

## OFFERING CIRCULAR



# Communauté française de Belgique

€ 1,500,000,000

## Euro Medium Term Note Programme

Under the Euro Medium Term Note Programme described in this Offering Circular (the “**Programme**”), Communauté française de Belgique (the “**Issuer**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the “**Notes**”). The aggregate nominal amount of Notes outstanding will not at any time exceed € 1,500,000,000 (or the equivalent in other currencies).

Application has been made to list Notes issued under the Programme on the Luxembourg Stock Exchange. In relation to Notes listed on the Luxembourg Stock Exchange, this Offering Circular is valid for a period of one year from the date hereof. However, unlisted Notes may be issued pursuant to the Programme. The relevant Pricing Supplement (a form of which is contained herein) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Luxembourg Stock Exchange (or any other stock exchange).

The Notes will be in dematerialised form and will not be exchangeable for bearer notes (whether in global or definitive form) or registered notes. They will be cleared through the clearing system operated by the National Bank of Belgium (the “**NBB**”) (the “**X/N Clearing System**”) or any successor thereto pursuant to the law of 6 August 1993 on transactions on certain transferable securities (*loi relative aux opérations sur certaines valeurs mobilières* (the “**1993 Law**”)). Euroclear Bank S.A./N.V. as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) maintain accounts in the X/N Clearing System. The clearing of Notes through the X/N Clearing System must receive the prior approval of the NBB.

Moody's Investors Service has assigned Aa1 long-term and Prime-1 short term ratings to the Issuer. Notes issued under the Programme may be rated or unrated. When an issue of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Issuer. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

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

### Arrangers for the Programme

**Deutsche Bank**

**Dexia Capital Markets**

### Dealers

**Deutsche Bank**

**DEPFA BANK**

**Fortis Bank**

**HSBC CCF**

**Dexia Capital Markets**

**CBC Banque SA – KBC Bank NV**

**CALYON Corporate and Investment Bank**

The date of this Offering Circular is 15 March 2005

This Offering Circular replaces and supersedes the Offering Circular dated 15 December 2003

The Issuer having made all reasonable enquiries confirms that this Offering Circular contains all information with respect to the Issuer and the Notes that is material in the context of the issue and offering of the Notes, the statements contained in it relating to the Issuer and the Notes are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this Offering Circular with regard to the Issuer are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts in relation to the Issuer or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Circular misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. The issuer accepts responsibility accordingly.

Without prejudice to the preceding paragraph, the Issuer accepts responsibility towards interested parties for the losses which may occur as an immediate and direct result of the absence or inaccuracy of any disclosure required to be made in their Offering Circular pursuant to Article 5 of the Belgian law of 22 July 1991 on treasury notes and certificates of deposit (*loi relative aux billets de trésorerie et aux certificats de dépôt*, hereinafter the “1991 Law”). This Offering Circular includes the “prospectus” referred to in Article 5 of the 1991 Law.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Co-Arrangers (as defined in “Summary of the Programme”). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of 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 Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Dealers and the Co-Arrangers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States. Subject to certain exceptions, Notes may not be offered or sold within the United States.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes.

The Co-Arrangers and the Dealers have not separately verified the information contained in this Offering Circular. None of the Dealers or the Co-Arrangers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. Neither this Offering Circular nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Co-Arrangers or the Dealers that any recipient of this Offering Circular or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Co-Arrangers undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to

advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Co-Arrangers.

In connection with any Tranche (as defined in “Summary of the Programme”), one of the Dealers will act as a stabilising agent (the “Stabilising Agent”). The identity of the Stabilising Agent will be disclosed in the relevant Pricing Supplement. References in the next paragraph to “the issue of any Tranche” are to each Tranche in relation to which a Stabilisation Agent is appointed.

In connection with the issue of any Tranche, the Stabilising Agent or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Agent or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to “euro”, “EUR” and “€” are to the lawful currency of the member states of the European Union that adopt the single currency introduced in accordance with the Treaty establishing the European Union, as amended by the Treaty on European Union and as amended by the Treaty of Amsterdam, to “U.S. dollars”, “U.S.\$”, “\$” are to the currency of the United States of America and to “pound sterling”, “GBP”, “Sterling” and “£” are to the currency of the United Kingdom.

## DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with any amendments or supplements to this Offering Circular, each relevant Pricing Supplement and the *budget* of the Issuer from time to time which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents. All documents incorporated by reference in this Offering Circular may be obtained, free of charge, at the offices of each Paying Agent set out at the end of this Offering Circular during normal business hours so long as any of the Notes are outstanding.

