which case an affidavit drawn up by that financial institution will also be required).

The Notes may not be exchanged for notes in bearer or registered form.

4. **Status**

The Notes constitute direct, general, unsubordinated, unsecured and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. **Negative Pledge**

So long as any Note remains outstanding, and subject as provided below, the Issuer shall not 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 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 5 (*Negative Pledge*) 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, covered bonds 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.

6. **Fixed Rate Note Provisions**

- (a) *Application:* This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.

- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, on such date, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (*Fixed Rate Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Domiciliary Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7. **Floating Rate Note Provisions**

- (a) *Application:* This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, on such date, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Domiciliary Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
 - (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the

Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

- (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (d) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
 - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- (e) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (g) *Calculation of other amounts:* If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

- (h) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

- (i) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Agents and the Noteholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

8. **Zero Coupon Note Provisions**

- (a) *Application:* This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Domiciliary Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. **Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments*).

- (b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part:

- (i) at any time (if the Floating Rate Note Provisions are not specified in the relevant Final Terms as being applicable); or
- (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Kingdom 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 (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and

- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than:

- (1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Domiciliary Agent:

- (A) 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 of; and
 - (B) 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. Upon the expiry of any such notice as is referred to in this Condition 9(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b).
- (c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (d) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 9(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Domiciliary Agent approves and in such manner as the Domiciliary Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the rules and regulations of the NBB-SSS and the notice to Noteholders referred to in Condition 9(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (e) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(e), the holder of a Note must, not

less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deliver to the Domiciliary Agent a duly completed Put Option Notice in the form obtainable from the Domiciliary Agent. The Domiciliary Agent shall deliver a duly completed Put Option Receipt to such Noteholder. No Put Option Notice, once duly completed and delivered to the Domiciliary Agent in accordance with this Condition 9(e), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any Note to which such Put Option Notice relates becomes immediately due and payable or, upon the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the Domiciliary Agent shall mail notification thereof to the relevant Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice.

- (f) *Redemption upon Change of Ownership:* In case of the occurrence of the Change of Ownership, the Issuer shall, as soon as reasonably possible but in any event no later than 10 Business Days after the occurrence thereof, deliver a notice to the NBB-SSS for communication by them to the holders of the Notes of the occurrence of such Change of Ownership. Within 30 Business Days following the delivery of such notice, each Noteholder will have the right (but not the obligation) to sell, and the Issuer will have the obligation, to purchase the Notes from such Noteholder (the "**Change of Ownership Put Option**"). Noteholders may exercise their Change of Ownership Put Option by sending a notice of exercise (in the form obtainable from the Domiciliary Agent) (a "**Change of Ownership Exercise Notice**") to the Domiciliary Agent (with a copy to the Issuer). The exercise price for the Change of Ownership Put Option will be equal to the par value of the Notes to be purchased plus accrued interest, if any thereon (the "**Change of Ownership Exercise Price**"). The payment of the Change of Ownership Exercise Price will be made to the relevant Noteholders on the 20th Business Day following the date of receipt of the Change of Ownership Exercise Notice by the Domiciliary Agent against the delivery of the relevant Notes.

Upon the occurrence of a Relevant Change of Law, the Issuer undertakes to (i) submit, not later than 80 days after the date a Relevant Change of Law was enacted or made, the provisions of this Condition 9(f), including the Noteholders' right to exercise the Change of Ownership Put Option, to the vote of its shareholders, (ii) if such provisions are approved by the shareholders, immediately following such approval, file a copy of such resolution with the Clerk of the Commercial Court of Brussels (*greffe du tribunal de commerce / griffie van de rechtbank van koophandel*) and (iii) if such provisions are approved by the shareholders, otherwise take all steps necessary to cause this Condition 9(f) to be legally valid and binding.

- (g) *Redemption on Rating Event:* In case of the occurrence of a Rating Event, the Issuer shall, as soon as reasonably possible but in any event no later than 10 Business Days after the occurrence thereof, deliver a notice to the NBB-SSS for communication by them to the holders of the Notes of the occurrence of such Rating Event. Within 30 Business Days following the delivery of such notice, each Noteholder will have the right (but not the obligation) to sell, and the Issuer will have the obligation, to purchase the Notes from such Noteholder (the "**Rating Event Put Option**"). Noteholders may exercise their Rating Event Put Option by sending a notice of exercise (in the form obtainable from the Domiciliary Agent) (a "**Rating Event Exercise Notice**") to the Domiciliary Agent (with a copy to the Issuer). The exercise price for the Rating Event Put Option will be equal to the par value of the Notes to be purchased plus accrued interest, if any, thereon (the "**Rating Event Exercise Price**"). The payment of the Rating Event Exercise Price will be made to the relevant Noteholders on the 20th Business Day following the date of receipt of the Rating Event Exercise Notice by the Domiciliary Agent against the delivery of the relevant Notes.
- (h) *Redemption following a Material Subsidiary Reorganisation:* In case of the occurrence of a Material Subsidiary Reorganisation, the Issuer shall, as soon as reasonably possible but in any event no later than 10 Business Days after the occurrence thereof, deliver a notice to the NBB-SSS for communication by them to the holders of the Notes of the occurrence of such Material Subsidiary Reorganisation and may convene a meeting of Noteholders to consider issues relating to such Material Subsidiary Reorganisation. No earlier than 30 Business Days and at the latest 40 Business Days following the delivery of such notice, each Noteholder will have the right (but not the obligation) to sell, and the Issuer will have the obligation, to purchase the Notes from such Noteholder (the "**Material Subsidiary Reorganisation Put Option**"). Noteholders may exercise their Material Subsidiary Reorganisation Put Option by sending a notice of exercise (in the form obtainable from the Domiciliary Agent) (a "**Material Subsidiary Reorganisation Exercise**").

Notice") to the Domiciliary Agent (with a copy to the Issuer). The exercise price for the Material Subsidiary Reorganisation Put Option will be equal to the par value of the Notes to be purchased plus accrued interest, if any, thereon (the "**Material Subsidiary Reorganisation Exercise Price**"). The payment of the Material Subsidiary Reorganisation Exercise Price will be made to the relevant Noteholders on the 20th Business Day following the date of receipt of the Rating Event Exercise Notice by the Domiciliary Agent against the delivery of the relevant Notes.

- (i) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (g) above.
- (j) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 9(j) or, if none is so specified, a Day Count Fraction of 30E/360.

- (k) *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.
- (l) *Cancellation:* All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries shall be cancelled and may not be reissued or resold.

10. **Payments**

- (a) *Principal and interest:* Payments of principal and interest shall be made through the Domiciliary Agent and the NBB-SSS, in accordance with the operating procedures of the NBB-SSS.
- (b) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*). No commissions or expenses shall be charged to by the Domiciliary Agent to the Noteholders in respect of such payments.
- (c) *Payments on business days:* If the due date for payment of any amount in respect of any Note is not a Payment Business Day, the holder shall not be entitled to payment of the amount due until the next succeeding Payment Business Day and shall not be entitled to any further interest or other payment in respect of any such delay.

11. **Taxation**

- (a) *Gross up:* All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Belgium or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:
 - (i) held by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection

with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note; or

- (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, this Directive; or
- (iii) where such withholding or deduction is imposed because the holder (or the beneficial owner) is not an Eligible Investor (unless that person was an Eligible Investor at the time of its acquisition of the relevant Note but has since ceased from being an Eligible Investor by reason of a change in the Belgian tax laws or regulations or in the interpretation or application thereof or by reason of another change which was outside that person's control), or is an Eligible Investor but is not holding the relevant Note in an exempt securities account with a qualifying clearing system in accordance with the Belgian law of 6 August 1993 relating to transactions in certain securities and its implementation decrees.

- (b) *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than the Kingdom of Belgium respectively, references in these Conditions to the Kingdom of Belgium shall be construed as references to the Kingdom of Belgium and/or such other jurisdiction.

12. **Events of Default**

If any of the following events occurs:

- (a) *Non-payment:* the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 10 days of the due date for payment thereof; or
- (b) *Breach of other obligations:* the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Domiciliary Agent; or
- (c) *Cross-default of Issuer or Material Subsidiary:*
 - (i) any Indebtedness the principal amount of which is at least €25,000,000 (or its equivalent in any other currency) of the Issuer or any of its Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
 - (ii) any such Indebtedness principal amount of which is at least €25,000,000 (or its equivalent in any other currency) becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Material Subsidiary or (**provided that** no event of default, howsoever described, has occurred, other than a Permitted Rating Event) any Person entitled to such Indebtedness; or
 - (iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness the principal amount of which is at least €25,000,000 (or its equivalent in any other currency); or
- (d) *Unsatisfied judgment:* one or more judgment(s) or order(s) for the payment of any amount of not less than €25,000,000 (or its equivalent in any other currency) is rendered against the Issuer or any of its Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) *Security enforced:* a secured party enforces its security over the whole or any part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries the book value

of which whether individually or in aggregate is not less than €25,000,000 (or its equivalent in any other currency); or

- (f) *Insolvency etc.*: (i) proceedings are initiated against the Issuer or any of its Material Subsidiaries under any applicable liquidation, bankruptcy, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or any part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or any part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of any of them, (ii) the Issuer or any of its Material Subsidiaries is declared bankrupt, becomes insolvent or stops or threatens to stop payment of, or is unable to, or admits inability to pay its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, (iii) the Issuer or any of its Material Subsidiaries (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, bankruptcy, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium), takes any other action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors generally (or any class of its creditors) or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors), save for the purposes of reorganisation on the terms approved by an Extraordinary Resolution of the Noteholders, or (iv) the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (other than for the purposes of or pursuant to a Permitted Reorganisation); or
- (g) *Winding up etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries (other than a dissolution ("*ontbinding/dissolution*") without liquidation ("*vereffening/liquidation*") in the framework of a merger or demerger); or
- (h) *Analogous event*: any event occurs which under the laws of the Kingdom of Belgium has an analogous effect to any of the events referred to in paragraphs (d) to (g) above; or
- (i) *Failure to take action etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes admissible in evidence in the courts of the Kingdom of Belgium is not taken, fulfilled or done;
- (j) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes; or
- (k) *Merger*: the Issuer is dissolved or merged with another company, unless in the framework of a Permitted Reorganisation or the Issuer is the surviving company or the obligations of the Issuer under the Notes are assumed by such other company either expressly by contract or by operation of applicable law,

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Domiciliary Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality.

13. **Prescription**

Claims for principal and interest shall become void after ten or five years, respectively, after their due date, unless legal action for payment is initiated prior to the expiry of such respective periods.

14. **Agents**

In acting under the Domiciliary Agency Agreement and in connection with the Notes, the Domiciliary Agent and any other Agent appointed thereunder act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The Agents and their initial Specified Office is listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor Domiciliary or Calculation Agent and additional or successor paying agents; **provided, however, that:**

- (a) the Issuer shall at all times maintain a Domiciliary Agent that is a participant of the NBB-SSS; and
- (b) the Issuer shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC; and
- (c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of an Agent in any particular place, the Issuer shall maintain an Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any Agent or in their respective Specified Offices shall promptly be given to the Noteholders.

