

INFORMATION MEMORANDUM



**SOCIÉTÉ NATIONALE DES CHEMINS DE FER BELGES SA *de droit public* / NATIONALE  
MAATSCHAPPIJ DER BELGISCHE SPOORWEGEN NV *van publiek recht***

*(a limited liability company of public law whose registered office is at Rue de France 56, 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, as amended (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 (together with any applicable implementing measures in any Member State (as defined below)).

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 Companies 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 Banking, *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: (a) issued by a credit rating agency established in the EEA (as defined below) and registered under Regulation (EU) No. 1060/2009, as amended (the "**CRA Regulation**"); (b) 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 (c) 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 relevant 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**

**Belfius Bank**

**ING Bank N.V., Belgian Branch**

**J.P. Morgan**

**Société Générale Corporate and Investment Banking**

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## IMPORTANT NOTICES

SOCIÉTÉ NATIONALE DES CHEMINS DE FER BELGES SA *de droit public* / NATIONALE MAATSCHAPPIJ DER BELGISCHE SPOORWEGEN 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 the 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 a 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 (as defined in the Securities Act).

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.

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

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 "EEA" are to the European Economic Area; references to a "Member State" are references to a Member State of the EEA; 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: (a) issued by a credit rating agency established in the EEA and registered under the CRA Regulation; (b) 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 (c) 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 relevant 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: (a) 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 (b) 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 relevant 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 overview.*

<b>Issuer:</b>	SOCIÉTÉ NATIONALE DES CHEMINS DE FER BELGES SA <i>de droit public</i> / NATIONALE MAATSCHAPPIJ DER BELGISCHE SPOORWEGEN NV <i>van publiek recht</i> , a limited liability company of public law under Belgian law having its registered office at Rue de France 56, 1060 Brussels, Belgium (registered in the register of legal persons in Brussels under number 0203.430.576).
<b>Risk Factors:</b>	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.
<b>Arranger:</b>	BNP Paribas.
<b>Dealers:</b>	BNP Paribas, Belfius Bank, ING Bank N.V., Belgian Branch, J.P. Morgan Securities plc., 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.
<b>Domiciliary Agent:</b>	ING Belgium NV/SA
<b>Luxembourg Listing Agent:</b>	ING Belgium NV/SA
<b>Final Terms or Drawdown Information Memorandum:</b>	Notes issued under the Programme may be issued either: (a) pursuant to this Information Memorandum and relevant Final Terms; or (b) pursuant to a Drawdown Information Memorandum. The terms and conditions applicable to any particular Tranche of Notes will be the Conditions 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.
<b>Listing and Trading:</b>	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.
<b>Issuance in Series:</b>	Notes will be issued in series (each a " <b>Series</b> "). Each Series may comprise one or more tranches (" <b>Tranches</b> " and each a " <b>Tranche</b> ") 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 Companies 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. Possession 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, 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:** Notes may have 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 and in such manner as may be specified in the relevant Final Terms. Index-linked redemption notes may not be issued under the Programme.

**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.

<b>Change of Ownership Put and Rating Event Put:</b>	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 or a Rating Event (each as defined in the Conditions) as described in Conditions 9(f) ( <i>Redemption upon Change of Ownership</i> ) and 9(g) ( <i>Redemption on Rating Event</i> ).
<b>Tax Redemption:</b>	Except as described in " <i>Optional Redemption</i> " and " <i>Change of Ownership Put and Rating Event Put</i> " above, early redemption will only be permitted for tax reasons as described in Condition 9(b) ( <i>Redemption for tax reasons</i> ).
<b>Programme Amount:</b>	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.
<b>Interest:</b>	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.
<b>Denominations:</b>	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).
<b>Negative Pledge:</b>	The Notes will have the benefit of a negative pledge as described in Condition 5 ( <i>Negative Pledge</i> ).
<b>Cross-default:</b>	The Notes will have the benefit of a cross-default as described in Condition 12 ( <i>Events of Default</i> ).
<b>Taxation:</b>	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.
<b>Governing Law:</b>	The Notes will be governed by Belgian law.
<b>Ratings:</b>	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: (a) issued by a credit rating agency established in the EEA and registered under the CRA Regulation; (b) 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 (c) 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 relevant 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: (i) 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 (ii) 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 Japan, the Kingdom of Belgium, the United Kingdom and the United States of America, 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 relevant Final Terms.

**Clearing System:**

NBB-SSS.

## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors that are material for the purpose of assessing the market risks associated with the Notes issued under the Programme are also described below.*

*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 should 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 and Economic Risks**

*The Issuer's ability to pay principal and interest on its debt (including the Notes) depends on its future operating performance*

As a result of the 2014 Restructuring (as defined in "Description of the Issuer" below), the financial debt of the Former Group (as defined in "Description of the Issuer" below) amounting to more than EUR 4 billion on 31 December 2013 and entirely held by S.N.C.B. Holding (as defined in "Description of the Issuer" below), was split between the Issuer and the infrastructure manager Infrabel (as defined in "Description of the Issuer" below). In this context, the directly assignable financings received by the Former Group from the Belgian public authorities regarding rolling stock, high speed stations and car parks, as well as 55 per cent. of the non-directly assignable debt of the Former Group, were allocated to SNCB (as defined in "Description of the Issuer" below).

As a result of this debt restructuring, as at 30 June 2014, the Issuer had a net financial debt outstanding of approximately EUR 2.4 billion. Although the objective of the Belgian federal government and the Issuer's management is to achieve a break-even or realise a net profit each year, a further 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 under such debt depends on the future operating performance of the Issuer. Since the Issuer's primary objective is fulfilment of certain public mandates, future operating performance of the Issuer is (other than cash flows generated from providing transportation services) primarily dependent on the contributions (subsidies) of the Belgian federal government and is further subject to market conditions and business factors that often are beyond the Issuer's control.

*The Issuer is exposed to market risks specific to financial market activities*

The Issuer is exposed to market risks arising out of its financial market activities, including (but not limited to) cash management activities, long and medium-term debt management activities and debt restructuring activities. Such market risks primarily comprise interest rate risks, liquidity risks and counterparty risks.

- (a) *Interest rate risks:* the Issuer is exposed to interest rate risk on (i) the refinancing of its financial debt and (ii) the floating rate debt.
- (b) *Liquidity risks:* the Issuer is exposed to liquidity risks in its day-to-day business.

- (c) *Counterparty risks*: the Issuer is exposed to counterparty risks both on its day-to-day treasury management and in the management of its medium- and long-term debt.

***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 floating long-term debt held by the Issuer.

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

Significant disruptions in operations of its suppliers (in particular, its commodity, including energy, suppliers and Infrabel) could impact the Issuer's operations by disrupting service-levels resulting in reduced income and possible claims.

***General economic factors may adversely affect the Issuer's financial performance***

General economic conditions may adversely affect the Issuer's financial performance. Higher energy costs (including fuel and electricity), any increase in the access fee charged by the infrastructure manager Infrabel to the Issuer, 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 Issuer.

***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 ability to draw on its bank credit facilities, to renew those bank credit facilities or enter into new bank credit facilities or, more generally, to obtain financing at acceptable conditions. The Issuer'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 Issuer if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests from the Issuer and other borrowers within a short period of time. In addition, the Issuer'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 Issuer with necessary goods and services thereby negatively affecting the financial performance of the Issuer.

***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 money markets, capital markets and bank financings 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 money and capital markets, especially in a time of uncertainty in either or both of those markets. A ratings downgrade or a loss of a rating could also impact the Issuer's ability to grow its business by substantially increasing the cost of, or limiting access to, funding.

***Economic recession may have an impact on the Issuer's income***

An economic recession could lead to a fall in transport by rail which may lead to a reduction in the number of trains or the level of occupancy of trains and therefore lower income for the Issuer. In addition, the stability programme imposed on the Belgian federal government at a European level as a result of the government's high level of debt means, in practice, that the Belgian federal government has made a pledge to reduce costs where possible. In this context, the contributions (subsidies) to be paid by the Belgian federal government to the Issuer could be revised downwards. Please also refer to the risk factor entitled "*The Issuer relies on financing by the Belgian federal government for investments*" below.

## **Employment & Personnel Risks**

### ***A competitive labour market as well as changes in labour conditions may increase the Issuer's costs***

The Issuer's success depends in part on its ability to attract and retain qualified personnel in all areas of its business. The Issuer (through HR-Rail) competes in attracting and retaining employees with other market participants. It cannot be excluded that, in the future, the Issuer may have difficulties in attracting and retaining sufficient qualified personnel in all or part of the areas of its business, which could materially impact the Issuer's results of operations. Furthermore, 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 Issuer's results of operations. A shortage of qualified employees may require the Issuer (through HR-Rail) 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, resulting in an increase of the Issuer's costs and hence a decrease of its profits or an increase of its losses.

In addition, while the Issuer believes that relations with its personnel and trade unions are good, it 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 the 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 Issuer.

It should be noted that, as a result of the 2014 Restructuring, HR-Rail (an entity controlled by the Belgian federal government) acts as sole employer of all personnel of the Issuer and Infrabel. For further information, please refer to the section "*The Issuer, its affiliated companies and its Subsidiaries*" under "*Description of the Issuer*" below).

## **Environmental Risks**

### ***Environmental liabilities and compliance costs may have a significant negative effect on operating results of the Issuer***

The Issuer is subject to laws, regulations and ordinances that govern activities and operations that may have adverse environmental effects and impose liabilities for (i) the costs of cleaning and (ii) certain damages arising from sites of past spills, disposals or other releases of hazardous materials. Under applicable environmental laws, the Issuer may be responsible for the remediation of environmental conditions and may be subject to associated liabilities relating to its properties, regardless of whether the Issuer leases, subleases or owns the property in question and regardless of whether such environmental conditions were created by the Issuer 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 Issuer through, for example, cost of remediation or harm to reputation.

## **Operating & Project Risks**

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

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

### ***The Issuer relies on financing by the Belgian federal government for investments***

The Issuer and Infrabel developed a multi-annual investment plan for the period 2013-2025 worth EUR 26 billion, of which EUR 9.6 billion related to investments of the Issuer. The plan was agreed by the

Belgian federal government in 2013, and foresees that investments are to be almost completely financed by the Belgian federal government by way of subsidies (up to an amount of EUR 25 billion).

The financial framework set by the new Belgian federal government formed following the 2014 elections suggests that subsidies for both the Issuer and Infrabel will be reduced by an aggregate amount of EUR 2.1 billion for the period 2015-2019. As a consequence, the Issuer's and Infrabel's investment plan for 2013-2025 will need to be reconsidered. For further information, please refer to the section "*Issuer's investments*" under "*Description of the Issuer*" below.

These changes, which will result in a lower financing commitment by the Belgian federal government under the investment plan, could negatively impact the Issuer's ability to execute the envisaged investments, which could in turn negatively impact the Issuer's day-to-day business.

***The Issuer has limited freedom with respect to its price policy***

The revenues of the Issuer consist primarily of transportation revenues and subsidies from the Belgian federal government. With respect to the transportation revenues, investors should note that the price of the train tickets for domestic passenger traffic charged by the Issuer to its passengers is determined based on a formula set out in the Management Contracts (as defined below under the section "*The Management Contracts between the Issuer and the Belgian federal government*" under "*Description of the Issuer*"). Any increase in such prices shall take place with the framework of, and comply with the conditions and limits set forth in, the Management Contracts. The Issuer therefore has limited freedom to adjust the prices of the train tickets for domestic passenger traffic and consequently to improve its transportation revenues.