## SUPPLEMENTAL OFFERING CIRCULAR

The Issuer has given an undertaking to the Luxembourg Stock Exchange and to the Dealers that if at any time during the duration of the Programme there is a significant change affecting any matter contained in this Offering Circular (including the “Terms and Conditions of the Notes”) whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Offering Circular, for the purpose of making an informed assessment of the assets and liabilities, financial position and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall prepare an amendment or supplement to this Offering Circular or publish a replacement Offering Circular for use in connection with any subsequent offering of Notes and shall supply to each Dealer and to the Luxembourg Stock Exchange such number of copies of such amendment or supplement hereto as such Dealer and the Luxembourg Stock Exchange may reasonably request. All documents prepared in connection with the listing of the Programme will be available at the specified office of the Paying Agent in Luxembourg.

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## SUMMARY OF THE PROGRAMME

*The following summary is qualified in its entirety by the remainder of this Offering Circular. The Notes will be issued on such terms as shall be agreed between the Issuer and the relevant Dealer(s) and, unless specified to the contrary in the relevant Pricing Supplement, will be subject to the Terms and Conditions set out on pages 11 to 26.*

<b>Issuer:</b>	Communauté française de Belgique
<b>Description:</b>	Euro Medium Term Note Programme
<b>Programme Limit:</b>	Up to € 1,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
<b>Co-Arrangers:</b>	Deutsche Bank AG, London Branch. Dexia Banque Internationale à Luxembourg, <i>société anonyme</i> acting under the name of Dexia Capital Markets
<b>Dealers:</b>	Deutsche Bank AG, London Branch, Dexia Capital Markets, DEPFA BANK plc, CBC Banque SA – KBC Bank NV, Fortis Bank nv-sa, CALYON and CCF.  The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to “ <b>Permanent Dealers</b> ” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to “ <b>Dealers</b> ” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.  At the date of this Offering Circular, may only be Dealers: (i) Belgian credit institutions or Belgian investment firms duly licensed by the Belgian Banking, Finance and Insurance Commission (the “ <b>BFIC</b> ”) to underwrite bond issues in Belgium, (ii) credit institutions or investment firms incorporated in another Member State of the European Union which are duly licensed by the relevant authority of their Member State to underwrite bond issues and are authorised to conduct such services in Belgium either through a branch or an establishment or on a cross border basis (after the relevant authority of their Member State has notified the BFIC of their intention), or (iii) certain credit institutions or investment firms that are not incorporated in a Member State of the European Union, provided certain conditions are met (including a notification in advance to the BFIC).
<b>Paying Agent:</b>	Dexia Banque Internationale à Luxembourg, <i>société anonyme</i>
<b>Domiciliary Agent:</b>	Dexia Bank Belgium SA
<b>Method of Issue:</b>	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “ <b>Series</b> ”)

having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement to this Offering Circular (a "**Pricing Supplement**").

**Issue Price:**

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

**Form of Notes:**

The Notes will be issued in the form of dematerialised notes (*billets de trésorerie*) under the 1991 Law. They will be represented by book entries in the records of the X/N Clearing System or of an approved account holder, within the meaning of article 3 of the law of 2 January 1991 on the market for public debt securities and monetary policy instruments (*loi relative au marché des titres de la dette publique et aux instruments de la politique monétaire*) (an "**Approved Account Holder**"). The Noteholders will not be entitled to exchange the Notes into definitive notes in bearer or registered form.

**Clearing Systems:**

X/N Clearing System and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Paying Agent and the relevant Dealer.

Euroclear and Clearstream, Luxembourg maintain accounts with the X/N Clearing System.

**Initial Delivery of Notes:**

Subject to the rules imposed by the X/N Clearing System Regulations, the Notes denominated in euro will be created in the account of the Domiciliary Agent with the X/N Clearing System. An amount thereof, as previously notified to the Domiciliary Agent by those dealers who are participants in the X/N Clearing System and elect to receive their Notes in such system (the "**NBB Notes**") will be transferred on the same day from the Domiciliary Agent's account with the X/N Clearing System to the account of the relevant Dealers with the X/N Clearing system, on a "delivery *versus* payment" basis (i.e. against payment by the relevant Dealers of the corresponding subscription funds into the account of the Domiciliary Agent with the X/N Clearing System). The remaining Notes (the "**International Notes**") will be transferred on the same day from the Domiciliary Agent's account with the X/N Clearing System to the account held by the Dealers with Euroclear and/or Clearstream, Luxembourg, on a "delivery *versus*

payment" basis (i.e. against payment by the Dealers of the corresponding subscription funds into the account of the Domiciliary Agent with the X/N Clearing System).