15. **Meetings of Noteholders; Modification and Waiver**

- (a) The Domiciliary Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. All meetings of Noteholders will be held in accordance with the provisions of Article 568 et seq. of the Belgian Company Code with respect to Noteholders' meetings. Such a meeting may be convened by the Issuer and shall be convened by the Issuer upon the request in writing of Noteholders holding not less than one-fifth of the aggregate principal amount of the outstanding Notes. Subject to the quorum and majority requirements set out in Article 574 of the Belgian Company Code, and if required thereunder subject to validation by the court of appeal, the meeting of Noteholders shall be entitled to exercise the powers set out in Article 568 of the Belgian Company Code and, with the consent of the Issuer, to modify or waive any provision of these Conditions, provided however that certain proposals (including any proposal (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of, or interest on, the Notes, (iii) to change the currency of payment of the Notes, or (iv) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution (each a **"Reserved Matter"**)) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Resolutions duly passed in accordance with these provisions shall be binding on all Noteholders, whether or not they are present at the meeting and whether or not they vote in favour of such a resolution. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

Convening notices for meetings of Noteholders shall be made in accordance with Article 570 of the Belgian Company Code, which currently requires an announcement to be published not less than fifteen days prior to the meeting in the Belgian Official Gazette (*Moniteur Belge/Belgisch Staatsblad*) and in a newspaper of national distribution in Belgium. Convening notices shall also be made in accordance with Condition 17 (*Notices*).

- (b) *Modification:* The Notes and these Conditions may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Domiciliary Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

16. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

17. **Notices**

Without prejudice and in addition to the applicable provisions of the Belgian Company Code, notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

For so long as the Notes are held by or on behalf of the NBB-SSS, notices to Noteholders may also be delivered to the NBB-SSS for onward communication to Noteholders in substitution for such publication (provided that, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, they are also published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*)). Any such notice shall be deemed to have been given to Noteholders on the [fifth] Business Day after the date on which the said notice was given to the NBB-SSS.

18. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Domiciliary Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

19. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

20. **Governing Law and Jurisdiction**

- (a) *Governing law and jurisdiction:* The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by the laws of the Kingdom of Belgium. Any dispute in connection with the Notes shall be subject to the exclusive jurisdiction of the courts of Brussels, without prejudice however to the right of the Noteholders to take legal action against the Issuer before any other court of competent jurisdiction.
- (b) *Consent to enforcement etc.:* The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.
- (c) *Waiver of immunity:* To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

Final Terms dated [•]

S.N.C.B. HOLDING SA *de droit public* / N.M.B.S. HOLDING NV *van publiek recht*
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

€1,000,000,000 Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Information Memorandum dated 16 March 2012 [and the supplemental Information Memorandum dated [•]]. These Final Terms contain the final terms of the Notes and must be read in conjunction with such Information Memorandum [as so supplemented].

Full information on the Issuer and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Information Memorandum [as so supplemented]. The Information Memorandum [and the supplemental Information Memorandum] [is] [are] available for viewing at www.bourse.lu and during normal business hours at the registered office of the Issuer at Rue de France 85, 1060 Brussels, Belgium [and copies may be obtained from [address]].

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the information memorandum dated [original date]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Information Memorandum dated [current date] [and the supplemental Information Memorandum dated [date]] save in respect of the Conditions which are extracted from the Information Memorandum dated [original date] and are attached hereto.

[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 subparagraphs. Italics denote guidance for completing the Final Terms.]

[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Information Memorandum in accordance with the rules of the Luxembourg Stock Exchange].

1. (i) Issuer: [•]
2. [(i) Series Number:] [•]
[(ii) Tranche Number:] [•]
(If fungible with an existing Series, include details of that Series, including the date on which the Notes become fungible).]
3. Specified Currency: [•]
4. Aggregate Nominal Amount: [•]
[(i)] [Series]: [•]
[(ii) Tranche: [•]]
5. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (in the case of fungible issues only, if applicable)]
6. (i) Specified Denominations: [•]
(ii) Calculation Amount: [•]
7. (i) Issue Date: [•]
(ii) Interest Commencement Date: *[Specify/Issue Date/Not Applicable]*
8. Maturity Date: *[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*

[If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom, or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available.]
9. Interest Basis: [•] per cent. Fixed Rate]

[[Specify reference rate] +/- [•] per cent. Floating Rate]

[Zero Coupon]

[Other (Specify)]

(further particulars specified below)

10. Redemption/Payment Basis: [Redemption at par]
[Partly Paid]
[Instalment]
[Other (*Specify*)]
11. Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]*
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. [(i)] Status of the Notes: Unsubordinated
[(ii)] [Date [Board] approval for issuance of Notes [respectively]] obtained: [•] [and [•], respectively]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)]
14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **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/monthly/other (*specify*)] in arrear]
- (ii) Interest Payment Date(s): [•] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]*/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [•] per Calculation Amount
- (iv) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
- (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / other]
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Specified Period: [•]
- (Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*
- (ii) Specified Interest Payment Dates: [•]
- (Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*
- (iii) [First Interest Payment Date]: [•]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]
- (v) Additional Business Centre(s): [Not Applicable/give details]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ ISDA Determination/other (give details)]
- (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Domiciliary Agent): [[Name] shall be the Calculation Agent (no need to specify if the Domiciliary Agent is to perform this function)]
- (viii) Screen Rate Determination:
- Reference Rate: [For example, LIBOR or EURIBOR]
 - Interest Determination Date(s): [•]
 - Relevant Screen Page: [For example, Reuters LIBOR 01/ EURIBOR 01]
 - Relevant Time: [For example, 11.00 a.m. London time/Brussels time]
 - Relevant Financial Centre: [For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]
- (ix) ISDA Determination:
- Floating Rate Option: [•]
 - Designated Maturity: [•]

- Reset Date: [•]
- (x) Margin(s): [+/-][•] per cent. per annum
- (xi) Minimum Rate of Interest: [•] per cent. per annum
- (xii) Maximum Rate of Interest: [•] per cent. per annum
- (xiii) Day Count Fraction: [•]
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [•]

17. **Zero Coupon Note Provisions** [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) [Amortisation/Accrual] Yield: [•] per cent. per annum
- (ii) Reference Price: [•]
- (iii) Any other formula/basis of determining amount payable:

PROVISIONS RELATING TO REDEMPTION

18. **Call Option** [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Calculation Amount
- (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [•] per Calculation Amount
 - (b) Maximum Redemption Amount: [•] per Calculation Amount
- (iv) Notice period: [•]

19. **Put Option** [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Optional Redemption Date(s): [•]

- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Calculation Amount
- (iii) Notice period: [•]
20. Final Redemption Amount of each Note [•] per Calculation Amount
21. Early Redemption Amount
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [Not Applicable
- (If both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Notes)]*

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes: Dematerialised
23. Additional Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/give details.
- Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub paragraphs 15(ii) and 16(v) relate]*
24. 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 (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]: [Not Applicable/give details]
25. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
26. [Consolidation provisions: Not Applicable/The provisions [in Condition 16 (*Further Issues*)] [annexed to these Final Terms] apply]

DISTRIBUTION

27. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names, addresses and underwriting commitments]
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (ii) Date of [Subscription] [•]

Agreement:

- (iii) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
28. If non-syndicated, name and address of Dealer: [Not Applicable/*give name and address*]
29. Total commission and concession: [•] per cent. of the Aggregate Nominal Amount
30. U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA C/TEFRA D/ TEFRA not applicable]
31. Additional selling restrictions: [Not Applicable/*give details*]

[PURPOSE OF FINAL TERMS]

These Final Terms comprise the final terms required for issue [and admission to trading on [the Euro MTF Market of the Luxembourg Stock Exchange/*other (specify)*]] of the Notes described herein pursuant to the €1,000,000,000 Euro Medium Term Note Programme of S.N.C.B. Holding SA *de droit public* / N.M.B.S. Holding NV *van publiek recht*

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of S.N.C.B. Holding SA *de droit public* / N.M.B.S. Holding NV *van publiek recht*:

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING

- (i) Listing [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to listing on [the Official List of the Luxembourg Stock Exchange/other specify].] [Not Applicable.]
- (ii) Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Euro MTF Market of the Luxembourg Stock Exchange/other (specify)] with effect from [date].] [Not Applicable.]

(Where documenting a fungible issue need to indicate that original Notes are already admitted to listing and trading.)

(The Information Memorandum has not been approved as a base prospectus for the purposes of an admission to trading of Notes on any market in the European Economic Area which has been designated as a regulated market for the purposes of the Prospectus Directive or an offer to the public in the European Economic Area)

2. RATINGS

The Notes to be issued have been rated:

Ratings:

[Standard & Poor's*: [•]]

[Moody's*: [•]]

[Fitch*: [•]]

[[Other]*: [•]]

*(*The exact legal name of the rating agency entity providing the rating should be specified-for example "Standard & Poor's Credit Market Services Europe Limited", rather than just Standard and Poor's.)*

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

Option 1- CRA established in the EEA and registered under the CRA Regulation

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 2 -CRA established in the EEA, not registered under the CRA Regulation but has applied for registration

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and has applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority] / [European Securities and Markets Authority].

Option 3 -CRA established in the EEA, not registered under the CRA Regulation and not applied for registration

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and is neither registered nor has it applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 4 -CRA not established in the EEA but relevant rating is endorsed by a CRA which is established and registered under the CRA Regulation

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA but the rating it has given to the Notes is endorsed by [insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 5 -CRA is not established in the EEA and relevant rating is not endorsed under the CRA Regulation but CRA is certified under the CRA Regulation

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

Option 6 -CRA neither established in the EEA nor certified under the CRA Regulation and relevant rating is not endorsed under the CRA Regulation

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the

CRA Regulation.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency operating in the EEA before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, or (2) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in ["*Subscription and Sale*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Information Memorandum in accordance with the rules of the Luxembourg Stock Exchange.)

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i) Reasons for the offer [See "*Use of Proceeds*" in the Information Memorandum/*other (specify)*]

(If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)

(ii) Estimated net proceeds: [•]

5. **[Fixed Rate Notes only – YIELD]**

Indication of yield: [•]

Calculated as [*include details of method of calculation in summary form*] on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. **[Floating Rate Notes only - HISTORIC INTEREST RATES]**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

7. **OPERATIONAL INFORMATION**

ISIN Code: [•]

Common Code: [•]

Any clearing system(s) other than the NBB Clearing System of the National Bank of Belgium and the relevant identification number(s): Not Applicable

Delivery: Delivery [against/free of] payment

Names and addresses of the Domiciliary Agent: [•]

Names and addresses of additional Agent(s) (if any): [•]

Intended to be held in a manner which would allow Eurosystem eligibility: Not Applicable

DESCRIPTION OF THE ISSUER

I. BACKGROUND INFORMATION ON THE ISSUER

Legal name of the Issuer

S.N.C.B. HOLDING / N.M.B.S. HOLDING.

Legal form / status

A limited liability company of public law ("*société anonyme de droit public*" / "*naamloze vennootschap van publiek recht*") under Belgian law.

Date of incorporation / establishment

The Issuer was incorporated in 1926 as "Société Nationale des Chemins de fer Belges" pursuant to the law of 23 July 1926, relating to its creation. In 1992, the Issuer was transformed into a limited liability company of public law and, on 1 January 2005, in order to comply with directive 91/440/CEE of 29 July 1991, the Issuer was split into three different autonomous public enterprises: the Issuer, SNCB and Infrabel.

Registered office

Rue de France 85, B-1060 Brussels, Belgium.

Registration number, place of registration

The Issuer is registered with the Crossroads Bank for Enterprises under number 0203.430.576 (Brussels).