***The Issuer's revenues depend on the amount of subsidies received from the Belgian federal government, which in turn partially depend on the number of passenger-kilometre***

The revenues of the Issuer consist primarily of transportation revenues and subsidies from the Belgian federal government. Subsidies from the Belgian federal government are determined in the Management Contracts (as defined below under the section "*The Management Contracts between the Issuer and the Belgian federal government*" under "*Description of the Issuer*") and include subsidies for the operation of the Belgian railway network (amounting to EUR 1,132.6 million in 2014) consisting of a fixed part (amounting to EUR 887.8 million in 2014) and a variable part (amounting to EUR 244.8 million in 2014). The variable part of the subsidies for operation of the Belgian railway network depends on the total number of passenger-kilometre (pkm) on the Belgian railway network. A proportional reduction in the number of passenger-kilometre (pkm) in any given year would decrease in the same proportion the variable part of the subsidies received for the operation of the Belgian railway network, and could consequently have a material impact on the revenues and the financial performance of the Issuer.

The Issuer does not control all factors that could lead to a reduction in the number of passenger-kilometre (pkm) on the Belgian railway network (see in particular the following risk factors below, "*Delays and other punctuality problems could lead to a reduction in the perceived quality of service provided by the Issuer*", "*Natural disasters and severe weather conditions could adversely affect the Issuer's operating and financial performance*", "*The Issuer may suffer losses in the event of an accident or incident involving its trains*" and "*Terrorist attacks, the threat of such attacks, even if not made directly on the railway industry, could negatively affect the Issuer and the railway industry as a whole; the travel industry continues to face on-going security concerns and cost burdens*").

**Procurement Risks**

Procurement prices for commodities can shift depending on the market situation. Increased costs could only to a limited extent be passed on to customers, which would have a negative effect on margins and consequently on the Issuer's financial performance.

**Contractual Risks**

***The renewal of the management contract with the federal government could have a negative impact on the Issuer's income***

The Issuer has entered into management contracts with the Belgian federal government which determine the obligations and public services mandates to be performed by the Issuer, in return for which it receives

state subsidies. For further information on these management contracts, please refer to the chapter "*Description of the Issuer*" below.

In October 2014, the new Belgian federal government formed following the 2014 elections announced its intention to reduce the subsidies allocated to both the Issuer and Infrabel by an aggregate amount of EUR 2.1 billion for the period 2015-2019, starting with a decrease of EUR 188 million, representing a decrease of about 6 per cent. of the total subsidies in 2015 (such amount to be increased linearly up to EUR 663 million in 2019). For further information, please refer to the section "*Recent developments, trends and prospects*" under "*Description of the Issuer*" below. Such decrease in subsidies could have a negative impact on the Issuer's business and income.

### **Legal Risks**

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

From time to time, the Issuer 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 legal proceedings are currently pending (see section "*Litigation*" under "*Description of the Issuer*" below). 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. Furthermore, the Issuer has insurance covering its potential civil liability towards third parties. Unexpected outcomes in these matters, as well as potential future litigation proceedings, could have an adverse effect on the Issuer's financial condition and results of operations.

### **Insurance Risks**

The Issuer assesses the probability of major risks inherent to its activities and estimates the potential financial consequences if such risks would materialise. Based on hedging possibilities and market conditions, the Issuer covers most of these risks by taking out insurance policies. However, where the Issuer deems it appropriate, certain risks are only partially covered or their cover is subject to a deductible. The materialisation of such risks could have a negative impact on the Issuer's financial performance.

### **Information Technology Risks**

#### ***The Issuer's operations are dependent on information technology (IT) systems, the failure or breach of security of any of which may indirectly injure third parties, harm the Issuer's reputation and adversely affect the Issuer's financial performance***

Many of the functions of the Issuer'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 Issuer's operations, adversely affecting its business. The Issuer has business continuity plans in place to reduce the negative impact of such IT systems failures on its operations, but there is no assurance that these business continuity 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 Issuer's profitability. The Issuer'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.

### **Regulatory Risks**

#### ***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 (the "**Law of 1991**"). 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 Law of 1991, Belgian public authorities are required to hold at least 50 per cent. +1 share in the Issuer and 75 per cent. +1 of the voting rights of the Issuer. The Belgian State currently holds 100 per cent. of the Issuer's shares and 99.97 per cent. of the Issuer's voting rights.

Accordingly, the Belgian State has and, as long as the Law of 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.

***Future changes in legislation could subject the Issuer to bankruptcy laws***

As public sector enterprise providing public services, the Issuer is currently not subject to Belgian bankruptcy legislation. Legislative changes could in the future subject the Issuer 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 applying for or being subject to such judicial reorganisation proceedings may not be enforceable.

***Changes in the overall legal conditions could affect the Issuer's business***

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

Except for the right of any railway operator in the course of an international passenger service to have passengers embarked at any station located along the international route and set them down at another station (including stations located in Belgium), the Issuer is still vested with the exclusive right to carry out all domestic passenger transport. A future regulatory change at European level (expected by 2018) will most likely open the domestic passenger transport network up to competition. Upon implementation of this future regulatory change, the Issuer 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 its assets used for public services***

Notwithstanding Condition 20(c) and in accordance with the Law of 1991 and article 1412bis of the Belgian Judicial Code, the Issuer benefits from an immunity of execution that may not be waived in respect of its assets that are used (entirely or partially) in the performance by the Issuer of 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.

**Force Majeure**

***Natural disasters and severe weather conditions could adversely affect the Issuer'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 Issuer's operations and financial performance. Such events could result in physical damage to one or more of the Issuer's properties, the temporary closure of the Belgian transportation infrastructure prohibiting the transport by railway of passengers and freight, the temporary lack of an adequate work force, the temporary decrease in revenues or the temporary or long-term

disruption of the supply of products and services from suppliers. These factors could disrupt and adversely affect the Issuer's operations and financial performance.

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

One or more accidents or incidents involving one of the Issuer'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 Issuer 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 Issuer'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 Issuer 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 Issuer 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 Issuer, its operating results and financial condition. In addition, potential or actual terrorist attacks may result in significant increases of security costs, increased insurance costs, and significantly decreased revenue.

***A power outage could adversely affect the Issuer's operations and financial performance***

As a result of the shut-down of three of Belgium's nuclear power units over the past months, Belgium has lost more than half of its nuclear power capacity. It is unlikely that the power units that were shut-down will be repaired before the winter of 2014. As a result, there is a risk that Belgium will face power outages during the winter of 2014 (in particular, if Belgium is not able to secure sufficient backup electricity supply from neighbouring countries such as France and the Netherlands). Despite the fact that the Belgian railways are considered as a priority user, a power outage could lead to operational problems on the Belgian transportation infrastructure impacting the transport by railway of passengers and freight. These factors could adversely affect the Issuer's operations and financial performance.

**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:

- (a) 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 amendment or supplement;
- (b) 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;
- (c) 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;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets;
- (e) 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



- (f) 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 secondary 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 secondary 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). Notes may have no established trading market when issued, and one may never develop. 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. 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.

Although application has been made for the Notes 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 remain so listed and/or admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or maintenance or liquidity of any trading market for any particular Tranche 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 and Rating Event Put***

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

Investors should however note that, as at the date of this Information Memorandum, article 39 of the Law of 1991 prevents a Change of Ownership of the Issuer. The Issuer is an autonomous public enterprise charged with certain public service tasks and is subject to certain specific rules and requirements by virtue of the Law of 1991. Article 39 of the Law of 1991 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 (ii) over 75 per cent. of the mandates within the board of directors and other corporate bodies (*organen/organes*) 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. +1 share, 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 of 1991, 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 of 1991 cannot be avoided and will continue to apply to the Issuer until the relevant provisions of the Law of 1991 are abolished or amended. Investors should therefore note that the Change of Ownership in respect of the Issuer is not permitted under Belgian law, unless article 39 of the Law of 1991 is amended, abrogated or no longer applies to the Issuer.

Further, 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 (such as Condition 9(f) (*Redemption upon Change of Ownership*)) require the approval of the general meeting of shareholders in accordance with Article 556 of the Belgian Companies Code in order to be enforceable. 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*). 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 Companies Code. Pursuant to sub-paragraph (i) of the second paragraph of Condition 9(f) (*Redemption upon Change of Ownership*), the Issuer is only required to submit Condition 9(f) (*Redemption upon Change of Ownership*) to the approval of its shareholders after the occurrence of a Relevant Change of Law (as defined in the Conditions, i.e., if article 39 of the Law of 1991 is amended, abrogated or no longer applies to the Issuer). Noteholders should be aware that there can be no assurance that the shareholders of the Issuer in any general meeting will give such approval.

Should the Change of Ownership occur with respect to the Issuer, prior to: (a) 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 (b) 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 Companies 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 Relevant Change of Law 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 Companies Code.

It is possible that a Change of Ownership or a Rating Event 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 or the Rating Event 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 or the Rating Event 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 and the Rating Event Put Option may only be exercised in the specified circumstances of Conditions 9(f) (*Redemption upon Change of Ownership*) and 9(g) (*Redemption on Rating Event*), respectively, which may not cover all situations in which a change of ownership or a rating event could occur or where successive changes of control occur in relation to the Issuer. Once given, a Change of Control Exercise Notice or a Rating Event 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 or Rating Event 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 the section of this Information Memorandum titled "*Taxation*" 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 that country 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.

### ***The proposed financial transactions tax ("FTT")***

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

### ***Modification and waivers***

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 Companies 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 Companies Code. If these rules would indeed be considered to be of mandatory application, the provisions of the Belgian Companies Code may need to be applied and the relevant provisions of the Conditions disapplied.

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, however, that* the Issuer may not agree, without the consent of the Noteholders, to any such modification unless: (a) it is of a formal, minor or technical nature; (b) it is made to correct a manifest error; or (c) 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 Companies Code, Notes issued under the Programme will be in dematerialised form and will 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*), 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 such investors 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 and the NBB-SSS participants through which such investors hold their Notes (including 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 Conditions 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-SSS, 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.

### ***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: (a) the Investor's Currency-equivalent yield on the Notes; (b) the Investor's Currency equivalent value of the principal payable on the Notes; and (c) 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 Notes. 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 Notes. 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: (a) Notes are legal investments for it; (b) Notes can be used as collateral for various types of borrowing; and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers 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 (the "**EU Savings Directive**") on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg will, subject to certain exemptions, apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent (unless during that transitional period they elect to provide information in accordance with the Directive). The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

A number of non-EU countries, including Switzerland, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

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 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 an Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

Investors who are in any doubt as to their position should consult their professional advisers.

### ***Payments made on or with respect to the Notes may be subject to U.S. withholding tax***

In certain circumstances payments made on or with respect to the Notes after 31 December 2016 may be subject to U.S. withholding tax under sections 1471 through 1474 of the U.S. Internal Revenue Code (including an agreement described under section 1471(b)), an intergovernmental agreement or laws relating to the foregoing (collectively, commonly referred to as "**FATCA**"). This withholding does not apply to payments on Notes that are issued prior to 1 July 2014 (or, if later, the date that is six months after the date on which the final regulations that define "foreign passthru payments" are published) unless the Notes are "materially modified" after that date or are characterised as equity for U.S. federal income tax purposes.

Whilst the Notes are in dematerialised form and represented by a book entry in the records of the NBS-SSS, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of

any payment received by the NBS-SSS (see "*Taxation – U.S. Foreign Account Tax Compliance Withholding*"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Notes are discharged once it has paid the NBS-SSS and therefore, the Issuer does not have any responsibility for any amount thereafter transmitted through the hands of the NBS-SSS and custodians or intermediaries.