Issuer's purpose

Pursuant to article 2 of its articles of association, the Issuer has the following corporate purpose:

- (i) to acquire, hold and manage participations in Belgian or foreign companies or partnerships, activities of which are, in full or in part, directly or indirectly, in the railway transportation of passengers or freight, general freight transportation and related logistic services, or the acquisition, construction, maintenance, management or financing of railway infrastructure or rolling stock, and to realise all transactions related, directly or indirectly, to those participations;
- (ii) to conduct all coordination, financing and support activities for its related companies or for the companies in which it has a participation, including putting personnel at the disposal of these companies and the creation of security interest for debts of these companies;
- (iii) to carry out security and guarding activities in the railway sector;
- (iv) to acquire, construct, maintain, manage and exploit railway stations and its annexes;
- (v) to acquire, develop, maintain, manage and exploit information resources and telecom networks and, in general, to develop its movables and immovables; and
- (vi) to carry out any other activity in the railway sector that is likely to create additional value for the Group (as defined below).

Capital or equivalent

On 31 December 2010, the issued and paid-up share capital of the Issuer amounted to EUR 741,778,929.39 represented by 252,906,702 shares.

List of main shareholders

The Kingdom of Belgium (100 per cent. of the Issuer's share capital).

Listing of the shares of the Issuer

Not relevant.

Accounting Method

The accounts of the Issuer are drawn up in accordance with the provision of the Belgian Royal Decree of 30 January 2001 implementing the Belgian Company Code.

Accounting Year

1 January to 31 December.

Fiscal Year

1 January to 31 December.

Statutory Auditor

2010: KPMG Réviseurs d'Entreprises SCRL.

2011: Mazars Réviseurs d'Entreprises SCRL ("Mazars") & PKF Réviseurs d'Entreprises SCRL ("**PKF**").

II. PRESENTATION OF THE ISSUER

The Issuer and its subsidiaries

The Issuer was reorganised with effect from 1 January 2005 as a holding company, and renamed "S.N.C.B. HOLDING / N.M.B.S. HOLDING". Before the reorganisation, the Issuer was known as "Société Nationale des Chemins de fer Belges".

Société Nationale des Chemins de fer Belges was incorporated in 1926 pursuant to the Law of 23 July 1926 relating to its creation. In 1992, Société Nationale des Chemins de fer Belges was transformed into a corporation of public law and was granted full ownership of the assets of the Belgian public rail network.

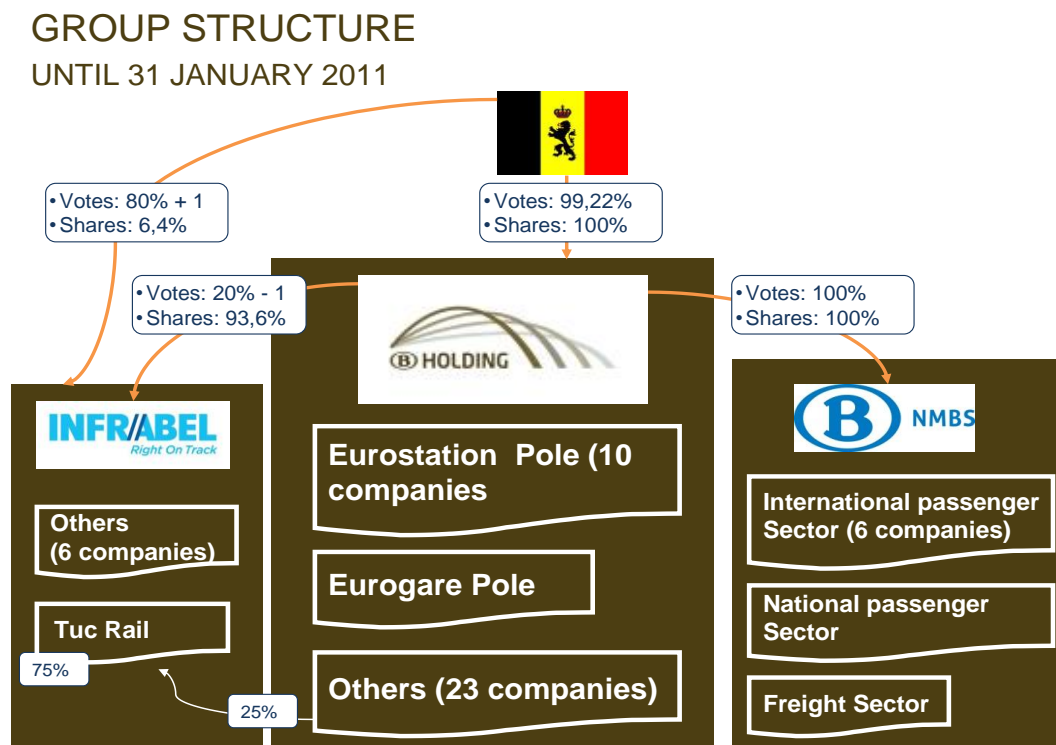
On 1 January 2005, in order to comply with European Union directives which are aimed at liberalising the European rail transport market, Société Nationale des Chemins de fer Belges was split into 3 different autonomous public enterprises:

- (i) the Issuer, an operational holding company which preserves the corporate identity of the original integrated rail operator Société Nationale des Chemins de fer Belges;
- (ii) Infrabel, the manager of the Belgian railway infrastructure; and
- (iii) the rail operator SNCB.

The Issuer is a holding company and has a large group of subsidiaries and affiliates. The Issuer and its subsidiaries, including Infrabel and SNCB, form the Group ("**Group**").

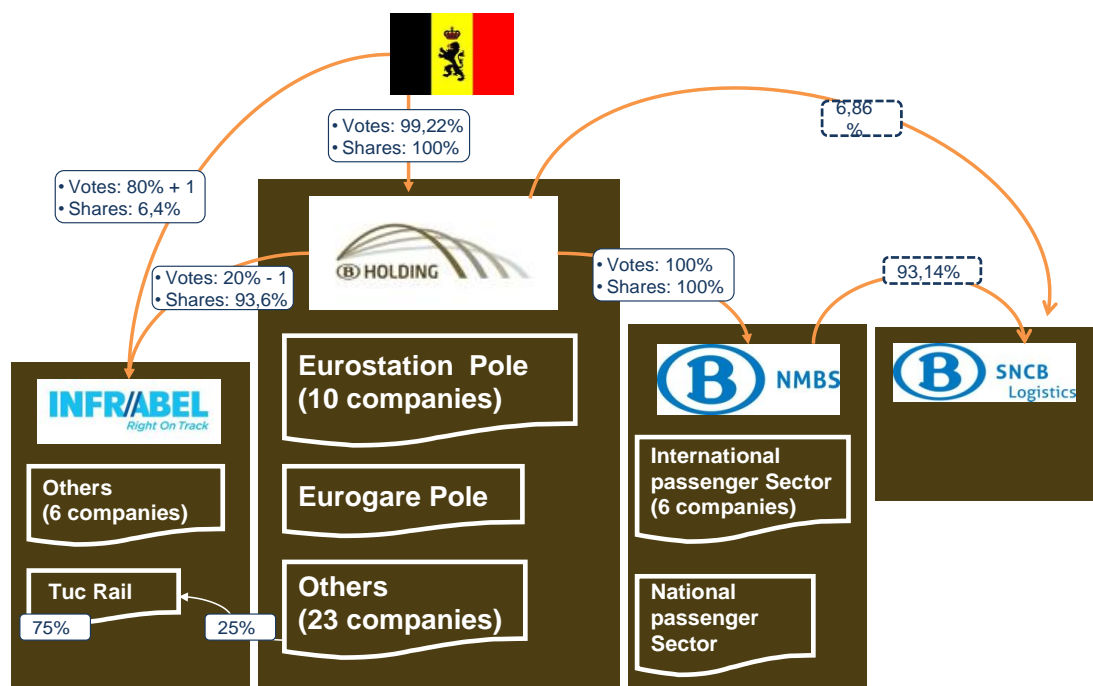
Structure chart of the Group

The chart below outlines the basic structure of the Group as at 31 January 2011.



The chart below outlines the structure of the Group from 1 February 2011.

GROUP STRUCTURE FROM 1ST FEBRUARY 2011



The Issuer and its Material Subsidiaries, namely Infrabel and SNCB, together form the "**Core Group**" and are further described in the paragraphs below.

In order to give the Core Group greater financial stability without reducing the degree of state support it receives or the Core Group's critical role as Belgium's public transport provider, a separate government entity called "Fonds de l'Infrastructure Ferroviaire" ("**F.I.F.**") was created outside the Group. Large parts of the debt of SNCB, EUR 7.4 billion, together with infrastructure assets of an equal amount were transferred to F.I.F. as of 1 January 2005. These assets were made available to Infrabel in exchange for an annual payment (€300 million).

On 31 December 2008, F.I.F. transferred the railway infrastructure to Infrabel (infrastructure in service) and the Issuer (infrastructure out of service). The remaining debt was transferred to the Kingdom of Belgium.

In December 2009 and in accordance with the EU Guidelines of 2008, the Belgian State set up a project to restructure the SNCB cargo division. This project was notified to the European Commission on 23 December 2009. To cope with the difficulties specific to the cargo activities of SNCB, the Belgian authorities set out a certain number of measures in their notification to the European Commission, being:

- (i) measures (i) for industrial and commercial restructuring, (ii) for better customer service, (iii) to improve the productivity of the cargo activities, (iv) to make better use of the international axes and (v) to re-invigorate business; and
- (ii) financial aid from the Core Group (with the Belgian State as reference shareholder) to pay for the additional costs for the employment of statutory staff and past losses.

The granting of the financial aid by the Core Group was linked to the legal separation of the cargo division of SNCB. Consequently, in February 2011 the cargo activities of SNCB were transferred to a newly-created legal entity, SNCB Logistics SA/ NMBS Logistics NV ("**SNCB Logistics**"). SNCB Logistics is 93.14 per cent. held by SNCB and 6.86 per cent. by the Issuer.

The legal separation of SNCB and SNCB Logistics precludes any form of cross-subsidy between the cargo activities and the rest of the Group.

In May 2010 and in accordance with the EU rules on state aid, the European Commission approved the restructuring plan introduced by the Belgian State in December 2009 and the transfer of the cargo activities of SNCB to SNCB Logistics.

SNCB Logistics handled 39 million tons of shipments in 2010. Its sales and services in 2010 amounted to EUR 391 million (pro forma) and its market share of rail freight market in Belgium reached 88 per cent..

Base on the information available to the Issuer, SNCB Logistics remained loss making in 2011, although volumes and sales are still within the boundaries of the restructuring plan approved by the European Commission in 2010. The unsatisfactory financial results remain a burden on the future development of SNCB Logistics as a player in the cargo market. The Issuer understands that the management of SNCB Logistics in close cooperation with its majority shareholder, SNCB and its current financiers, is consolidating the financial structure and funding of SNCB Logistics, within the boundaries of the restructuring plan, in order to improve its position in the competitive cargo activities market going forward. In accordance with the restructuring plan, no further additional financial support (other than the financial aid provided for in the restructuring plan, approved by the European Commission) will be made available by the Issuer or its subsidiaries to SNCB Logistics. Therefore, the development and financing of SNCB Logistics will be dependent on its own ability to raise funding in the capital or lending markets and/or by the disposal of redundant assets.

As of February 2011, SNCB Logistics is consolidated in the Group accounts.

Recent developments with respect to the restructuring of the Group

The newly-formed Belgian federal government published a government statement (*regeringsverklaring/déclaration gouvernementale*) in December 2011. This statement mentions that the current structure of the Group will be reviewed and that an organisational simplification of the Core Group is required. After the realisation of an organisational evaluation of the Core Group and an analysis of the financial flows between and within the entities of the Core Group by the Court of Auditors (*Rekenhof/Cour des Comptes*), the Core Group will be restructured to adjust to passengers' expectations and needs, to increase the quality of the services provided, to ensure safety on the Belgian railway network and to guarantee the continuity of public service.

Capital, shareholding and voting rights in the Issuer

On 31 December 2010, the Issuer's stated capital amounted to EUR 741,778,929.39 represented by 252,906,702 shares. The Kingdom of Belgium holds 100 per cent. of the share capital and 99.22 per cent. of the voting rights of the Issuer. The remaining voting rights (i.e. 0.78 per cent.) are privately owned in the form of "actions de jouissance" of which 0.65 per cent. owned by Financière Rue de France, an affiliate of the Issuer, and 0.13 per cent. owned by private individuals. The Issuer believes that the Kingdom of Belgium has no present intentions to reduce its ownership interest in the Issuer.

As a limited liability company of public law, the Issuer is governed by the Belgian law of 21 March 1991 on the reform of certain public enterprises ("the Law of 1991"). According to the Law of 1991, the Kingdom of Belgium 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 of Belgium may not transfer the shares of the Issuer, except for transfers to public institutions within the meaning of the Law of 1991 or transfers especially authorised by an act of Parliament. The Law of 1991 further prohibits:

- (i) the issuance of new shares, convertible bonds or bonds with share warrants of the Issuer that would dilute shareholding of the Kingdom of Belgium 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 of Belgium and authorised public institutions to fall below 50 per cent. plus one share of the Issuer's share capital.

The Law of 1991 also reserves at least 75 per cent. +1 vote of the voting rights to the Kingdom of Belgium and authorised public authorities, independently of their shareholding. The application of these

specific requirements and restrictions imposed by the Law of 1991 will continue to apply to the Issuer until the relevant provisions of the Law of 1991 are abolished or amended. According to the information available to the Issuer, there is currently no political intention to abolish or amend the Law of 1991.

The Management Contracts entered into between the Core Group companies and the Belgian federal government

Following the restructuring of 1 January 2005 pursuant to which the original Société Nationale des Chemins de fer Belges was split into the Issuer, Infrabel and SNCB, three management contracts (each, a "Management Contract") have been concluded between the federal government and the three Core Group companies. The contracts were renewed in 2008 and will remain in force until the end of 2012. Each of these three Management Contracts confirms that the Core Group companies constitute an essential element of the transport system in Belgium. The contracts require the Core Group companies, as part of a coherent group policy, to ensure that activities comply with the sustainable mobility policy implemented by the Belgian federal government and that they contribute to the fulfilment of the mobility and transportation needs identified by the Belgian federal government.

More specifically, the basic purpose assigned to the Core Group companies is twofold:

- (i) to promote rail transport on the Belgian network, thus offering an alternative to less environmental friendly means of transport; and
- (ii) to guarantee quality of service (including safety and information to clients) aiming to increase rail traffic in a larger proportion than the general development of traffic for all means of transport.

The individual Management Contracts entered into between the Belgian federal government and the Issuer, Infrabel and SNCB respectively determine (i) the obligations (including the public service mandates) to be performed by each of the Core Group companies and (ii) the Belgian State subsidies the Core Group companies receive in return. These subsidies include:

- (i) subsidies for investments (in constant 2011 €): in 2008: €1,495.8 million; in 2009: €1,189.8 million; in 2010: €1,522.5 million; in 2011: €1,558.7 million; in 2012: €1,604.1 million;
- (ii) subsidies for operation of the railway network (in constant 2011 €): in 2008: €1,653.0 million; in 2009: €1,290 million; in 2010: €1,358.4 million; in 2011: €1,374.2 million; in 2012: €1,374.3 million; and
- (iii) an annual amount calculated in accordance with the accounting rules for the normalisation of accounts of railway companies provided in EU Regulation 1192/69 of 26 June 1969 in compensation for certain employee benefit obligations paid by the Issuer (€527,300).

Current activities/public service mandates of the Issuer, Infrabel and SNCB

The framework of the railway activities performed by the Issuer and its subsidiaries is mainly governed by EU regulations that have gradually established the liberalisation of the railway activities and put a framework for the integration of "public services". The activities of the Issuer and its two main subsidiaries (Infrabel and SNCB) are different and therefore distinguished in the paragraphs below. In short, the Issuer is the operational holding company which holds and manages its shareholdings in SNCB (the Issuer's transportation subsidiary) and Infrabel (the Issuer's infrastructure manager).

1. The Issuer

The Issuer is an autonomous public enterprise and limited liability company of public law owned by the Kingdom of Belgium. The Issuer is an operational holding company which holds and manages its shareholdings in its transportation subsidiary SNCB and in the infrastructure manager Infrabel.

One of the main tasks of the Issuer is the management of all employees of the Core Group. All personnel of the Core Group are recruited by the Issuer and seconded to Infrabel and SNCB at their request. In this context, the Issuer is also in charge of relations with personnel. A single National Joint Commission is responsible for the Issuer, Infrabel and SNCB.

Furthermore, the Issuer owns and manages certain real estate, including stations, railway terminals and car parks. It provides certain group support services and performs certain operational activities, mainly security activities and guarding of the railway. The Issuer also manages the ICT network for the entire Core Group.

The Issuer's public service mandates and corporate purpose have been amended to include and focus on the holding of its participation in SNCB and Infrabel. The Issuer's corporate purpose is set out in article 2 of its articles of association (see "Issuer's purpose" above). The Issuer can, both in Belgium and abroad, perform all acts and transactions necessary or useful for the realisation of its corporate purpose.

The Law of 1991, pursuant to which a Management Contract is entered into between Issuer and the Belgian federal government, defines the public service mandates to be performed by the Issuer. These public service mandates (effective from 1 August 2008) include:

- (i) the holding and managing of its stake in the capital of SNCB and Infrabel;
- (ii) the security and guarding activities in the railway sector;
- (iii) the acquisition, construction, maintenance and managing of the railway stations and its annexes;
- (iv) the conservation of the historic railway heritage; and
- (v) the other public service mandates which it has been entrusted with by or pursuant to law.

In addition to the public service mandates described above:

- (i) the Issuer co-ordinates, in consultation with the other Core Group companies, the relations of the Core Group companies (the Issuer, Infrabel and SNCB) with the trustees and, more generally, with the public authorities; and
- (ii) with the exception of the essential functions performed by Infrabel, the Issuer is charged with: (i) the co-ordination of all communication, (ii) general internal communication and corporate communication, (iii) management of crisis communication, (iv) institutional communication for the Core Group and (v) communication concerning more than one company.

The Issuer is currently implementing a cost savings program (decided in June 2010) throughout the Core Group. The program focuses on (i) selective personnel replacements (retaining 1 out of 3 employees expected to retire except for those that perform key productive functions) as a result of which over the last 24 months there has been a reduction of 1800 full time employees; (ii) better procurement (increase in IT productivity and internalisation of consultants, optimisation of the use of office space, renegotiation with key suppliers, generalisation of the use of master agreements); (iii) budget tasking, fraud reduction and traffic/tariff efficiency measures; (iv) energy efficiency and renegotiation of electricity contracts; and (v) increase in productivity of workplaces, head office departments and review of overall human resources policy.

2. Infrabel

Infrabel is a limited liability company of public law, created by the Issuer on 29 October 2004. The Issuer holds 93.6 per cent. of the shares and 20 per cent. of the votes - 1 voting right of Infrabel, while the Belgian State holds 6.4 per cent. of the shares and 80 per cent. of the votes + 1 voting right of Infrabel.

Infrabel has the mission of infrastructure manager for the entirety of the Belgian railway network as defined by Article 3 of CEE Directive 91/440. It has the right to operate the Belgian railway network for a term of 99 years.

According to article 5 of its articles of association, the corporate purpose of Infrabel, for the entire Belgian network, is:

- (i) to acquire, construct, renew, maintain and manage the railway infrastructure;
- (ii) the management of the regulation and security systems thereof;

- (iii) to supply to railway companies the services defined by the law in relation to railway infrastructure;
- (iv) to allocate available railway infrastructure capacity, in accordance with the principles and procedures defined by the law; and
- (v) to fix rates, invoice and collect fees for the use of the railway infrastructure and for the services as determined in point (iii) above, in accordance with the principles and procedures defined by the law.

The Law of 1991, pursuant to which a Management Contract has been entered into between Infrabel and the Belgian federal government, defines the public service mandates to be performed by Infrabel. These public service mandates (effective from 1 August 2008) are those listed in points (i) to (v) of its corporate purposes.

In 2010, Infrabel realised sales & services of EUR 1,366 million had 12 freight costumers and 2 pax transportation customers active on its 3,578 km of railway track. Infrabel's investments amounted to EUR 1,078 million in 2010.

3. SNCB

SNCB is a limited liability company of public law which was created on 29 October 2004 by the Issuer, originally named "Nouvelle SNCB" (New SNCB) and renamed "Société Nationale des Chemins de fer Belges/Nationale Maatschappij van de Belgische Spoorwegen" on 1 January 2005.

It is a 100 per cent. subsidiary of the Issuer and focuses, as a railway company, on domestic and international transportation of passengers and freight. The SNCB is the transportation subsidiary of the Issuer.

According to article 5 of its articles of association, the corporate purpose of SNCB is:

- (i) the transport by railway of passengers and freight;
- (ii) the transport of freight in general and related logistic services; and
- (iii) the acquisition, construction, maintenance, management and financing of railway rolling stock.

SNCB may, alone or with others, participate in existing or future entities, Belgian, foreign or international. It may carry out all commercial, industrial or financial transactions related to its corporate purpose, whether directly or indirectly, in part or in full, or which can eventually simplify or facilitate the realisation or development of its corporate purpose, including the creation of security interests for debts of related companies or of companies with which there is a participation link.

Are considered to facilitate the realisation or development of the corporate purpose: the manufacturing and sale of goods or services which are directly or indirectly related to railway activities.

The Law of 1991, pursuant to which a Management Contract was entered into between SNCB and the Belgian federal government, defines the public service mandates to be performed by the SNCB. These public service mandates (effective since 1 August 2008) include:

- (i) the domestic railway transportation of passengers made by trains of the "normal" service, including domestic high speed railway transportation;
- (ii) the cross-border transportation of passengers, i.e. the normal railway transportation for the national section not covered by point (i) until the stations situated on neighbouring networks as defined in the Management Contract; and
- (iii) the tasks SNCB must perform to satisfy the needs of the Belgian nation.

In 2010, SNCB transported more than 220 million passengers. SNCB's sales & services (excluding SNCB Logistics) amounted to EUR 2,136 million in 2010. SNCB invested a total amount of EUR 408 million in 2010, of which 78 per cent. in rolling stock.

Management structure of the Issuer

Corporate governance is a major issue and demands the greatest attention and most transparent rules. As a public company, the Issuer is firmly committed to taking responsibility for and improving the management and control of its activities. For a more detailed description of the management structure and the operating rules of the management bodies, please refer to the Corporate Governance Charter published on the Issuer's website ([www.http://www.b-rail.be/corporate/F/group/structure/holding/governance/index.php](http://www.b-rail.be/corporate/F/group/structure/holding/governance/index.php)).