## DOCUMENTS INCORPORATED BY REFERENCE

The unaudited consolidated financial statements of the Issuer for the six-month period ending 30 June 2014 shall be deemed to be incorporated in, and to form part of, this Information Memorandum.

Copies of the documents specified above as being incorporated by reference in this Information Memorandum are available for viewing at [www.bourse.lu](http://www.bourse.lu) and at [www.belgianrail.be](http://www.belgianrail.be) and may be obtained free of charge, during normal business hours at the registered office of the Issuer, being Rue de France 56, 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.

If documents which are incorporated by reference into this Information Memorandum, as described above, themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Information Memorandum except where such information or other documents are expressly and specifically incorporated by reference, as described above.

The following table sets out the page numbers of certain financial information contained in the unaudited consolidated financial statements of the Issuer for the six-month period ending 30 June 2014:

	<b>Unaudited financial statements of the Issuer as at 30 June 2014</b>
Consolidated Statement of Financial Position .....	Pages 3-4
Consolidated Statement of Comprehensive Income .....	Pages 5-6
Consolidated Statement of Changes in Equity .....	Page 7
Consolidated Statement of Cash Flows .....	Pages 8-9
Notes to Consolidated Financial Statements .....	Pages 10-107



## 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: (i) by a single document containing the necessary information relating to the Issuer and the relevant Notes; or (ii) 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 relevant Final Terms (under "*Reasons for the offer*").

## FORMS OF THE NOTES

The Notes are in dematerialised form in accordance with Articles 468 et seq. of the Belgian Companies 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 Companies 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 Companies 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*: SOCIÉTÉ NATIONALE DES CHEMINS DE FER BELGES SA *de droit public* / NATIONALE MAATSCHAPPIJ DER BELGISCHE SPOORWEGEN 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 Agency Agreement*: The Notes are the subject of a domiciliary agency agreement dated on or around 18 November 2014 (the "**Domiciliary Agency Agreement**") between the Issuer, ING Belgium NV/SA 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 agents named therein (together with the Domiciliary Agent, the "**Agents**", which expression includes any successor or additional 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 14 November 2014 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:

"**Accounts Date**" means the date at which the Issuer's or any Subsidiary of the Issuer's non-consolidated and/or (as applicable) consolidated audited financial statements for the fiscal year ending 31 December 2014 are prepared;

"**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;

**"Broken Amount"** has the meaning given in the relevant Final Terms;

**"Business Day"** means:

- (i) 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
- (ii) 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:

- (i) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **"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:*
  - (A) 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;
  - (B) 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
  - (C) 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
- (iii) **"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:

- (i) 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);

- (ii) 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:
  - (A) 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);
  - (B) 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 Companies Code to the board of directors and daily managers of a Belgian NV/SA); or
  - (C) 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:

- (i) if **"Actual/Actual (ICMA)"** is so specified, means:
  - (A) 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
  - (B) where the Calculation Period is longer than one Regular Period, the sum of:
    - (1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (x) the actual number of days in such Regular Period and (y) the number of Regular Periods in any year; and
    - (2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (x) the actual number of days in such Regular Period and (y) the number of Regular Periods in any year;
- (ii) 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);
- (iii) if **"Actual/365 (Fixed)"** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if **"Actual/360"** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) 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:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" 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 D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30";

- (vi) 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:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" 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 D<sub>2</sub> will be 30; and

- (vii) 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:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless (A) that day is the last day of February or (B) such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (A) that day is the last day of February but not the Maturity Date or (B) such number would be 31, in which case D<sub>2</sub> 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 Companies 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):

- (i) any obligation to purchase such Indebtedness;
- (ii) 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;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (iv) 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:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) 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;
- (iv) 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 (A) the amount of any liability due to any Subsidiary of the Issuer in respect of services or deliveries, (B) the amount of any liability due to the Issuer by any Subsidiary in respect of services or deliveries and (C) the amount of any liability which is being disputed in good faith on the basis of appropriate legal advice; and
- (v) 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:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) 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, at any time, any Subsidiary of the Issuer whose total assets on a non-consolidated or, if applicable, consolidated basis, as shown in the most recent consolidated or non-consolidated financial statements of such Subsidiary (or, following the Accounts Date, the most recent audited consolidated or non-consolidated financial statements of such Subsidiary), represent 15 per cent. or more of the consolidated total assets of the Issuer, as shown in or calculated by reference to the Issuer's most recent consolidated financial statements (or, following the Accounts Date, the Issuer's most recent audited consolidated financial statements);

**"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;

**"Payment Business Day"** means:

- (i) 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
- (ii) if the currency of payment is not euro, any day which is 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:

- (i) 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
- (ii) in the case of the Issuer, an amalgamation, reorganisation, merger, demerger, consolidation, restructuring whilst solvent, contribution, sale or other transfer whereby the Issuer is the surviving entity or 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 (A) assumes or maintains (as the case may be) liability as principal debtor in respect of the Notes; and (B) continues to carry on substantially the same business of the Issuer,

*provided that* in either case as a result of any such action, the rating of the long-term senior unsecured debt of the Issuer would not fall below BBB- (S&P) or Baa3 (Moody's);

**"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:*

- (i) 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
- (ii) 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:

- (i) after the date of the occurrence of a Relevant Change of Law; and
- (ii) 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:

- (i) 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;
- (ii) 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

- (iii) 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:

- (i) 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;
- (ii) the Issuer is withdrawn from the scope of the regime of the Belgian Law of 21 March 1991; or
- (iii) any change is made to any other applicable law;

"**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**" has the meaning given to it in Condition 15 (*Meetings of Noteholders; Modification and Waiver*);

"**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**"):

- (i) 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
- (ii) 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; and

"**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) (*Definitions*) 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 Companies 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 Companies 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 Companies Code) against the Issuer upon submission of an affidavit drawn up by the NBB, Euroclear, Clearstream, Luxembourg 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, and shall procure that no Material Subsidiary shall, 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) or such other security as shall be approved by an Extraordinary Resolution of the Noteholders.

Nothing in this Condition 5 shall prevent the Issuer or any Material Subsidiary 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 or the relevant Material Subsidiary (as applicable)) (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 or the relevant Material Subsidiary (as applicable) 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 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 (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 (or, if specified in the relevant Final Terms, the relevant Broken Amount) and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount (or relevant Broken Amount, as applicable) 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 and Broken 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 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 7 (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) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:
    - (A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
    - (B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period,

*provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate;*
  - (iii) 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;
  - (iv) if, in the case of (i) or (ii) above, such rate does not appear on that page or, in the case of (iii) 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
  - (v) 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;
- (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; and
- (iv) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
  - (A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
  - (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period

*provided, however, that* if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

(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 7 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 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 (A) 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 (B) 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:

- (x) 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
  - (y) 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 Noteholders of the occurrence of such Change of Ownership and offering to redeem the Notes on the date specified in the notice, which date will be no earlier than 30 Business Days and no later than 60 Business Days from the date such notice is delivered to the Noteholders (the "**Change of Ownership Payment Date**"). Each Noteholder will have the right (but not the obligation) to sell, and the Issuer will have the obligation to purchase, all (and not only part of) 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) at least five Business Days prior to the Change of Ownership Payment Date. 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 Change of Ownership Payment Date 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 Noteholders of the occurrence of such Rating Event and offering to redeem the Notes on the date specified in the notice, which date will be no earlier than 30 Business Days and no later than 60 Business Days from the date such notice is delivered to the Noteholders (the "**Rating Event Payment Date**"). 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) at least five Business Days prior to the Rating Event Payment Date. 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 Rating Event Payment Date by the Domiciliary Agent against the delivery of the relevant Notes.

(h) *No other redemption:* The Issuer and the Noteholders shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (g) above.

- (i) *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(i) or, if none is so specified, a Day Count Fraction of 30E/360.

- (j) *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.
- (k) *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:* Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*). No commissions or expenses shall be charged 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 or in addition to the Kingdom of Belgium (or any political subdivision thereof or any authority therein or thereof having power to tax), references in these Conditions to the Kingdom of Belgium shall be construed as references to the Kingdom of Belgium and/or such other jurisdiction.
- (c) *FATCA:* No additional amounts shall be paid in respect of any tax or withholding imposed on account of sections 1471 through 1474 of the U.S. Internal Revenue Code (including an agreement described under section 1471(b)), an intergovernmental agreement or laws relating to the foregoing.

## 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 Material Subsidiary or (*provided, however, 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 non-appealable 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 45 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 its rights and perform and comply with its 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 such dissolution or merger occurs within the framework of a Permitted Reorganisation,

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 and 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;
- (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;
- (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 Companies 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 Companies 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 Companies 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 Companies 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**

(a) Without prejudice and in addition to the applicable provisions of the Belgian Companies Code, if the Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, notices to the Noteholders shall be valid if published in 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).

(b) 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 NBB-SSS participants in substitution for the publication referred to under paragraph (a) of this Condition 17 (*provided, however, 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 same Business Day 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 (a "**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 relating to a Dispute ("**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 [●]**

**SOCIÉTÉ NATIONALE DES CHEMINS DE FER BELGES SA *de droit public* / NATIONALE  
MAATSCHAPPIJ DER BELGISCHE SPOORWEGEN 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 [●] 2014 [and the supplemental Information Memorandum dated [●]]. These Final Terms contains 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](http://www.bourse.lu) and during normal business hours at the registered office of the Issuer at Rue de France 56, 1060 Brussels, Belgium [and copies may be obtained from [address]].

*[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:                                  | SOCIÉTÉ NATIONALE DES CHEMINS DE FER BELGES SA <i>de droit public</i> / NATIONALE MAATSCHAPPIJ DER BELGISCHE SPOORWEGEN NV <i>van publiek recht</i> |
| 2. | [(i)   | Series Number:                           | [●]]  |
|    | [(ii)  | Tranche Number:                          | [●]]  |
|    | [(iii) | 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 [●] ( <i>in the case of</i>   |

*fungible issues only, if applicable]*

6. (i) Specified Denominations: [●]
- (Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*
- "[€100,000] and integral multiples thereof. No Notes in definitive form will be issued.")*
- (ii) Calculation Amount: [●]
- (If only one Specified Denomination, insert the Specified Denomination.*
- If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [[●]/Issue Date/Not Applicable]
8. Maturity Date: [●] *(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]
- [[●] (reference rate)] +/- [●] per cent. Floating Rate]
- [Zero Coupon]
- [Other (Specify)]
- (further particulars specified below)*
10. Redemption/Payment Basis: [Redemption at par]
- [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]/[Not Applicable]*

12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]  
[Not Applicable]
13. (i) Status of the Notes: Unsubordinated
- (ii) Date Board approval for issuance of Notes obtained: [●]/[Not Applicable]  
*(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 subparagraphs 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 [up to and including the Maturity Date] [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: [Actual/Actual (ICMA)  
Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/360  
30/360  
30E/360 or Eurobond Basis  
30E/360 (ISDA)  
other (give details)]
- (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 subparagraphs of this paragraph)*
- (i) Specified Period: [●], subject to adjustment in accordance with the Business Day Convention set out in (iv) below

*(Specified Period and Interest Payment Dates are alternatives. A Specified Period, rather than 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) Interest Payment Dates: [●], subject to adjustment in accordance with the Business Day Convention set out in (iv) below
- (Specified Period and 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: [Following Business Day Convention/Floating Rate Convention/No Adjustment/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: [Applicable/Not Applicable]
- 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: [Applicable/Not Applicable]
- Floating Rate Option: [●]
  - Designated Maturity: [●]

- Reset Date: [●]
  - (x) Linear Interpolation: [Not Applicable / Applicable – the Rate of Interest for the [long/short[ [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)
  - (xi) Margin(s): [+/-][●] per cent. per annum
  - (xii) Minimum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
  - (xiii) Maximum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
  - (iv) Day Count Fraction: [Actual/Actual (ICMA)  
Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/360  
30/360  
30E/360 or Eurobond Basis  
30E/360 (ISDA)  
other (*give details*)]
  - (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) Accrual Yield: [●] per cent. per annum
  - (ii) Reference Price: [●]
  - (iii) Any other formula/basis of determining amount payable: [●]
  - (iv) Day Count Fraction: [Actual/Actual (ICMA)  
Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/360  
30/360  
30E/360 or Eurobond Basis  
30E/360 (ISDA)  
other (*give details*)]

#### 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 sub-paragraphs 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/Final Redemption Amount/[●] per Calculation Amount]
- (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. [Consolidation provisions: Not Applicable/The provisions [in Condition 16 (Further Issues)] [annexed to these Final Terms] apply]

## DISTRIBUTION

25. (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]
26. If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
27. Total commission and concession: [●] per cent. of the Aggregate Nominal Amount
28. U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA C/TEFRA D/ TEFRA not applicable]
29. 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 SOCIÉTÉ NATIONALE DES CHEMINS DE FER BELGES SA *de droit public* / NATIONALE MAATSCHAPPIJ DER BELGISCHE SPOORWEGEN 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 SOCIÉTÉ NATIONALE DES CHEMINS DE FER BELGES SA *de droit public* / NATIONALE MAATSCHAPPIJ DER BELGISCHE SPOORWEGEN 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 Directive 2003/71/EC, as amended, 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 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 3 – 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").

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: (a) 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 (b) 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**

(i) ISIN Code: [●]

(ii) Common Code: [●]

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

(iv) Delivery: Delivery [against/free of] payment

(v) Names and addresses of the Domiciliary Agent: ING Belgium NV/SA  
Avenue Marnixlaan 24  
1000 Brussels  
Belgium

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

(vii) 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*

Société Nationale des Chemins de fer Belges (SNCB).

#### *Legal form / status*

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

As a limited liability company of public law, the Issuer is governed by the Law of 1991. Additionally, for matters not explicitly regulated by the Law of 1991, the Issuer is governed by general Belgian corporate 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 European Union directive 91/440/CEE of 29 July 1991, the Issuer was split into three different autonomous public enterprises: S.N.C.B. Holding, SNCB and Infrabel, all as defined below under Chapter II "*Structure and Business of the Issuer*".

On 1 January 2014, the then-current SNCB group was restructured by way of a merger between S.N.C.B. Holding and SNCB (resulting in the Issuer) and a partial demerger of S.N.C.B. Holding to Infrabel. For further information in this respect, please see below under Chapter II "*Structure and Business of the Issuer*".

#### *Registered office*

Rue de France 56, 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 mainly the following corporate purpose:

- (i) transportation by rail of passengers and freight, including the reception of and communication with clients;
- (ii) transportation of freight in general, including the related logistic services;
- (iii) acquiring, maintenance, management and financing of rolling stock;
- (iv) activities of security and surveillance in the railway sector;
- (v) acquiring, design, building, renewal, maintenance and management of railway stations, unguarded stops and their accessories and their direct surrounding including the design, development, modernisation and valorisation of the urban centres; and
- (vi) development of commercial and other activities destined to directly or indirectly promote its services or to optimise the use of its assets.

#### *Capital or equivalent*

On 30 June 2014, the issued and paid-up share capital of the Issuer amounted to EUR 249,022,345.57 represented by 1,053,611,251 shares.

### ***List of main shareholders***

The Kingdom of Belgium (100 per cent. of the Issuer's share capital and 99.97 per cent of the voting rights).

### ***Listing of the shares of the Issuer***

Not relevant.

### ***Accounting method***

The accounts of the Issuer are drawn up in full accordance with International Financial Reporting Standards ("IFRS") rules but are published under Belgian generally accepted accounting principles ("GAAP") form, as defined in the Belgian Companies Code and in accordance with the framework specific to the Issuer (as defined mainly in the Law of 1991 and in the rules specific to railway companies including, amongst others, the Belgian Royal Decree of 30 December 2004, the Belgian programme law of 23 December 2009, the Belgian law of 2 December 2011 and the Belgian programme law of 22 June 2012).

For the financial year ending on 31 December 2014, the Issuer will publish its consolidated accounts in accordance with IFRS.

### ***Accounting year***

1 January to 31 December.

The Issuer does not publish interim financial statements.

### ***Fiscal year***

1 January to 31 December.

### ***Statutory auditor***

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

2012: Mazars and PKF.

2013: Mazars and Grant Thornton Bedrijfsrevisoren ("**Grant Thornton**").

## **II. STRUCTURE AND BUSINESS OF THE ISSUER**

### ***The Issuer, its affiliated companies and its Subsidiaries***

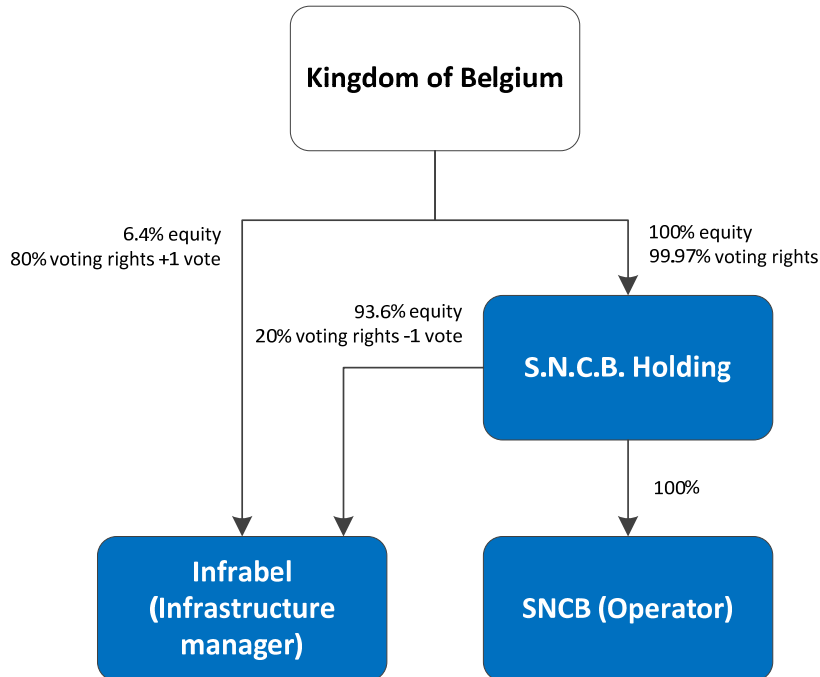
#### ***(a) Incorporation of the Issuer and 2005 restructuring***

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, Société Nationale des Chemins de fer Belges was transformed into a limited liability company 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 aimed at liberalising the European rail transport market, Société Nationale des Chemins de fer Belges was split into 3 different autonomous public enterprises:

- (i) S.N.C.B. Holding, an operational holding company which preserved 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 below chart outlines the structure of the Issuer and its affiliated companies Infrabel and SNCB as from 1 January 2005 until 31 December 2013 (at that time the Issuer was known as S.N.C.B. Holding).



(b) *Current structure resulting from the 2014 restructuring*

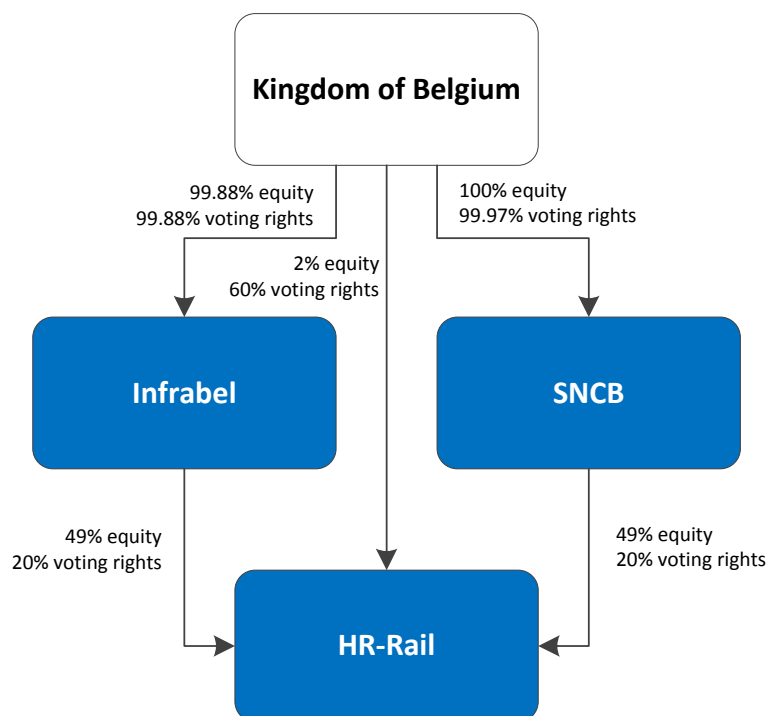
The Belgian federal government published a government statement (*regeringsverklaring/déclaration gouvernementale*) in December 2011. This statement announced the review of the then current structure of SNCB group, as set out under item (a) above (the "**Former Group**") aiming at an organisational simplification of the Former Group. After the completion of an organisational evaluation of the Former Group and an analysis of the financial flows between and within the entities of the Former Group by the Court of Auditors (*Rekenhof/Cour des Comptes*), the Former Group was 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.

With effect from 1 January 2014, the Former Group was reorganised into two entities directly owned by the Belgian state (the "**2014 Restructuring**"):

- (i) the Issuer, as railway operator, resulting from a merger between S.N.C.B. Holding and SNCB (S.N.C.B. Holding being the surviving entity renamed SNCB); and
- (ii) Infrabel, as infrastructure manager of the Belgian railways.

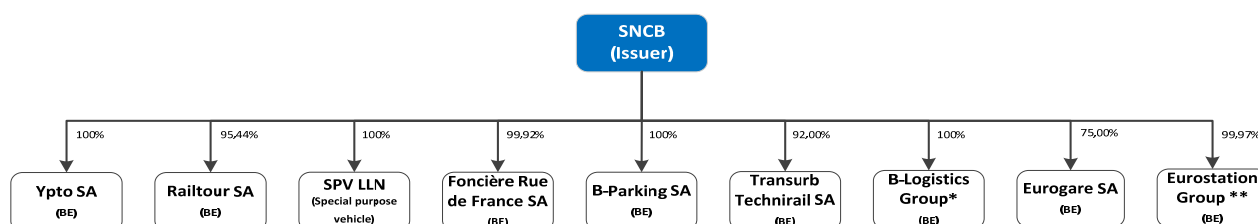
In addition, HR-Rail was established to act as sole employer of all personnel of the Issuer and Infrabel with effect from 1 January 2014. The Issuer and Infrabel each hold 49 per cent. of the share capital of, and 20 per cent. of the voting rights in, HR-Rail. The remaining 2 per cent. of the share capital and 60 per cent. of the voting rights in HR-Rail are held by the Kingdom of Belgium. Hence, HR-Rail does not qualify as a Subsidiary (as defined under "*Terms and Conditions of the Notes*" above) of the Issuer. Pursuant to article 72 of the law of 23 July 1926 relating to SNCB and the personnel of the Belgian railways (as amended on 1 January 2014), HR-Rail shall provide to the Issuer the personnel necessary to enable the Issuer to carry out its missions. Such personnel are subject to the sole employer's authority of the Issuer.