The Issuer is a limited liability company of public law and therefore it is governed by and complies with the Law of 1991. Additionally, for matters not explicitly regulated by the Law of 1991, the Issuer is governed by general Belgian corporate law.

In order to perform its obligations properly (including with respect to corporate governance), the Issuer is supported not only by its Board of Directors but also by three specialist committees (the Audit Committee, the Nomination and Remuneration Committee and the Strategic Committee), as well as the Executive Committee and other consultative commissions and committees, such as the Steering Committee, the National Joint Commission, the Three CEOs Committee and the Strategic Unit.

Further inspection bodies, such as the Government Commissioner and the Board of Auditors should be mentioned.

The composition of the above mentioned management and supervisory bodies of the Issuer is as follows:

1. Board of Directors

As provided for in the Law of 1991, the Board of Directors of the Issuer is composed of 10 members with due regard for linguistic parity. At least one third of the members must be of the opposite sex. Directors are appointed by the Belgian State in proportion to its shareholding. As the Belgian State currently holds 100 per cent. of the shares in the Issuer, all directors were appointed by the Belgian State.

The members of the current Board of Directors are the following:

| <u><i>Name</i></u> | <u><i>Function</i></u> |
|----------------------|-------------------------|
| Jean-Claude Fontinoy | Chairperson |
| Jannie Haek | Managing Director / CEO |
| Eddy Bruyninckx | Director |
| Lieve Schuermans | Director |
| Catherine Gernay | Director |
| Luc Joris | Director |
| Magali Verdonck | Director |
| Marianne Vergeyle | Director |
| Melchior Wathelet | Director (resigning) |
| Paul Matthys | Director |

Apart from the mandates of Mr. Luc Joris and Mr. Paul Matthys, all of the mandates of the members of the Board of Directors have passed their scheduled expiration date. Due to the Belgian political crisis in 2010-2011, the Belgian Government was only dealing with current affairs at the time certain of the mandates expired. For this reason, no royal decree of appointment or re-appointment was signed at the time. The current Belgian government has not yet decided on new appointments or the renewal of the mandate of the current directors. The directors whose mandate has expired are obliged to temporarily remain in position based on the principle of continuity of public service.

2. Executive Committee

The Executive Committee generally meets on a weekly basis and is responsible for the day-to-day management of the company and its representation in relation to this management, as well as executing the decisions of the Board of Directors. The members of the Executive Committee form a board and therefore aim to decide by consensus.

The members of the Executive Committee are appointed by the Board of Directors on proposal of the CEO and after consultation of the Nomination and Remuneration Committee (article 162 quater of the Law of 1991).

The current members of the Executive Committee are the following:

| <u>Name</u> | <u>Position</u> |
|------------------|--|
| Jannie Haek | Chairperson |
| Vincent Bourlard | Executive Officer – Stations |
| Michel Allé | Executive Officer – Finance |
| Michel Bovy | Executive Officer - Strategy and Co-ordination |
| Sven Audenaert | Executive Officer - Human Resources |

3. Audit Committee

The topics the Audit Committee deals with are mainly:

- (i) the Issuer's annual accounts and the consolidated annual accounts; quarterly accounts;
- (ii) analysis of the Core Group's financial development ;
- (iii) reports relating to stabilisation of the Core Group's debt;
- (iv) actions relating to operational safety audits;
- (v) follow-up to the recommendations made by internal audit and action plans agreed between it and the operational management;
- (vi) Internal audit yearly activity programme; and
- (vii) monitoring strategy and corporate governance in subsidiaries.

The Audit Committee meets on a monthly basis. The Chairman of the committee can convene special meetings to enable the committee to fulfil its mandate properly.

The composition of the Audit Committee is such that it covers the multiple skills required for a public company of the size of the Issuer. The Chairman has extensive skills in accountancy and auditing (degree in management sciences and masters in accountancy, statutory auditor, deputy auditor to the Court of Accounts, Budget Ministry responsibilities). The other members have, in particular, experience in high-level business management, experience as directors of public or private companies, professional and academic experience in company law and European law.

| <u>Name</u> | <u>Position</u> |
|-------------------|--------------------|
| Lieve Schuermans | Chairperson |
| Eddy Bruyninckx | Member |
| Catherine Gernay | Member |
| Melchior Wathelet | Member (resigning) |

4. Nomination and Remuneration Committee

The existence of the Nomination and Remuneration Committee is required by the Law of 1991. The Committee meets whenever the interests of the Company so require.

| <u>Name</u> | <u>Position</u> |
|----------------------|-----------------|
| Jean-Claude Fontinoy | Chairperson |
| Jannie Haek | Member |
| Luc Joris | Member |
| Marianne Vergeyle | Member |

5. Strategic Committee

The Strategic Committee was set up by the law of 22 March 2002 amending the Law of 1991. The Strategic Committee meets whenever decisions have to be taken by the Board on strategic matters for which the prior binding opinion of the Strategic Committee is required, and whenever the Management Contract entered into between the Issuer and the Belgian federal government needs to be discussed.

The Strategic Committee is composed of the members of the Board of Directors of the Issuer and of six representatives of the trade unions

| <u>Name</u> | <u>Position</u> |
|----------------------|----------------------------------|
| Jannie Haek | Chairperson |
| Jean-Claude Fontinoy | Member |
| Eddy Bruyninckx | Member |
| Lieve Schuermans | Member |
| Catherine Gernay | Member |
| Luc Joris | Member |
| Magali Verdonck | Member |
| Marianne Vergeyle | Member |
| Melchior Wathelet | Member |
| Paul Matthys | Member |
| Michel Allé | Member |
| Vincent Bourlard | Member |
| Michel Bovy | Member |
| Sven Audenaert | Member |
| Luc Piens | Representative of the union ACV |
| Dominique Dalne | Representative of the union CSC |
| Marcel Vertongen | Representative of the union ACOD |
| Michel Abdissi | Representative of the union CGSP |

Jean-Pierre Goossens Representative of the union ACOD

Serge Piteljon Representative of the union CGSP

6. Steering Committee

The Steering Committee was set up by the General Meeting of 28 May 2004. This is a statutory body with powers to assist in the development of the new structures, business plans and problems of operational management. The Committee meets at least once a month. It can be convened by any member or by the Issuer's Executive Committee. The latter or any member can add items to the agenda (Article 25 of the Articles of Association).

| <u>Name</u> | <u>Position</u> |
|-----------------------|-----------------|
| Jannie Haek | Chairperson |
| Marc Descheemaeker | Member |
| Luc Lallemand | Member |
| Marc Van Laethem | Member |
| Michel Abdissi | Member |
| Jos Digneffe | Member |

7. The 3 CEOs Committee

The 3 CEOs Committee is the body formed by the CEOs of the Issuer, Infrabel and SNCB and chaired by the CEO of the Issuer. In particular, it prepares the meetings of the Steering Committee and coordinates the projects affecting the Core Group.

| <u>Name</u> | <u>Position</u> |
|-----------------------|-------------------|
| Jannie Haek | CEO of the Issuer |
| Luc Lallemand | CEO of Infrabel |
| Marc Descheemaeker | CEO of SNCB |

8. National Joint Commission

The National Joint Commission (NJC) handles and analyses (at the national level) all issues directly affecting personnel.

The status of the personnel cannot be changed without consent of the NJC for which a two-thirds majority is required. Furthermore, any proposed change to the regulation relating to personnel shall be submitted to the NJC for advice prior to implementing such change. The NJC is also entitled to give its opinion on any new management contract and to examine the economic and financial information of the Core Group.

9. Government Commissioner

Pursuant to the Law of 1991, the Issuer is subject to the controlling power of the minister whose portfolio includes the railways. This control is exercised at the request of a government commissioner, who may be appointed and revoked by the King of Belgium at the proposal of the minister concerned.

The commissioner is invited to all the meetings of the Board of Directors, the Executive Committee, and the Strategic Committee, and attends in an advisory role. He also attends meetings of the Audit Committee in an advisory role. The commissioner has the right to appeal to the minister against any decision which is in contradiction to the law or the Management Contract entered into between the Belgian federal government and the Issuer.

The current government commissioner is Mark Boeykens.

10. Board of External Auditors

As provided for in the Law of 1991, the auditing of the financial situation, annual accounts, and compliance with the law and the organic statute of the operations to be shown in the annual accounts are entrusted to a Board of External Auditors.

The Board of External Auditors has four members, two of whom are appointed by the Court of Auditors (Rekenhof/Cour des Comptes) from its own members, and the other two by the General Meeting from members of the Institute of Auditors.

The current members of the Board of External Auditors are:

| <u>Name</u> | <u>Position</u> |
|------------------|----------------------------|
| Michel de Fays | Member (Court of Auditors) |
| Ignace de Somer | Member (Court of Auditors) |
| Philippe Gossart | Member (Mazars) |
| Ria Verheyen | Member (PKF) |

Funding, financing and investments

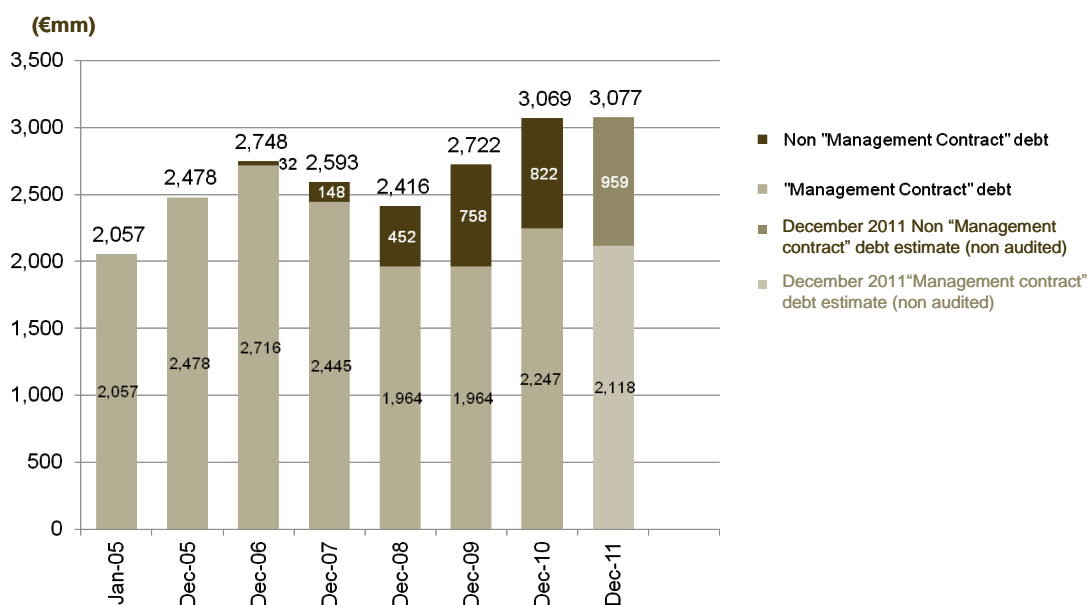
One of the responsibilities of the Issuer is co-ordinating financing activities for the Core Group. This responsibility is assigned to the Issuer by law. Consequently, all external financings of the Core Group are held by the Issuer. Excess cash is lent by the Issuer up to the amount other companies within the Core Group need; the remainder is invested in high-rated instruments. Cash deficits are borrowed through the Issuer.