The below chart outlines the structure of the Issuer, Infrabel and HR-Rail as at 30 June 2014:



(c) *The Issuer's Subsidiaries as at 30 June 2014*

The below chart outlines the structure of the Issuer and its Subsidiaries (as defined under "Terms and Conditions of the Notes" above). The Issuer and its Subsidiaries together form the "SNCB Group".



\* *B-Logistics Group includes among others the following entities: TRW SA, Inter Ferry Boats SA, ETG SA and Xpedys SA*

\*\* *Eurostation Group includes among others the following entities: Euro Immo Star NV, SOHA NV, South Station SA, SOBRUG NV, SLP, SOFA NV, De Leewe II and ANNEIS NV.*

As at 30 June 2014, the Issuer accounted for more than 90 per cent. of the total assets of the SNCB Group. Although certain activities of the SNCB Group are operated through Subsidiaries of the Issuer, none of these Subsidiaries is susceptible of having a significant effect on the assessment of the Issuer's assets and liabilities, financial position or profits and losses.

At the date of this Information Memorandum, none of the Subsidiaries of the Issuer qualifies as a Material Subsidiary (as defined under "Terms and Conditions of the Notes" above).

#### **Capital, shareholding and voting rights in the Issuer**

On 30 June 2014, the Issuer's stated capital amounted to EUR 249,022,345.57 represented by 1,053,611,251 shares. The Kingdom of Belgium holds 100 per cent. of the share capital and 99.97 per cent. of the voting rights of the Issuer. The remaining voting rights (0.03 per cent.) are privately owned in the form of "actions de jouissance". 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 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 the 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. Based on the information available to the Issuer, at the date of this Information Memorandum there is no political intention to abolish or amend the Law of 1991.

#### ***Financial statements as at 30 June 2014***

It appears from the unaudited consolidated financial statements of the Issuer for the six-month period ending 30 June 2014, incorporated by reference in this Information Memorandum, that the net assets of the Issuer are negative.

Investors should note that the subsidies for investment received by the Issuer from the Belgian federal government are booked as debt in such financial statements. Further, it should be noted that almost all investments of the Issuer are financed by way of such subsidies (please refer to the section "*Issuer's investments*" below).

#### ***Current activities/public service mandates of the Issuer***

The Law of 1991, pursuant to which management contracts have been entered into between the Issuer and the Belgian federal government (see section "*The Management Contracts between the Issuer and the Belgian federal government*" below), defines the public service mandates to be performed by the Issuer. These public service mandates include:

- (i) domestic transportation of passengers by trains of the common service, including the reception of, and communication with, clients and domestic high speed railway transportation;
- (ii) cross-border transportation of passengers, i.e. the common railway transportation for the national section not covered by item (i) above, up to stations situated in neighbouring networks as defined in the Management Contracts (as defined below);
- (iii) acquisition, maintenance, management and financing of rolling stock for the public service mandates referred to under items (i) and (ii) above;
- (iv) tasks to be performed by the Issuer to satisfy the needs of the Belgian nation;
- (v) acquisition, design, building, renewal, maintenance and management of railway stations, unguarded stops and their accessories and direct surroundings;
- (vi) conservation of the historic railway heritage;
- (vii) security and guarding activities in the stations, unguarded stops, trains, on the tracks and other places constituting the railway domain open to the public ; and
- (viii) other public service mandates which the Issuer has been entrusted with by or pursuant to law.



In the first six months of 2014, the Issuer realised sales and services of EUR 633.6 million. In 2013, 232.5 million passengers were transported by the Issuer.

### ***The Management Contracts between the Issuer 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 S.N.C.B. Holding, Infrabel and SNCB (see "*The Issuer, its affiliated companies and Subsidiaries*" above), three management contracts have been concluded between the federal government and each of S.N.C.B. Holding, Infrabel and SNCB. Following the merger between S.N.C.B. Holding and SNCB on 1 January 2014, the individual management contracts between the Belgian federal government and each of S.N.C.B. Holding and SNCB have been transferred to the Issuer (these two management contracts being hereinafter together referred to as the "**Management Contracts**"). The Management Contracts confirm that the Issuer constitutes an essential element of the transport system in Belgium. The contracts require the Issuer 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 Issuer through the Management Contracts 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 Management Contracts determine (a) the obligations (including the public service mandates) to be performed by the Issuer and (b) the Belgian State subsidies the Issuer receives in return. These subsidies include:

- (i) subsidies for investments (amounting to EUR 580.7 million in 2014); and
- (ii) subsidies for operation of the Belgian railway network (amounting to EUR 1,132.6 million in 2014).

The current Management Contracts were both concluded on 29 June 2008 (i.e., prior to the merger of S.N.C.B. Holding and SNCB into the Issuer) between the Belgian federal government and each of S.N.C.B. Holding and SNCB, and were to end on 31 December 2012. The contracts were, however, extended on 14 December 2012 for an additional period of one year. They were extended a second time on 27 December 2013 until new Management Contracts are concluded.

In order to respond to a changed situation during the term of the Management Contracts, the Law of 1991 allows the publication of supplements to the contracts. These supplements are to be adopted by mutual agreement and intend to update the outdated articles of the original Management Contracts. To date, four supplements have been adopted by the Belgian federal government and the Issuer (then S.N.C.B. Holding and SNCB) on 21 August 2009, 26 October 2010, 10 January 2013 and 21 December 2013.

The August 2009 supplements mainly aim at adjusting the subsidies due by the Belgian State and provide for rate adjustments for train tickets. The October 2010 supplements primarily relate to the implications of IFRS on the subsidies received from the Belgian State, while the January 2013 supplements (i) add a number of provisions to the Management Contracts with a view to improving rail safety and (ii) provide for a number of budget reductions. Finally, the December 2013 supplements (i) aim at reducing the administrative burden resulting from some provisions of the Management Contracts and (ii) adjust the subsidies received by the Issuer from the Belgian State.

### ***Issuer's investments***

The Issuer and Infrabel developed a multi-annual investment plan for the period 2013-2025 worth EUR 26 billion, of which EUR 9.6 billion related to investments of the Issuer. The plan was agreed by the Belgian federal government in 2013, and foresees that investments are to be almost completely financed by the Belgian federal government by way of subsidies (up to an amount of EUR 25 billion, including the RER (*Réseau Express Régional*) funds – the remaining EUR 1 billion being financed through other means

including, but not limited to, own resources, EU subsidies, and special purpose vehicles (SPV)). The plan will be completed with additional funding from the Belgian regional governments.

The main investments to be made by the Issuer under the investment plan are:

- (i) investments in rolling stock (acquisitions, modernisations, maintenance) and workplaces for rolling stock (± EUR 4.4 billion);
- (ii) increasing safety of the Belgian railway network (± EUR 1.9 billion). The Issuer is implementing the advanced safety system "ETCS" on its rolling stock in the context of a plan called "safety master plan 2010-2025". This train safety system will become the European norm;
- (iii) investments in stations and parking (± EUR 2.4 billion);
- (iv) investments in tourist trains (ICT) (± EUR 0.3 billion);
- (v) investments in other buildings (± EUR 0.3 billion); and
- (vi) other investments (± EUR 0.3 billion).

The new Belgian federal government formed following the 2014 elections announced in October 2014 its priorities and financial constraints for the period 2015-2019. The financial framework set by the new Belgian federal government suggests that subsidies for both the Issuer and Infrabel will be reduced by an aggregate amount of EUR 2.1 billion for the period 2015-2019, starting with a decrease of EUR 188 million, representing a decrease of about 6 per cent. of the total subsidies in 2015 (such amount to be increased linearly up to EUR 663 million in 2019). For 2015, the reduction of subsidies (EUR 188 million) will be made almost entirely to the subsidies for investments received by the Issuer and Infrabel. As a consequence of the reduction in subsidies resulting from the Belgian federal government's financial framework, the Issuer's and Infrabel's investment plan for 2013-2025 will need to be reconsidered.

### ***Management structure of the Issuer***

Corporate governance is a major topic and demands the greatest attention and most transparent rules. As a public law company, the Issuer is firmly committed to taking responsibility for and improving the management and control of its activities.

In order to properly perform its obligations (including with respect to corporate governance), the Issuer is supported not only by its Board of Directors but also by two specialist committees (the Audit Committee and the Nomination and Remuneration Committee) as well as the Executive Committee. Further inspection bodies, such as the Strategic Enterprise Committee, the Government Commissioner and the Board of External 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 share capital and 99.97 per cent. of the voting rights in the Issuer, all current directors were appointed by the Belgian State.

The current members of the Board of Directors are:

<b>Name</b>	<b>Function</b>	<b>Term of mandate</b>
Jean-Claude Fontinoy	Chairman	14 October 2019
Jo Cornu	Chief Executive Officer	14 October 2019
Eddy Bruyninckx	Director	14 October 2019

<b>Name</b>	<b>Function</b>	<b>Term of mandate</b>
Luc Joris	Director	14 October 2019
Kris Lauwers	Director	14 October 2019
Valérie Leburton	Director	14 October 2019
Renaud Lorand	Director	14 October 2019
Saskia Schatteman	Director	14 October 2019
Dirk Sterckx	Director	14 October 2019
Valentine Delwart	Director	14 October 2019

## 2. **Executive Committee**

The Executive Committee generally meets on a weekly basis and is responsible for the day-to-day management of the Issuer 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 Chairman of the Executive Committee is the Chief Executive Officer (CEO) of the Issuer. The other members of the Executive Committee are appointed by the Board of Directors on proposal of the CEO and after consultation with the Nomination and Remuneration Committee (article 208 of the Law of 1991), with due regard to linguistic parity.

The current members of the Executive Committee are:

<b>Name</b>	<b>Position</b>
Jo Cornu	Chairman
Michel Allé	Business Director Finance
Vincent Bourlard	Business Director Stations
Etienne De Ganck	Business Director Transportation
Bart De Groote	Business Director Marketing & Sales
Richard Gayetot	Business Director Technics

## 3. **Audit Committee**

The Audit Committee performs the following tasks in order to assist the Board of Directors:

- (i) monitoring the reliability and completeness of the annual and quarterly accounts of the Issuer;
- (ii) examining the Issuer's financial information, inter alia the annual financial statements, cash position and financial policy and advising the Board of Directors on its findings;
- (iii) in cooperation with the Board of External Auditors and the head of "Internal Audit", evaluating, supervising and issuing an opinion on the internal control system of the Issuer and related recommendations and findings of the Board of External Auditors, as well as on the replies from the management;
- (iv) examining and approving the audit programme drawn up by the head of Internal Audit;
- (v) examining the conclusions and main recommendations laid down in the audit reports; monitoring follow-up of those recommendations as well as implementation by

management of actions agreed with Internal Audit; instructing Internal Audit to report significant failings and/or delays in the implementation of these recommendations to the Executive Committee;

- (vi) assessing the procedures for identifying, evaluating and managing financial, operational and other risks the Issuer is exposed to, ensuring the reliability and integrity of financial reporting regarding risk management;
- (vii) monitoring the coordination of Internal Audit's activities, assignments to external consultants by the management and assignments of the Board of External Auditors;
- (viii) approving the structure and budget of the Issuer's Internal Audit ;
- (ix) submitting a justified opinion to the Board of Directors on the appointment and replacement of the head of Internal Audit after consulting the Nomination and Remuneration Committee; monitoring independence and objectivity of internal and external auditors;
- (x) approving the Issuer's Internal Audit Charter and any subsequent revisions thereof;
- (xi) submitting a justified opinion to the Board of Directors on the appointment or reappointment of the Issuer's auditors as well as on their fees; and
- (xii) verifying and investigating any topic the Board of Directors may deem necessary.