The long-term debt of the Issuer consists of private placements, bank loans, hire-purchase agreements and leasing transactions. For its short-term debt, the Issuer has access to committed credit lines for an amount of EUR 112 million, non-committed credit lines for an amount of EUR 40 million and STEP-compliant commercial paper programmes for a total amount of EUR 4 billion. In addition, it should be noted that the Issuer has the option to tap a state guarantee for up to EUR 1,367 million. Since the restructuring of 2005, the Issuer has not made use of the state guarantee and is currently not making use of its ability to call on such state guarantee.

The average remaining tenor of the long-term debt of the Issuer has to be at least 5 years and the long-term debt at floating interest rates must be limited at 33 per cent. of the Issuer's total long-term debt, with a margin of 5 per cent. around this level. The Issuer currently complies with these requirements. The Issuer's average implied interest rate debt is currently approximately 3.50 per cent..

The Core Group's net financial debt has evolved over the last couple of years to an amount of EUR 3,069 million in December 2010 and is expected to be stabilised to an amount of EUR 3,077 million in December 2011. Such debt is composed of debt that does not include specific project financings of which both capital and interest charges shall be reimbursed by the Belgian State and/or the regions ("**Management Contract Debt**") and debt representing certain specific project financings ("**Non-Management Contract Debt**").

The graph below sets out the evolution of the Core Group's debt from January 2005 to December 2011.



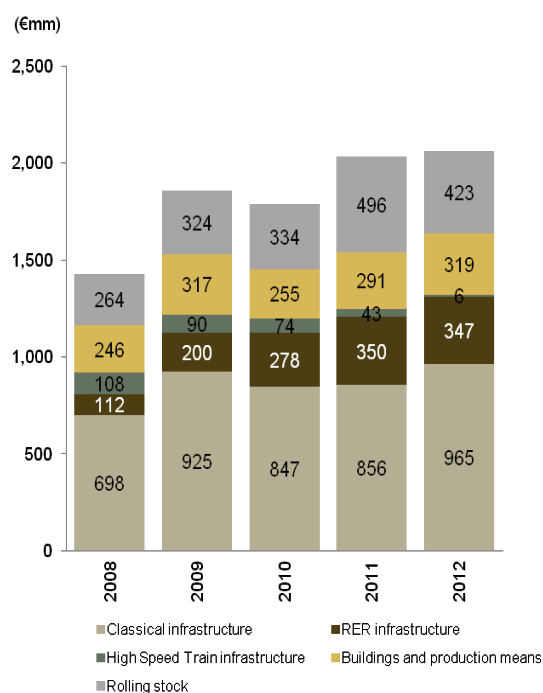
Figures for 2011 are based estimates (non audited).

The Core Group's capital expenditure (including investments realised for SPVs¹) (referred to as "**SNCB Group – Capex**" in the graphs below) amounted to EUR 1,788 million in 2010 and is expected to amount to EUR 2,036 in 2011 (estimate) and to EUR 2,060 in 2012 (estimate). The graphs below illustrate the Core Group's (including investments realised for SPV's) (i) capital expenditure evolution for the period 2008-2012, (ii) capital expenditure breakdown for the period 2008-2012, and (iii) capital expenditure by source of funding for the period 2008-2012.

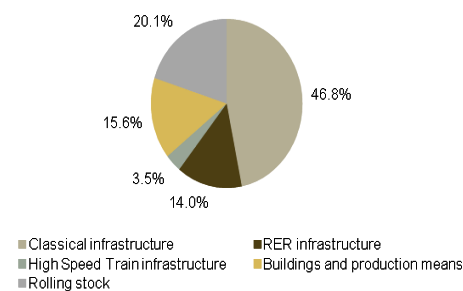
¹ On 5 December 2006, for the first time in the history of the Group, Belgium's three Regions and the Federal Government entered into an agreement on the pre-financing of new railway infrastructures. Thanks to their financial input, the Issuer can pre-finance these investments in order to accelerate their realisation. The Regions are contributing to the payment of interest charges, and the investments will ultimately be paid for by the contribution of federal investment granted to the Group. Special purpose vehicles (SPVs) have been created by the Issuer in order to pre-finance the following investment projects:

- the modernisation of the Brussels-Luxembourg line;
- the modernisation of the Zeebrugge marshalling yard;
- the Port of Brussels rail link; and
- the construction of a car park at Ottignies-Louvain-la-Neuve.

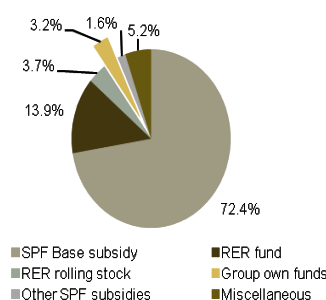
SNCB Group – Capex evolution 2008-2012



SNCB Group – Capex breakdown 2008-2012



SNCB Group – Capex by source of funding 2008-2012



The above graphs cover information relating to the Core Group (including investments realised for SPVs). Figures for 2011 and 2012 are estimates based on execution of investments foreseen in the Management Contracts. "RER" means Brussels Regional Express Network (*Réseau Express Régional*).

The Issuer issued in 2010 and 2011 two comfort letters in favour of SNCB with regard to guaranteeing the continuity of operations of SNCB. It is expected that the Issuer from time to time will issue such comfort letters to the attention of SNCB in the future.

Convertible or exchangeable debt securities

The Issuer currently has no convertible or exchangeable debt securities outstanding. Nor are there any debt securities with warrants attached thereto outstanding.

Regulatory matters

In order to promote free movement of goods, persons and services in Europe, in the early 1990s the European Union decided to liberalise the railway sector. The basis for the liberalisation is Directive 91/440 on the development of the Community's railways, complemented later on by Directives 95/18 and 95/19. At a later stage, the European Union passed various regulatory measures generally referred to as 'railway packages'. In order to satisfy the requirements of these 'railway packages', every EU Member State was required to adjust its national legislation.

1. Initial regulations (1990s)

European legislation

Directive 91/440 on the development of the European Community's railways entered into force on 1 January 1993 and includes the following principles:

- independence of railway undertakings with regard to the State, so that railway undertakings can adapt their activities to the market;
- the separation of the management of railway and the provision of transport services with the separation of accounts being compulsory and organisational or institutional separation being optional;

- obligation for Member States to improve the financial situation of their public railway undertakings;
- introduction of the principle of a user's fee for railway infrastructure; and
- limited access and transit rights for combined international transport and international groupings of railway undertakings.

Directive 95/18 on the licensing of railway undertakings and Directive 95/19 on allocation of railway infrastructure capacity and the charging of infrastructure fees complement Directive 91/440. Under these Directives railway undertakings are required to:

- obtain a licence for railway undertaking
- have a safety certificate with criteria according to the nature of the activity, equipment, personnel, etc.
- acquire infrastructure capacities – or train paths – to travel over the planned railway infrastructure; and
- pay a fee to the infrastructure manager.

Transposition into Belgian law

The law of 21 March 1991 (and the law of 22 March 2002) on autonomous public companies already contained the major lines of a transposition of the above mentioned Directives by means of the following provisions:

- the status and operation (management autonomy) of Société Nationale des Chemins de fer Belges were revised;
- Société Nationale des Chemins de fer Belges was removed from the scope of application of the law of 16 March 1954 on the supervision of certain public-interest bodies and a more flexible regime of administrative supervision was implemented; and
- a distinction between the public service obligations and the commercial activities. A management contract was signed concerning implementation of public service obligations. This contract contained a precise description of public service tasks as well as the corresponding compensation.

The Royal Decrees of 5 February 1997 and 11 December 1998 relate to respectively access rights to infrastructure, railway license, allocation of train paths and levy for the use of the railway infrastructure.

2. *The first railway package (2001)*

European legislation

The first railway package consists of three Directives. Its objective is to adjust the previous Directives in order to clarify the principles and scope of application. The first Directive (Directive 2001/12) amends Directive 91/440 and constitutes a new step towards the liberalisation of freight transport. It anticipates eventual liberalisation of international freight transport across the entire European network by 15 March 2008 at the latest. The second Directive (Directive 2001/13) amends Directive 95/18 and gives a more general and European scope to the license of railway transport operator.

The third Directive of the first railway package (Directive 2001/14) introduces the following changes:

- it amends Directive 95/19; the changes concern primarily the terms of allocating train paths and awarding of the safety certificate;
- it introduces the principle of 'independence' of the essential functions. According to this principle, the so-called 'essential functions' should be exercised in a way that is sufficiently independent from the activity of train transport in order to guarantee equitable and non-discriminatory access to infrastructure. The essential functions are:

- the preparation and decision-making related to the licensing of railway undertakings, including the granting of individual licenses;
- the decision-making related to the path allocation including both the definition and the assessment of availability and the allocation of individual train paths;
- the decision-making related to infrastructure charging;
- the monitoring of public service obligations required in the provision of certain services.
- it requires the establishment of a controlling body which is independent from the infrastructure managers, railway undertakings and the charging and allocation authorities; and
- it requires the infrastructure manager to draft a reference document (called network statement) containing information regarding allocation of the capacity and qualities of the infrastructure.

Transposition into Belgian law

The first railway package was implemented into Belgian law by the Royal Decree of 12 March 2003 as well as the "*programme laws*" of 24 December 2002, 22 December 2003 and 9 July 2004 (and the various implementing decrees).

The Royal Decree of 12 March 2003, which is now revoked, transposed the first railway package. It opened the Belgian railway network entirely for international freight transport and gave the competent Minister the authority to establish technical standards and safety rules and to grant safety certification.

The "*programme laws*" of 24 December 2002, 22 December 2003 and 9 July 2004 (and a number of implementing decrees) contain the principles of debt acquisition by means of setting up the FIF.

The "*programme law*" of 22 December 2003 further lays the foundation for creating an independent infrastructure manager Infrabel, responsible for certain essential functions, such as (i) principles and procedures allocation of railway infrastructure/capacity and (ii) principles and procedures with regard to a user's fee for the railway infrastructure. Infrabel is also responsible for certain opinions with regard to technical norms and safety Regulations.

The Royal Decree of 11 June 2004, provides for the creation of a 'supervisory body' specifically responsible for the non-discriminatory allocation of access to the railway infrastructure. The Regulatory Service for Railway Transport (RSRT) was designated as supervisory body by the Royal Decree of 25 October 2004.

Parallel with this, new legislative texts were published which gave shape to the entities of the Group, in particular the Royal Decree of 14 June 2004 (giving shape to Infrabel) and the Royal Decree of 18 October 2004 (giving shape to SNCB and SNCB Holding).

3. *The second railway package (2004)*

European legislation

The objectives of the second railway package are (i) to improve safety and interoperability of the European railway infrastructure, and (ii) to establish a European Railway Agency to support the European Commission and provide technical support for safety and interoperability of the European railway networks. This second railway package consists of three Directives and one Regulation. Directive 2004/51 is a new amendment of existing regulations, with a view to an accelerated liberalisation of railway freight transport, including national transport.