The Audit Committee meets on a monthly basis or at the request of any of the Issuer's Chief Executive Officer, Chairman of the Board of Directors, the head of Internal Audit or the Chairman of the Board of External Auditors. The Chairman of the Audit Committee may further convene extraordinary meetings to enable the Audit Committee to perform its duties.

The Audit Committee is composed of four directors (other than the Chief Executive Officer) appointed by the Board of Directors with due regard to linguistic parity. 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 current members of the Audit Committee are:

<b>Name</b>	<b>Position</b>
Dirk Sterckx	Chairman
Valentine Delwart	Member
Kris Lauwers	Member
Renaud Lorand	Member

#### 4. **Nomination and Remuneration Committee**

The existence of the Nomination and Remuneration Committee is required by article 161ter of the Law of 1991. The committee meets whenever the interests of the Issuer so require. Its objectives include rendering advice on the applications suggested by the CEO in relation to appointment of members of the Executive Committee.

The Nomination and Remuneration Committee is composed of four directors, including the President of the Board of Directors (acting as President of the Nomination and Remuneration Committee) and the CEO of the Issuer. The Board of Directors appoints the other members of the Nomination and Remuneration Committee, with due regard to linguistic parity.

The current members of the Nomination and Remuneration Committee are:

<b>Name</b>	<b>Position</b>
Jean-Claude Fontinoy	President
Jo Cornu	Member
Luc Joris	Member
Eddy Bruyninck	Member

#### 5. **Strategic Enterprise Committee**

The Strategic Enterprise Committee was established pursuant to article 127 of the law of 23 July 1926 relating to SNCB and the personnel of the Belgian railways. The committee meets whenever decisions need to be taken by the Issuer on strategic matters for which the committee's prior advice or intervention is required pursuant to the law of 23 July 1926.

Pursuant to article 129 of the law of 23 July 1926, the committee has the following powers (non-exhaustive list):

- reviewing the economic and financial information relating to the Issuer;
- becoming acquainted with the evolution of employment within the Issuer, including monitoring compliance with the agreement on the provision of staff by HR Rail to the Issuer;
- suggesting members for the Issuer's College of External Auditors to the competent Minister;
- rendering advice prior to the conclusion and the amendment of the Issuer's Management Contract, and monitoring the implementation of such Management Contracts;
- rendering advice on envisaged measures capable of influencing employment in the short and medium-term;
- rendering advice on measures to be taken or implemented following decisions having a long-term impact on the overall strategy of the Issuer or its subsidiaries, on the process of mergers and acquisitions, on restructurings, on the overall personnel and investment policy, on the evolution of the annual budget and on the maintaining of the Issuer's competitive position;
- ensuring compliance with the Issuer's commitments resulting from human resources services contracts and, as the case may be, the agreement on the provision of staff mentioned above; and
- acting as works council within the Issuer in case of takeover or transfer of activities.

The Strategic Enterprise Committee is composed of eight representatives of the Issuer on the one hand and eight employee representatives ("delegation of the recognised bodies") on the other hand. The number of employee representatives at the Strategic Enterprise Committee cannot be lower than the number of the Issuer's representatives. The President of the committee is the Chief Executive Officer of the Issuer.

#### 6. **Government Commissioner**

Pursuant to the Law of 1991, the Issuer is subject to the supervision of the Minister whose portfolio includes the railways. This supervision is carried out by a Government Commissioner who is appointed and dismissed by the King upon recommendation of the Minister involved.

The Government Commissioner is invited to all meetings of the Board of Directors and of the Executive Committee and attends in a consultative capacity. The Government Commissioner also attends the meetings of the Audit Committee in a consultative capacity.

The Government Commissioner's mandate is to ensure the Issuer's compliance with law, with its articles of association and with the Management Contracts. He ensures that the Issuer's policy does not prejudice the implementation of public service missions.

The Government Commissioner reports to the Minister to whom it is responsible. The Government Commissioner reports to the Budget Minister on all decisions of the Board of Directors and of the Executive Committee that have an impact on the general spending budget of the Belgian federal government.

The Government Commissioner may, within a period of four working days, exercise a right of recourse to the competent Minister to oppose any decision of the Board of Directors or of the Executive Committee it considers to be in breach of law or of the Issuer's articles of association or Management Contracts, or that may prejudice the performance of the Issuer's public services. The Government Commissioner may, within the same period, exercise the same recourse against any decision to increase the fees payable for the use of the rail infrastructure. All such decisions are suspended while the recourse procedure is ongoing.

The current Government Commissioner is Olivier Vanderijst.

#### 7. **Board of External Auditors**

Article 25,§1 of the Law of 1991 specifies that the audit of the financial situation, of the annual accounts and of the correctness of the activities reflected in the annual accounts, has to be delegated to a Board of External Auditors constituted of four members. The members of the Board of External Auditors bear the title of Auditor.

Two of the Board of External Auditors' members are appointed by the Court of Audit (*Rekenhof/Cour des Comptes*) from among its members, and the two other members are appointed by the Issuer's shareholders' meeting from among the members of the Institute of Registered Auditors (*Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*).

The current members of the Board of External Auditors are:

<b>Name</b>	<b>Position</b>
Ria Verheyen	Chairman (Grant Thornton)
Michel de Fays	Member (Court of Audit)
Rudy Moens	Member (Court of Audit)
Philippe Gossart	Member (Mazars)

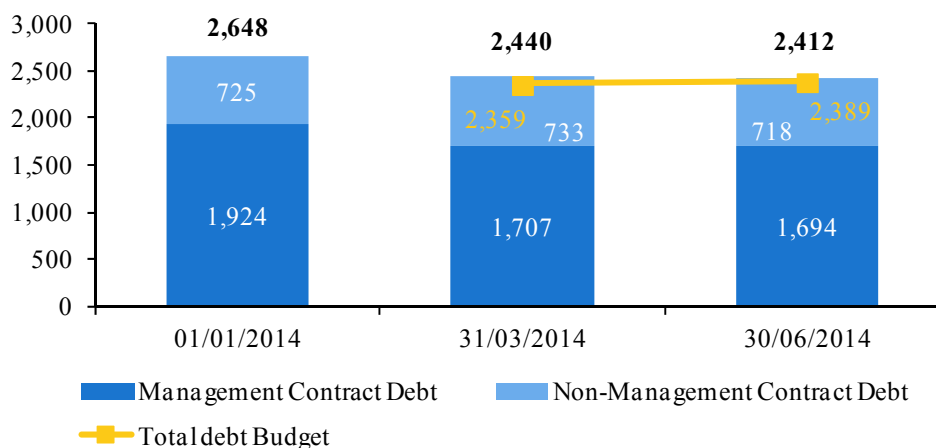
#### ***Funding, financing and investments***

The Issuer's long-term debt consists of private placements, loans, hire-purchase agreements and leasing transactions. For its short-term debt, the Issuer has access to committed credit lines for a total amount of EUR 425 million (expected to be reduced to EUR 375 million), non-committed credit lines for an amount of EUR 35 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 1,138 million. The Issuer is currently not making use, nor has at the date of this Information Memorandum the intention to make use, of its ability to call on such state guarantee.

Pursuant to the partial split of S.N.C.B. Holding into Infrabel with effect as of 1 January 2014, S.N.C.B. Holding has transferred a net financial debt of EUR 1.822 billion to Infrabel, leaving the Issuer with a net financial debt of EUR 2.648 billion on 1 January 2014. Such debt is composed of (i) debt other than 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 (ii) debt representing certain specific project financings ("**Non-Management Contract Debt**"). The Issuer's net financial debt of EUR 2.648 billion on 1 January 2014 has decreased to EUR 2.440 billion at 31 March 2014 and to EUR 2.412 billion at 30 June 2014.

The graph below sets out the evolution of the Issuer's debt from January 2014 to June 2014, distinguishing between Management Contract Debt and Non-Management Contract Debt.



#### ***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.

#### ***Litigation***

As at the date of this Information Memorandum, the Issuer is not aware of any important or potential court cases, arbitrations or proceedings before administrative authorities that could, either alone or when taken together, have a material adverse effect on the financial condition of the Issuer.

Without prejudice to the generality of the foregoing paragraph, the Issuer hereby specifically recalls the Buizingen train collision of 15 February 2010 which has received substantial media attention in the weeks preceding the date of this Information Memorandum.

- **Facts on the Buizingen train collision:** On 15 February 2010, a collision occurred between two passenger trains in the city of Buizingen, in the municipality of Halle (Belgium). 19 people died. There is no official statement about the cause of the accident. The Issuer was formally indicted by the Investigating Judge on 17 September 2014.
- **Legal status:** Court proceeding on the merits will likely be launched in 2015 once the Public Prosecutor has finalised his "*r equisitoire*". If the Issuer is held liable for the Buizingen accident, it will be liable to a fine and also have to hold the victims harmless for the damages suffered. The Issuer's potential civil liability would be covered by insurance (subject to a deductible of EUR 1.5 million). Provisions have been made in the Issuer's accounts to cover the risks associated with this litigation.

#### ***Recent developments, trends and prospects***

The new Belgian federal government formed following the 2014 elections announced in October 2014 its priorities and financial constraints for the period 2015-2019.

The government's key priorities in respect of the Issuer and Infrabel are (i) improving the service quality, in particular punctuality and communication with and information to the passengers, (ii) execution of security capex (ETCS) and (iii) finalisation of the infrastructure capex for the RER around Brussels.

The financial framework set by the new Belgian federal government implies a total reduction of subsidies for both the Issuer and Infrabel by an aggregate amount of EUR 2.1 billion for the period 2015-2019, starting with a decrease of EUR 188 million, representing a decrease of about 6 per cent. of the total subsidies in 2015 (such amount to be increased linearly up to EUR 663 million in 2019). For 2015, the reduction of subsidies (EUR 188 million) will be made almost entirely to the subsidies for investments received by the Issuer and Infrabel. Further, the government restated the objective of stabilising the debt of both the Issuer and Infrabel.

### III. REGULATION

#### Introduction

In order to further the free movement of goods, persons and services in Europe, the European Union decided to liberalise the railway sector in the early 1990s. The basis for the liberalisation is Directive 91/440/EEC, complemented later on by Directives 95/18/EC of 19 June 1995 on the licensing of railway operators ("**Directive 95/18/EC**") and Directive 95/19/EC of 19 June 1995 on the allocation of railway infrastructure capacity and the charging of infrastructure fees ("**Directive 95/19/EC**"). 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 regulatory developments (1990s)

##### *European legislation*

Directive 91/440/EEC entered into force on 1 January 1993 and states the following principles:

- the independence of the management of railway operators with regard to the Member States, so that railway operators can adapt their activities to the market needs;
- the separation between infrastructure management and transport operations with the separation of the accounts being compulsory and organisational and/or institutional separation being optional;
- the obligation for Member States to improve the financial situation of their publicly-owned railway operators;
- the introduction of the principle of charging a fee for the use of railway infrastructure; and
- limited access and transit rights for freight combined international transport on the one hand and for international groupings of railway operators for international rail traffic on the other hand.

Directive 95/18/EC and Directive 95/19/EC complement Directive 91/440/EEC. Under these Directives, in order to use the infrastructure, railway operators are required to:

- obtain a licence for a railway operator;
- obtain a safety certificate with criteria based on the nature of the activity, equipment, personnel etc.;
- acquire infrastructure capacities – in the form of train paths – to use the planned railway infrastructure; and
- pay a fee to the infrastructure manager for the use of the infrastructure.