Directive 2004/49 relates to safety of the railways in the European Community. The objective of this Directive is to ensure the development and improvement of safety on the European railways and improving market access for railway transport services. Pursuant to this Directive, infrastructure managers and railway undertakings in the Member States must develop and implement their own safety management system. The most important elements of this system are safety and risk management, procedures, training, internal control, accident management, etc. Furthermore, Directive 2004/49 introduces the following changes into the regulatory framework:

- it amends the Directives from the first railway package by (i) giving momentum to harmonisation, and (ii) splitting the process of obtaining the safety certificate into 2 parts (a general part which is valid throughout the entire European Union, and another part which is specific for every national railway infrastructure);
- it imposes that the infrastructure manager acquires a safety license from the safety authority of the Member State where it is located so as to manage and exploit a railway infrastructure in all safety; this safety authority is independent from the railway undertaking and from the infrastructure manager; and
- a national investigation body shall be established entirely independent from all other bodies and responsible for investigating accidents relating to the exploitation of the railway infrastructure.

Directive 2004/50 amends Directives 2001/16 on the interoperability of the trans-European conventional rail system and 1996/48 on the interoperability of the trans-European high speed rail system as well as for high-speed transport, by enlarging their scope and by clarifying a series of stipulations with regard to the development of the Technical Specifications for Interoperability (TSIs). Because of these Directives, the various elements of the railway system (signalling, telematic applications, noise problems, personnel, etc.) will in the future be subject to European technical norms (the TSIs).

Regulation 881/2004 deals with the establishment of a "European Rail Agency" (ERA) which is to become the supranational authority with regard to safety and interoperability of the European railway infrastructure. Adopting standards in both areas, however, remains the jurisdiction of the European Commission after discussion in a committee with representatives of the Member States.

Transposition into Belgian law

The law of 4 December 2006 with regard to use of the Belgian railway infrastructure annuls the majority of stipulations of the Royal Decree of 12 March 2003 and contains the following new stipulations with regard to the use of the railway infrastructure:

- in accordance with Directive 2004/51, since 1 January 2007, freight transport on the Belgian network is entirely accessible for every railway undertaking located in the European Union;
- the license of the railway undertakings, granted by the competent Minister, will be valid for the entire territory of the EU; and
- certain services should be provided by the railway undertakings: they are either required or should be considered as complementary or support services.

The law of 19 December 2006 on operation safety of the railways contains the basic principles for the safety of railway traffic and determines, among others, the tasks and competences of an investigative body for railway accidents, the National Safety Authority or "Railway Safety and Interoperability Service" (RSIS). The RSIS is yet to be established.

4. *The third railway package (2007)*

European legislation

The third railway package includes two Directives and a Regulation. Directive 2007/58 amends Directive 91/440. It establishes that the railway infrastructure must be open for use by international rail passenger services, including cabotage, by 1 January 2010. Directive 2007/59 relating to the certification of train drivers introduces a certification system for locomotive and train drivers on the European Union railway network which intends to harmonise the qualifications of train staff (which is primarily, but not exclusively, important for cross-border transport). This Directive is currently only targeted to train drivers, but in future all train staff (including train crew members) will also be subject to European harmonisation criteria. Regulation 1371/2007 grants certain rights to train passengers and imposes certain obligations on railway undertakings regarding their responsibility towards customers. The Regulation obliges Member States to designate a body/bodies responsible for its enforcement, which body/bodies must be independent of the infrastructure manager, charging body, allocating body or railway undertaking.

Transposition into Belgian law

Regulation 1371/2007 is directly applicable in Belgium since 3 December 2009. Directives 2007/58 and 2007/59 are implemented into Belgian law by the Royal Decree of 19 May 2009 and three different laws dated 26 January 2010. The Royal Decree of 19 May 2009 opens the Belgian railway infrastructure for international passenger traffic as of 1 January 2010.

The first law of 26 January 2010 (amending the law of 4 December 2006 on the use of the railway infrastructure and the law of 19 December 2006 concerning operation safety of the railways) mainly relates to the certification of security personnel and maintenance of vehicles. It introduces the principles of Directive 2007/59 on the certification of train drivers as well as the principles of Directive 2008/111. The two other laws dated 26 January 2010 provide for an appeal procedure before the Brussels Court of Appeals against the decisions of the Railway Safety and Interoperability Service (RSIS) and the Regulatory Service for Railway Transport (RSRT).

5. Interoperability of the railway system

Next to the transposition of the third railway package into Belgian law, the Belgian legislator further approved a law that partially transposes Directive 2008/57 relating to the interoperability of the railway system within the European Community. This Directive aims at a codification, fusion and revision of the various Directives on interoperability of the railways in order to facilitate mutual acceptance of the rolling stock and thus to accelerate the transition to new standards as well as introducing measures to facilitate cross-border operations on the existing network.

Directive 2008/57 provides for an authorisation procedure for the "placing in service" of new or existing rolling stock, regardless of whether that stock meets technical interoperability specifications.

In order to facilitate the identification of vehicle types already authorised in the Member States, the Directive provides for (i) the creation of national rail vehicle registers in every Member State and (ii) the creation of a European register for types of authorised vehicles. This European register, maintained by the European Rail Agency, should be public and electronically accessible to everyone.

The law of 26 January 2010 introduces into Belgian law this authorisation procedure for the placing in service of rolling stock.

6. Regulation 1370/2007 on public passenger transport services by rail and by road

In connection with the third railway package, the European Commission further approved another Regulation which entails fundamental changes to the current legal framework determining how contracts are granted for public services in the railway sector. This Regulation introduces new rules for the content of public service contracts (duration, calculation of State allowances, etc.) and establishes stipulations for tendering contracts. It came into force on 3 December 2009.

Where a competent authority grants an exclusive right and/or compensation to an operator in return for execution of public service mandates, it shall do so in the framework of a public service contract and with a prior public tender procedure among various operators. Compensation paid to the selected operator must be limited. There are however important exceptions to the rules of this Regulation, among which the following:

- a competent local authority may decide to offer public passenger transport services itself;
- a competent local authority may decide to award public service contracts to a legally distinct entity over which the competent local authority exercises control similar to that exercised over its own departments; and
- a competent local authority may decide to directly award public service contracts where they concern transport by rail (heavy rail) provided the duration of such contracts does not exceed 10 years (15 years in certain exceptional circumstances).

Public service contracts that were entered into before this Regulation came into force may be implemented entirely provided their term is not longer than 10 years.

7. ***Communication from the European Commission: Community guidelines of 22 July 2008 concerning State aid to railway undertakings***

With respect to State aid in the railway sector, the Commission made use of the new Regulation 1370/2007 in order to withdraw the specific regulation introduced by Regulation 1107/70 on the granting of aids for transport by rail, by road and on inland waterway. Because of this withdrawal, land transport that is not covered by the above mentioned regulation is now bound to the general principles on State Aid of the Treaty on the Functioning of the European Union (TFEU) . In order to facilitate application of these general community provisions, the Commission formulated guidelines concerning State aid to railway undertakings. These guidelines are not binding, but indicate how the Commission will evaluate State aid railway undertakings may enjoy. The objectives of these guidelines are to:

- provide policy lines about compatibility with the Treaty of Rome on State aid to railway undertakings;
- support liberalisation of this sector and contribute to stronger competition in the sector; and
- ensure (i) more transparency of public financing and (ii) legal certainty of railway undertakings.

To the knowledge of the Issuer there is no infringement procedure running against the Belgian Government for non execution of any railway package.

Litigation

As at the date of this Information Memorandum, the Issuer is not aware of any court cases, arbitrations or proceedings before administrative authorities that could have a material adverse effect on the financial condition of the Issuer or did have such impact.

TAXATION

Kingdom of Belgium

The following is a general description of certain Belgian tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Information Memorandum and is subject to any change in law.

Belgian Withholding Tax

All interest payments in respect of the Notes are in principle subject to Belgian withholding tax on the gross amount of the interest, currently at the rate of 21 per cent.. Tax treaties may provide for a lower rate subject to certain conditions.

For Belgian resident individuals, and additional levy of 4 per cent. may apply to the interest on the Notes.

In this regard, "**interest**" means the periodic interest income, any amount paid by the Issuer in excess of the issue price (whether or not on the maturity date) and, in case of a realisation of the Notes between two interest payment dates, the *pro rata* of accrued interest corresponding to the detention period.

However, payments of interest and principal under the Notes by or on behalf of the Issuer may be made without deduction of withholding tax in respect of the Notes if and as long as at the moment of payment or attribution of interest they are held by certain eligible investors (the "**Eligible Investors**", see below) in an exempt securities account (an "**X Account**") that has been opened with a financial institution that is a direct or indirect participant (a "**Participant**") in the X/N Clearing System operated by the NBB. Euroclear and Clearstream, Luxembourg are directly or indirectly Participants for this purpose.

Holding the Notes through the X/N Clearing System enables Eligible Investors to receive the gross interest income on their Notes and to transfer the Notes on a gross basis.

Participants to the X/N Clearing System must enter the Notes which they hold on behalf of Eligible Investors in an X Account.

The main categories of Eligible Investors are as follows:

- (i) Belgian resident corporate investors;
- (ii) Belgian resident investors, not referred to under (i), whose activities exclusively or principally exist of granting credits or loans;
- (iii) semi-public governmental social security institutions or institutions similar thereto;
- (iv) corporate investors who are non-residents of Belgium, whether they have a permanent establishment in Belgium or not;
- (v) individuals who are non-residents of Belgium and who have not allocated the Notes to a professional activity in Belgium; and
- (vi) non-incorporated foreign collective investment schemes (such as *fonds de placement / beleggingsfondsen*) whose units are not publicly offered or marketed in Belgium.

Currently, the main categories of non-Eligible Investors are as follows:

- Belgian resident individuals;
- Belgian non profit organisations;

- Non-incorporated Belgian collective investment schemes (*fonds de placement / beleggingsfondsen*) and similar foreign funds whose units are publicly offered or marketed in Belgium; and
- Belgium pension funds that have adopted the form of an organism for the financing of pensions (*Organisme de Financement de Pensions / Organisme voor de Financiering van Pensioenen*) as meant in the law of 27 October 2006.

(The above categories summarise the detailed definitions contained in Article 4 of the royal decree of 26 May 1994, to which investors should refer for a precise description of the relevant eligibility rules.)

Participants to the X/N Clearing System must keep the Notes which they hold on behalf of the non-Eligible Investors in a non-exempt securities account (an "**N Account**"). In such instance all payments of interest are subject to the 21 per cent. withholding tax. This withholding tax is withheld by the NBB and paid to the Belgian Treasury.

Transfers of Notes between an X Account and an N Account give rise to certain adjustment payments on account of withholding tax:

- a transfer from an N Account to an X Account gives rise to the payment by the transferor non-Eligible Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date;
- a transfer from an X Account to an N Account gives rise to the refund by the NBB to the transferee non-Eligible Investor of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date;
- transfers of Notes between two X Accounts do not give rise to any adjustment on account of withholding tax; and
- transfers of Notes between two N-accounts give rise to the payment by the transferor non-Eligible Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date, and to the refund by the NBB to the transferee non-Eligible Investor of withholding tax on the same interest amount.

Upon opening of an X Account for the holding of Notes, the Eligible Investor is required to provide the Participant with a statement of its eligible status on a form approved by the Minister of Finance. There is no ongoing declaration requirement to the X/N Clearing System as to the eligible status, save that they need to inform the Participant of any change in the information contained in the statement of their eligible status. However, Participants are requested to make declarations to the NBB as to the eligible status of each investor from whom they held notes in an X Account during the preceding calendar year.

These identification requirements do not apply to Notes held in Euroclear or Clearstream, Luxembourg as Participants to the X/N Clearing System, provided that Euroclear or Clearstream only hold X Accounts and that they are able to identify the holders for whom they hold Notes in such account.