### ***Transposition into Belgian law***

The Law of 1991 has transposed most structural provisions of the above-mentioned Directives by means of the following provisions:

- the status and operation (management autonomy) of SNCB were revised;
- SNCB 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 was made between activities consisting of the public service obligations and the commercial activities. A management contract was signed between the State and SNCB concerning the execution of the public service obligations. This contract contained a precise description of the public service tasks as well as the corresponding compensation.

The Royal Decrees of 5 February 1997 and 11 December 1998 relate to the access rights to the railway infrastructure, the railway licence, allocation of train paths and levy of charges 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 their principles and scope of application. The first Directive (Directive 2001/12/EC of 26 February 2001) amends Directive 91/440/EEC and constitutes a new step towards the liberalisation of freight transport. It anticipated the eventual liberalisation of international freight transport across the entire European network by 15 March 2008 at the latest. The second Directive (Directive 2001/13/EC of 26 February 2001) amends Directive 95/18/EC and gives a more general and European scope to the licence of railway operators.

The third Directive of the first railway package (Directive 2001/14/EC of 26 February 2001) introduces the following changes:

- it repeals Directive 95/19/EC; the changes primarily concern the process and method of non-discriminatory allocation of train paths (including the infrastructure charges) and awarding the safety certificate;
- it requires the infrastructure manager to draft a "network statement" containing information on the conditions for access to the infrastructure and specifications of the infrastructure;
- for the purpose of non-discriminatory access and use of the infrastructure, the Directive introduces the principle of "independence" of the essential functions. According to this principle, certain "essential functions" should be operated by a body that is sufficiently independent from railway operators in its legal form, organisation and decision-making. The essential functions are:
  - the preparation and decision-making related to the licensing of railway operators, including the granting of individual licences;
  - 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 determination of infrastructure charging;
  - the monitoring of public service obligations required in the provision of certain services; and

- it requires the creation of a regulatory body that is independent from the infrastructure managers, the railway operators and the charging and allocating authorities, if any.

### ***Transposition into Belgian law***

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

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

The "programme laws" of 22 December 2003 and 9 July 2004 (and a number of implementing decrees) contain the principles related to the long-term debt of the railway sector and its management, notably by means of setting up the FIF (*Fonds d'Infrastructure Ferroviaire*).

The "programme law" of 22 December 2003 further lays the foundation for creating an independent infrastructure manager, responsible for certain essential functions, such as capacity allocation and levying charges for the use of the infrastructure. The Issuer is also responsible for issuing certain technical and safety norms and rules.

The Royal Decree of 11 June 2004 provides for the creation of a regulatory body that is an administrative authority primarily in charge of supervising the non-discriminatory allocation of access to the railway infrastructure. The Regulatory Service for Railway Transport (RSRT) was designated as regulatory body by the Royal Decree of 25 October 2004.

In parallel, new regulatory texts were published which gave shape to the entities of the Former Group, in particular the Royal Decree of 14 June 2004 (giving shape to the Issuer) and the Royal Decree of 18 October 2004 (giving shape to SNCB and S.N.C.B. 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, (ii) to harmonise safety and technical rules for the sake of the common European market, and (iii) 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/EC amends existing regulations and provides railway operators with a right of access to all European railway networks for freight transport, be it international or domestic.

Directive 2004/49/EC relates to safety of the railways in the European Community. The objective of this Directive is to ensure the development, improvement and harmonisation of safety on the European railways. Pursuant to this Directive, infrastructure managers and railway operators in the Member States are required to 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/EC introduces the following changes into the regulatory framework:

- it amends the Directives of the first railway package by (i) giving momentum to harmonisation, and (ii) splitting the process of obtaining the safety certificate of the railway operators from the safety authority into two 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 the requirement for the infrastructure manager to acquire a safety certificate from the safety authority of the Member State where it is located so as to manage and

operate a railway infrastructure in all safety: this safety authority is independent from the railway operators and from the infrastructure manager; and

- a national investigative body shall be established, which shall be independent and responsible for investigating accidents relating to the operation of the railway infrastructure.

Directive 2004/50/EC amends Directive 2001/16/EC on the interoperability of the trans-European conventional rail system and Directive 1996/48/EC on the interoperability of the trans-European high speed rail system and high-speed transport, by enlarging their scope (that is, by enlarging the scope of European technical harmonisation) and by clarifying a series of provisions with regard to the development of the Technical Specifications for Interoperability ("TSIs"). As a result the various elements of the railway system (such as signalling, telematic applications, noise problems, personnel, etc.) are directly subject to European technical norms (the TSIs) rather than to national diverging laws.

Regulation 881/2004 establishes the "European Rail Agency" ("ERA") which is to become the supranational authority with regard to safety and interoperability of the European railway infrastructure. The ERA however has no authority to adopt legal standards (mainly TSIs), but rather provides recommendations to the European Commission, which then sets out rules in both the safety and interoperability areas (after due consultation in a committee with the representatives of the Member States).

#### ***Transposition into Belgian law***

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

- in accordance with Directive 2004/51/EC, since 1 January 2007, freight transport on the Belgian network has been entirely open to every railway operator located in the European Union;
- the licence of the railway operators, granted by the competent Minister, is made valid for the whole territory of the EU; and
- certain services should be provided by the railway operators; 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 states the basic principles for the safety of railway operations. Notably, it determines 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 consists of two Directives and a Regulation. Directive 2007/58/EC amends Directive 91/440/EEC. It provides railway operators with a right of access to the railway network for international rail passenger services, including cabotage, by 1 January 2010. Directive 2007/59/EC (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 was only targeted at train drivers, but in the 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 obligations on railway operators towards customers. The Regulation obliges Member States to designate one or more bodies responsible for its enforcement. Such bodies must be independent from the infrastructure manager, charging body, allocating body and railway operators.

### ***Transposition into Belgian law***

Regulation 1371/2007 has been directly applicable in Belgium since 3 December 2009 (Belgian law only provides for penalties in case of infringement). Directive 2007/58/EC and Directive 2007/59/EC were 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 implements Directive 2007/59/EC with respect to the certification of train drivers, as well as Directive 2008/110/EC. The two other laws dated 26 January 2010 provide for an appeal procedure before the Brussels Court of Appeals against the decisions of the RSIS and the Regulatory Service for Railway Transport (RSRT, being the regulatory body).

#### **5. Interoperability of the railway system**

The Belgian legislator further approved a law that partially transposes Directive 2008/57/EC relating to the interoperability of the railway system within the European Community. This Directive aims at codification, fusion and revision of the various Directives on interoperability of the railways (notably, the Directive on the trans-European conventional rail system and the Directive on the trans-European high speed rail system) in order to facilitate mutual acceptance of the rolling stock on the networks (and thus to accelerate the transition to new standards) as well as introducing measures to facilitate cross-border operations on the existing network.

Additionally, Directive 2008/57/EC provides for an authorisation procedure for the "placing in service" of new or existing rolling stock.

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 made public and electronically accessible.

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 legislator approved another Regulation that entails fundamental changes to the legal framework by determining how contracts relating to public services in the railway sector are to be granted. This Regulation introduces new rules for the content of public service contracts (duration, calculation of State allowances, etc.) and establishes provisions 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 obligations, it shall do so in the framework of a public service contract and, as a rule, with a prior public tender procedure among various operators. Compensation paid to the selected operator must be limited (overcompensation could be qualified as illegitimate State aid). There are however significant exceptions to the rules of this Regulation, including the following:

- a competent local authority may decide to offer public passenger transport services itself, without contracting with a third party;
- a competent local authority is allowed to directly award public service contracts to a legally distinct entity over which it exercises control similar to that exercised over its own departments (direct award is thus allowed in case of in-house contracts); and

- a competent local authority is allowed 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 operators (2008/C 184/07)**

With respect to State aid in the railway sector, Regulation 1370/2007 revokes Regulation 1107/70 on the granting of aid for transport by rail, by road and on inland waterway. This means that transport over land, which used to be subject to specific regulation, is now only subject to the general State aid rules in the Treaty on the Functioning of the European Union ("TFEU"). In order to facilitate the application of the State aid rules in the TFEU to the specific case of land transport, the Commission formulated guidelines concerning the application of State aid law to railway operators. These guidelines are not binding, but indicate how the Commission will evaluate State aid to railway operators. The objectives of these guidelines are to:

- provide policy guidelines about compatibility with the TFEU of State aid granted to railway operators;
- 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 to railway operators and to public authorities in charge of granting State aid, where necessary.

8. **Adoption of Directive 2012/34, which recasts Directive 91/440, Directive 95/18 and Directive 2001/14**

Directive 2012/34 recasts and codifies Directive 91/440, Directive 95/18 and Directive 2001/14 in order to simplify the railway legislation. It also clarifies and improves the former provisions of those Directives. The main provisions are:

- improvement of the provisions related to "ancillary" or "complementary" services in order to better enable railway operators to have access to them on a non-discriminatory basis (on the basis of the "essential facilities" theory). The Directive also enlarges the scope of those services (e.g. to locations for ticketing services in passenger stations);
- enlargement of the scope of the so-called "applicants" entitled to apply for train paths. Not only railway operators but every person with a commercial interest may henceforth apply (and designate a railway operator to use the train path where the applicant is not itself a railway operator); and
- enlargement of the competences of the regulatory bodies (e.g. to the 'ancillary' or "complementary" services).

Directive 2012/34 must be implemented by Member States by 16 June 2015.

9. **The Commission's proposal of a Fourth Railway Package (2013)**

*Proposal for European legislation*

In January 2013, the Commission proposed six legislative initiatives to the Council and the European Parliament, and provided them with several reports. These documents constitute the "**Fourth Railway Package**". The Fourth Railway Package is currently under discussion.

The Fourth Railway Package aims to improve the quality of passenger rail services and to reduce fragmentation of the internal market in passenger rail services. The new rules seek to ensure that all railway operators have access to rail infrastructure, to give new operators more opportunities

to compete for public service contracts and to harmonise safety certification and vehicle authorisation procedures in order to cut costs and save time.

The Fourth Railway Package focuses on four key areas:

- ***EU-wide approvals***: to save time and money for railway operators, trains and rolling stock should be built and certified once to run everywhere in Europe. There should be one safety certificate for companies so they can operate EU-wide;
- ***A structure that works***: to ensure the rail network is run in an efficient and non-discriminatory manner, the Commission suggests strengthening infrastructure managers and splitting the functions of railway infrastructure (i.e., managing the tracks) and transport operations (i.e., running the trains);
- ***More access to the railway***: to encourage innovation and efficiency, the Commission suggests opening up domestic passenger railways to new entrants and services; and
- ***A skilled workforce***: a vibrant rail sector depends on a skilled and motivated workforce. The Fourth Railway Package ensures that Member States can go further to protect staff when public service contracts are transferred.

The following areas of the Fourth Railway Package would be of particular importance to the Issuer as a railway operator:

(a) *Award of public service contracts*

The Fourth Railway Package seeks to give new railway operators more opportunities to compete for public service contracts.

Under the Commission's proposed new legislation on awarding public service contracts for passenger rail services, Member States would set out in their public transportation plans efficiency criteria for passenger rail services such as punctuality, cost-efficiency, frequency of services, customer satisfaction and the quality of rolling stock. Public service contracts should be proportionate to the goals set out in such transportation plans and should leave scope for market-based solutions.

Under the proposed new legislation, Member States could award public service contracts for rail passenger transport directly in order to meet the goals set out in their public transportation plan, but only if the Member States can demonstrate that their efficiency criteria as set out in their public transportation plan can be met by awarding public service contracts directly. If these criteria are not met in respect of an awarded public service contract, the Member States' regulatory body could oblige the national competent authority to award the contract through competitive tendering. Under the proposed new legislation, national competent authorities should be able to organise competitive tenders for public service contracts by 2022.

During the transition period until 2022, the following principles would apply:

- Reciprocity conditions would apply, meaning that railway operators from Member States where competitive tendering rules are not (yet) in place could be barred from entering markets in other Member States.
- Public service contracts awarded directly in the transition period before 2022 that are not in compliance with the proposed new legislation would expire 10 years after the entry into force of the proposed new legislation.
- As a general rule, all railway operators should have access to all rail infrastructure. However, to avoid "cherry picking" of more profitable rail infrastructure lines, access to routes covered by public service contracts may be limited if a regulatory body decides, on the basis of an economic analysis, that open access to such routes would reduce the viability of the public service. Further, in cases where Member States opt for competitive tendering for public

service contracts, Member States could block open access for all railway operators.

(b) *Easier access for new railway operators*

To ensure that new entrants and smaller railway operators are able to fulfil public service contracts, the proposed new legislation would set a minimum number of public service contracts to be awarded per Member State. Such number would be based on national market volume of rail passenger transport under public service contracts.

To save time and cut costs related to vehicle authorisations and safety certification of railway operators, the ERA would be responsible, after a four-year transition period, for authorising vehicles to be placed on the market and for issuing a single European safety certificate to all railway operators. Such European certification would, however, not apply to "isolated networks" (being the Baltic States). A clear division of tasks between the ERA and national safety authorities during the transition period would be established. Although the ERA could delegate specific tasks and responsibilities to national safety authorities on the basis of contractual agreements, it would nevertheless have to take the final decision in all authorisation procedures.

The Commission's proposal for a Fourth Railway Package is currently under discussion at the European level. At the date of this Information Memorandum, the proposal has not yet been approved by the European Parliament.

10. **Compliance with railway packages**

To the knowledge of the Issuer there is no infringement procedure running against the Belgian Government for non-execution of any railway package. However, there are currently two procedures pending that could eventually result in an infringement procedure against the Belgian Government for not fulfilling the obligation of implementation of the above-mentioned Directives:

- the first procedure relates to the implementation of article 16, §1 of Directive 2004/49/EC regulating the independence of the safety authority; and
- the second procedure relates to the implementation of article 6, §3 of Directive 2012/34/EU establishing a single European railway area and article 6, §1 of Regulation 1370/2007 on public passenger transport services by rail and by road. The European Commission formally requested Belgium to be fully transparent on the use of public funds for rail transport services, as required by Directive 2012/34/EU. According to the Commission, with the current lack of transparency, it cannot be excluded that public funds paid as public service obligations for passenger transport services are used to cross-subsidise other transport services. This conflicts with existing EU rules, which aim at establishing an efficient, non-distorted and competitive EU internal market for rail, with a level playing field for all transport service providers. In the absence of a satisfactory response by the Belgian Government, the Commission may refer Belgium to the Court of Justice of the European Union.

## 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 Belgium 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 payments by or on behalf of the Issuer of interest on the Notes are in principle subject to the 25 per cent. Belgian withholding tax on the gross amount of the interest. 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) non-residents of Belgium 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; and
- 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 25 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, however, 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, i.e., who are subject to the Belgian personal income tax (*Personenbelasting/Impôt des personnes physiques*) and who hold the Notes as a private investment, payment of the 25 per cent. withholding tax fully discharges them from their personal income tax liability with respect to these interest payments (*précompte mobilier libératoire/bevrijdende roerende voorheffing*). This means that they do not have to declare the interest obtained on the Notes in their personal income tax return, provided withholding tax was levied on these interest payments.

Belgian resident individuals may nevertheless elect to declare the interest in their personal income tax return. Where the beneficiary opts to declare them, interest payments will normally be taxed at the interest withholding tax rate of 25 per cent. (or, if it is lower, at the progressive personal tax rates taking into account the taxpayer's other declared income). If the interest payment is declared, the withholding tax retained by the NBB may be credited.

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 (partially)

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 corporate 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 general 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 (*Rechtspersonenbelasting/Impôt des personnes morales*) which do not qualify as Eligible Investors (as defined in the section "*Belgian Withholding Tax*") are subject to a withholding tax of 25 per cent. on interest payments. The withholding tax constitutes the final taxation.

Belgian legal entities which qualify as Eligible Investors and which consequently have received gross interest income are required to declare and pay the 25 per cent. withholding tax to the Belgian tax authorities.

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

#### *Organisations for financing pensions*

Interest and capital gains derived by Organisations for Financing Pensions as defined in the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision, are in principle subject to Belgian corporate income tax, but have a limited taxable base. Capital losses are in principle not tax deductible. Any Belgian withholding tax that has been levied can, in general, be credited against any corporate income tax due and any excess amount is in principle 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, 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.

### **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 by each party to any such transaction, i.e. the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary.

At the date of this Information Memorandum, a new federal government agreement has been reached by Michel I, but the measures are still to be transformed into Belgian law. As regards the tax on stock exchange transactions, certain modifications have been announced as regards transactions with shares and other instruments.

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, however, that 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 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 or collected by such person for, an individual resident in that other Member State or to certain limited types of entity established in that other Member State Territory (the "**Disclosure of Information Method**"). However, for a transitional period, Austria and Luxembourg may instead apply (unless during that period they elect otherwise) a withholding system (the "**Source Tax**") in relation to such payments deducting tax at rates rising over time to 35.0 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

A number of non-EU countries and territories including Switzerland have adopted similar measures with effect from the same date.

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 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 an Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

Investors who are in any doubt as to their position should consult their professional advisors.

#### *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, however, that* it reaches a minimum of Euro 2.5.

#### *The proposed financial transactions tax*

On 14 February 2013, the European Commission published a proposal for a Directive for a common FTT in the participating Member States.

The proposed FTT has very broad scope. If introduced in the form proposed on 14 February 2013, it could apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the 14 February 2013 proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including: (a) by transacting with a person established in a participating Member State; or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. Additional EU Member States may decide to participate, although certain other Member States have expressed strong objections to the proposal. The FTT proposal may therefore be altered prior to any implementation, the timing of which remains unclear. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

### ***U.S. Foreign Account Tax Compliance Withholding***

In certain circumstances payments made on or with respect to the Notes after 31 December 2016 may be subject to U.S. withholding tax under sections 1471 through 1474 of the U.S. Internal Revenue Code (including an agreement described under section 1471(b)), an intergovernmental agreement or laws relating to the foregoing (collectively, commonly referred to as "**FATCA**"). As a general matter, the FATCA rules are designed to require U.S. Persons' direct and indirect ownership of non-U.S. accounts and non-U.S. entities to be reported to the U.S. Internal Revenue Service (the "**IRS**"). The 30 per cent. withholding tax regime applies if there is a failure to provide required information regarding U.S. ownership or otherwise establish an exemption from the withholding. This withholding does not apply to payments on Notes that are issued prior to 1 July 2014 (or, if later, the date that is six months after the date on which the final regulations that define "foreign passthru payments" are published) unless the Notes are "materially modified" after that date or are characterised as equity for U.S. federal income tax purposes.

Belgium is currently negotiating an Intergovernmental Agreement ("**IGA**") with the IRS for the implementation of FATCA which would limit the FATCA withholding tax on payments from U.S. source made to non-participating financial institutions.

Whilst the Notes are in dematerialised form and represented by a book entry in the records of the NBS-SSS, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer or any paying agent, given that each of the entities in the payment chain between the Issuer and the participants in the NBB-SSS is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The Issuer's obligations under the Notes are discharged once it has paid the NBS-SSS and therefore, the Issuer does not have any responsibility for any amount thereafter transmitted through the hands of the NBS-SSS and custodians or intermediaries.

**FATCA is particularly complex and its application to the Issuer or the Notes issued is uncertain at this time. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them.**

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of BNP Paribas, Belfius Bank, ING Bank N.V., Belgian Branch, J.P. Morgan Securities plc, 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 18 November 2014 (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.

### Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**FIEA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other relevant laws and regulations of Japan.

### Kingdom of 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, as amended, on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets.

### United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent 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.

### **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 represented and agreed and each further Dealer appointed under the Programme will be required to represent and 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 unless the dealer makes the offer or sale pursuant to an exemption from registration under the Securities Act.

### **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 18 July 2014. 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. Save as disclosed in this Information Memorandum, 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 taken as a whole.

### Significant/Material Change

3. Save as disclosed in this Information Memorandum, since 30 June 2014 there has been no material adverse change in the prospects of the Issuer or the Issuer and its Subsidiaries taken as a whole nor has there been any significant change in the financial or trading position of the Issuer or the Issuer and its Subsidiaries taken as a whole.

### Auditors

4. The consolidated financial statements of the Issuer for the six month period ending 30 June 2014 have not been audited nor reviewed by Mazars and Grant Thornton.

### Documents on Display

5. Copies of the following documents may be inspected during normal business hours at the offices of the Issuer at Rue de France 56, 1060 Brussels, Belgium for 12 months from the date of this Information Memorandum:
  - (a) the constitutive documents of the Issuer;
  - (b) the financial information incorporated by reference into this Information Memorandum;
  - (c) the Domiciliary Agency Agreement; and
  - (d) the Clearing Services Agreement.
6. The Issuer's annual report for the financial year ending 31 December 2014, as well as any subsequent financial statements, will be made available on the Issuer's website ([www.belgianrail.be](http://www.belgianrail.be)). Except for the financial information incorporated by reference into this Information Memorandum, the Issuer does not publish interim financial statements.

### Clearing of the Notes

7. 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

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

### **Dealers transacting with the Issuer**

9. Certain of the Dealers and their affiliates, including parent companies, have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistently with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purpose of this paragraph the term "affiliates" includes also parent companies.



**REGISTERED OFFICE OF THE ISSUER**

**SOCIÉTÉ NATIONALE DES CHEMINS DE FER BELGES SA *de droit public* / NATIONALE  
MAATSCHAPPIJ DER BELGISCHE SPOORWEGEN NV *van publiek recht***

Rue de France 56  
1060 Brussels  
Belgium

**ARRANGER**

**BNP Paribas**  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**DEALERS**

**BNP Paribas**  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Belfius Bank**  
Boulevard Pechéco 44  
1000 Brussels  
Belgium

**ING Bank N.V., Belgian Branch**  
Avenue Marnixlaan 24  
B – 1000 Brussels  
Belgium

**J.P. Morgan Securities plc**  
25 Bank Street  
Canary Wharf  
London EC1A 5JP  
United Kingdom

**Société Générale**  
29 Boulevard Haussmann  
75009 Paris  
France

**DOMICILIARY AGENT**

**ING Belgium NV/SA**  
Avenue Marnixlaan 24  
B – 1000 Brussels  
Belgium

**LEGAL ADVISERS**

*To the Issuer as to Belgian law*

**Freshfields Bruckhaus Deringer LLP**  
Bastion Tower  
Place du Champ du Mars / Marsveldplein 5  
B – 1050 Brussels  
Belgium

*To the Arranger and Dealers as to English law*

*To the Arranger and Dealers as to Belgian law*

**Clifford Chance LLP**  
10 Upper Bank Street  
London E14 5JJ  
United Kingdom

**Clifford Chance LLP**  
Avenue Louise 65, box 2  
1050 Brussels  
Belgium

**LISTING AGENT**

**ING Belgium NV/SA**  
Avenue Marnixlaan 24  
B – 1000 Brussels

Belgium

**AUDITORS TO THE ISSUER**

**Mazars Réviseurs d'Entreprises SCRL civile**

Marcel Thirylaan 77  
B – 1200 Brussels  
Belgium

**Grant Thornton Bedrijfsrevisoren SCRL**

Avenue de la Métrologie 10  
1130 Brussels  
Belgium