Belgian tax on income and capital gains

Belgian resident individuals

For individuals who are Belgian residents for tax purposes, who are holding the Notes as a private investment, and who opt to submit the interest on the Notes, in addition to the withholding tax of 21 per cent., to an additional levy of 4 per cent. withheld at source, the taxes withheld fully discharge them from their personal income tax liability with respect to these interest payments. This means that they do not have to declare the interest obtained on the Notes in their personal income tax return.

For individuals who are Belgian residents for tax purposes, who are holding the Notes as a private investment, and who do not opt to submit the interest on the Notes, in addition to the withholding tax of 21 per cent., to an additional levy of 4 per cent. withheld at source, the taxes withheld do not fully discharge them from their personal income tax liability with respect to these interest payments. In such case, the interest amount on the Notes will be communicated to the NBB which will be replaced by a special contact centre operated by the competent service of the Belgian tax administration (separated from

the tax authorities) that shall exchange the relevant information on a yearly basis with, or on demand of, the Belgian tax authorities, and the individual will need to declare the interest amount in its personal income tax return. The interest amount so declared will normally be taxed at the interest withholding tax of 21 per cent., plus communal surcharges (the ministry of finance has declared that the communal surcharges would not be applicable, but this does not follow from the laws currently in force) or at the progressive personal tax rates plus communal surcharges taking into account the taxpayer's other declared income (whichever is lower).

If the gross amount of all interest and dividend income declared and/or communicated to the contact centre, exceed EUR 20,020 on a yearly basis (threshold applicable for assessment year 2013, income year 2012), the interest declared on the Notes exceeding this threshold will be subject to an additional levy of 4 per cent. in the personal income tax declaration. Certain specific categories of interest and dividends are exempt and not taken into consideration in order to calculate whether the threshold is exceeded. Some other categories of interest and dividends are exempt, but are taken into consideration in order to calculate whether the threshold is exceeded.

If the interest payment is declared, the withholding tax retained and, if applicable, the additional levy of 4 per cent., may be credited.

The modalities of the additional levy of 4 per cent as described here above are currently subject to further clarifications and/or modifications by the Belgian legislature.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gains are realised outside the scope of the management of one's private estate or unless the capital gains qualify as interest (as defined in the section "*Belgian Withholding Tax*"). Capital losses realised upon the disposal of the Notes held as non-professional investment are in principle not tax deductible.

Other tax rules apply to Belgian resident individuals who do not hold the Notes as a private investment.

Belgian resident companies

Interest attributed or paid to corporations Noteholders who are Belgian residents for tax purposes, i.e. who are subject to the Belgian Corporate Income Tax (*impôt des sociétés / Vennootschapsbelasting*), as well as capital gains realised upon the sale of the Notes are taxable at the ordinary corporate income tax rate of in principle 33.99 per cent. Capital losses realised upon the sale of the Notes are in principle tax deductible.

Belgian legal entities

Belgian legal entities subject to the Belgian legal entities tax (*impôt des personnes morales / rechtspersonenbelasting*) which do not qualify as Eligible Investors (as defined in the section "*Belgian Withholding Tax*") are subject to a withholding tax of 21 per cent. on interest payments. The withholding tax constitutes the final taxation.

Belgian legal entities which qualify as Eligible Investors (as defined in the section "*Belgian Withholding Tax*") and which consequently have received gross interest income are required to pay the withholding tax themselves.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gains qualify as interest (as defined in the section "*Belgian Withholding Tax*"). Capital losses are in principle not tax deductible.

Organisations for financing pensions

Interest derived by Noteholders on the Notes and capital gains realised on the Notes will be exempt from Belgian Corporate Income Tax. Subject to certain conditions, any Belgian withholding tax levied on the interest will be fully creditable against any corporate income tax due and any excess amount will in principle be refundable.

Belgian non-residents

Noteholders who are not residents of Belgium for Belgian tax purposes and who are not holding the Notes through their permanent establishment in Belgium and do not invest the Notes in the course of their Belgian professional activity, will not become liable for any Belgian tax on income or capital gains by reason only of the acquisition or disposal of the Notes provided that they qualify as Eligible Investors and that they hold their Notes in an X Account.

If the Notes are not entered into an X-account by the Eligible Investor, withholding tax on the interest is in principle applicable at the current rate of 21 per cent., possibly reduced pursuant to a tax treaty, on the gross amount of the interest.

Tax on stock exchange transactions

A stock exchange tax (*Taxe sur les opérations de bourse / Taks op de beursverrichtingen*) will be levied on the purchase and sale in Belgium of the Notes on a secondary market through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.09 per cent. with a maximum amount of Euro 650 per transaction and per party. The tax is due separately from each party to any such transaction, i.e. the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary.

However, the tax referred to above will not be payable by exempt persons acting for their own account, including investors who are Belgian non-residents provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors, as defined in Article 126/1,2° of the Code of various duties and taxes (*Code des droits et taxes divers / Wetboek diverse rechten en taksen*).

European Directive on taxation of savings income in the form of interest payments

On 3 June 2003, the Council of the European Union adopted the Council Directive 2003/48/EC regarding the taxation of savings income (the "**EU Savings Directive**"), which has been implemented in Belgium by the law of 17 May 2004. The EU Savings Directive entered into force on 1 July 2005.

Under the EU Savings Directive, Member States are since 1 July 2005 required to provide to the tax authorities of other Member States or the tax authorities of the Netherlands Antilles, Aruba, Guernsey, Jersey, the Isle of Man, Montserrat and the British Virgin Islands (the "**Dependent and Associated Territories**" and each a "**Dependent and Associated Territory**") details of payments of interest and other similar income paid by a paying agent (within the meaning of the EU Savings Directive) to (or under certain circumstances, to the benefit of) an individual resident in another Member State or resident in a Dependant and Associated Territory (the "**Disclosure of Information Method**"), except that Austria and Luxembourg are instead required (unless they elect otherwise) to impose a source tax (the "**Source Tax**") for a transitional period, unless the beneficiary of the interest payments elects for the exchange of information. The ending of such transitional period depends on the conclusion of certain other agreements relating to exchange of information with certain other countries.

If a payment were to be made or collected through a Member State which has opted for applying the Source Tax and an amount of, or in respect of, Source Tax were to be withheld from that payment, neither the Issuer nor any Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such Source Tax.

Investors should note that the European Commission has announced proposals to amend the EU Savings Directive. If implemented, the proposed amendments would, *inter alia*, extend the scope of the EU Savings Directive to (i) payments made through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU individual, and (ii) a wider range of income similar to interest.

Individuals not resident in Belgium

Interest paid or collected through a Belgian paying agent on the Notes and falling under the scope of application of the EU Savings Directive will be subject to the Disclosure of Information Method as from 1 January 2010.

Individuals resident in Belgium

An individual resident in Belgium will be subject to the provisions of the EU Savings Directive, if he receives interest payments from a paying agent (within the meaning of the EU Savings Directive) established in another EU Member State, Switzerland, Liechtenstein, Andorra, Monaco, San Marino, the Netherlands Antilles, Aruba, Guernsey, Jersey, the Isle of Man, Montserrat, the British Virgin Islands, Anguilla, the Cayman Islands or the Turks and Caicos Islands.

If the interest received by an individual resident in Belgium has been subject to a Source Tax, such Source Tax does not liberate the Belgian individual from declaring the interest income in the personal income tax declaration. The Source Tax will be credited against the personal income tax. If the Source Tax withheld exceeds the personal income tax due, the excessive amount will be reimbursed, provided it reaches a minimum of Euro 2.5.]

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of BNP Paribas, Deutsche Bank AG, London Branch, ING Belgium S.A./N.V., J.P. Morgan Securities Ltd., Société Générale and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in a Dealer Agreement dated on or around 16 March 2012 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

United States of America

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. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, 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 of the Notes comprising the relevant Tranche, as certified to the Domiciliary Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Domiciliary Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto 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.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any 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.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

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

- (a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:
 - (i) 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:
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) 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;
- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

- (c) **General compliance:** it has complied and will comply with 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

This Information Memorandum has not been submitted for approval to the Belgian Financial Services and Markets Authority and, accordingly, no Notes may be distributed in Belgium by way of a public offering, as defined for the purposes of the law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Dealer has undertaken and each further Dealer appointed under the Programme will be required to undertake that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

General

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that, to the best of its knowledge and belief, it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Information Memorandum or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Information Memorandum or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Information Memorandum or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Information Memorandum.

GENERAL INFORMATION

Authorisation

1. The establishment of the Programme was authorised by resolutions of the Board of Directors of the Issuer passed on 27 January 2012, 17 February 2012 and 13 March 2012. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Information Memorandum, a significant effect on the financial position or profitability of the Issuer and its Subsidiaries.

Significant/Material Change

3. Save as disclosed in this Information Memorandum, since 31 December 2010 there has been no material adverse change in the prospects of the Issuer or the Issuer and its Subsidiaries nor has there been any significant change in the financial or trading position of the Issuer or the Issuer and its Subsidiaries since 30 September 2011.

Auditors

4. The consolidated financial statements of the Issuer have been audited without qualification by, and the unconsolidated interim management accounts of the issuer have been reviewed by Mazars Réviseurs d'Entreprises SCRL Marcel Thiry laan 77 B – 1200 Brussels, Belgium and PKF Réviseurs d'Entreprises SCRL Potvlietlaan 6 B – 2600 Berchem, Belgium.

Documents on Display

5. Copies of the following documents (together with English translations thereof) may be inspected during normal business hours at the offices of the Issuer at Rue de France 85, Brussels, Belgium for 12 months from the date of this Information Memorandum :
 - (a) the constitutive documents of the Issuer;
 - (b) the audited consolidated financial statements of the Issuer for the years ended 31 December 2010 and 2009, the unaudited reviewed interim unconsolidated management accounts of the Issuer in respect of the nine months ended 30 September 2011 and the unaudited limited consolidated management accounts for the financial year ended 31 December 2010;
 - (c) the Domiciliary Agency Agreement; and
 - (d) the Clearing Services Agreement.

Clearing of the Notes

6. The Notes have been accepted for clearance through the NBB-SSS operated by the National Bank of Belgium (or any successor thereto). The appropriate Common Code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Settlement Arrangements

7. Settlement arrangements will be agreed between the Issuer, the relevant Dealer and the Domiciliary Agent in relation to each Tranche.

REGISTERED OFFICE OF THE ISSUER

S.N.C.B. Holding SA *de droit public* / N.M.B.S. Holding NV *van publiek recht*

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Belgium

ARRANGER

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DEALERS

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United Kingdom

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United Kingdom

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Belgium

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United Kingdom

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France

DOMICILIARY AGENT

BNP Paribas Security Services, Belgium Branch

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LEGAL ADVISERS

*To the Issuer
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/ Marsveldplein 5
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To the Arranger and Dealers as to English law:

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United Kingdom

To the Arranger and Dealers as to Belgian law:

Clifford Chance LLP

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LISTING AGENT

BNP Paribas Security Services, Luxembourg Branch

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L-2085 Luxembourg

AUDITORS TO THE ISSUER

From 1 January 2011

Mazars Réviseurs d'Entreprises SCRL civile

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PKF Réviseurs d'Entreprises SCRL civile

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For the financial years 2008 – 2010

KPMG Réviseurs d'Entreprises SCRL civile

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