The Notes denominated in a currency other than euro will be created in the account of the Domiciliary Agent in the X/N Clearing System. Under current X/N Clearing System Regulations, they cannot be transferred to Dealers in the X/N Clearing System. They will be transferred on the same day, free of payment, to Euroclear's and/or Clearstream, Luxembourg's account with the X/N Clearing System. On the basis of this transfer, Euroclear and/or Clearstream, Luxembourg will credit the Notes to the account held by the Domiciliary Agent with Euroclear and/or Clearstream, Luxembourg. The Notes will be transferred from the Domiciliary Agent's account at Euroclear and/or Clearstream, Luxembourg to the account held by the Dealers with Euroclear and/or Clearstream, Luxembourg in accordance with the current Euroclear or Clearstream, Luxembourg procedures, on a "delivery *versus* payment" basis (i.e. against payment by the Dealers in Euroclear and/or Clearstream, Luxembourg of the corresponding subscription funds into the account of the Domiciliary Agent with Euroclear and/or Clearstream, Luxembourg).

**Currencies:**

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.

The X/N Clearing System exclusively clears securities denominated in the currency of a member state of the Organisation for Economic Co-operation and Development.

**Maturities:**

Subject to compliance with all relevant laws, regulations and directives, any maturity between one month and 30 years.

**Denomination:**

Notes will have a denomination of one unit of the currency in which they are denominated. Notes may be traded in any nominal amount equal or in excess of €250,000 (or its equivalent in other currencies). Notes having a maturity of less than one year from the date of issue and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies).

**Fixed Rate Notes:**

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.

**Floating Rate Notes:**

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions, as published by the

International Swaps and Derivatives Association, Inc. or

- (ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin.

Interest periods will be specified in the relevant Pricing Supplement.

**Zero Coupon Notes:**

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

**Dual Currency Notes:**

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Pricing Supplement.

**Dual Currency Notes will not be issued for so long as they may not be cleared through the X/N clearing system.**

**Index Linked Notes:**

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement.

**Index Linked Notes will not be issued for so long as they may not be cleared through the X/N clearing system.**

**Interest Periods and Interest Rates:**

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement. Day count fractions in respect of Notes denominated in euro are computed, and interest payment dates in respect of all Notes are set, in accordance with the rules applicable to the X/N Clearing System.

**Redemption Amount:**

The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

**Redemption by Instalments:**

The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes



may be redeemed.

<b>Other Notes:</b>	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, Partly Paid Notes and any other type of Note that the Issuer, and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement.
<b>Optional Redemption:</b>	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders, and if so the terms applicable to such redemption.
<b>Status of Notes:</b>	The Notes will constitute unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and will at all times rank <i>pari passu</i> and without any preference among themselves and equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.
<b>Negative Pledge:</b>	See “Terms and Conditions of the Notes - Negative Pledge”.
<b>Cross Default:</b>	See “Terms and Conditions of the Notes - Events of Default”.
<b>Rating:</b>	Moody's Investors Service has assigned Aa1 long-term and Prime-1 short term ratings to Communauté française de Belgique. Notes issued under the Programme may be rated or unrated. When an issue of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Issuer. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.
<b>Early Redemption:</b>	Except as provided in “Optional Redemption” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See “Terms and Conditions of the Notes - Redemption, Purchase and Options”.
<b>Redenomination:</b>	Notes issued in the currency of any member state of the EU which will participate in the single currency of the European Economic and Monetary Union may be redenominated into euro, all as more fully provided in the relevant Pricing Supplement, pursuant to the “Terms and Conditions of the Notes – Form, Denomination, Title and Redenomination”.
<b>Consolidation:</b>	Notes of one Series may be consolidated with Notes of another Series as more fully provided in “Terms and Conditions of the Notes– Further Issues and Consolidation”.
<b>Withholding Tax:</b>	Belgian withholding tax will be applicable to the Notes at the rate of 15 per cent, subject to such relief as may be available under applicable tax treaty or domestic provisions. However all payment by or on behalf of the Issuer of principal and interest on the Notes may be made without deduction of Belgian withholding tax for Notes held by certain eligible

investors in an exempt securities account with the X/N Clearing System or with a participant or sub-participant in such system. See further "Belgian Taxation".

**Governing Law:**

Belgian law.

**Listing:**

Application has been made to list Notes issued under the Programme on the Luxembourg Stock Exchange or as otherwise specified in the relevant Pricing Supplement. As specified in the relevant Pricing Supplement, a Series of Notes may be unlisted.

**Selling Restrictions:**

There are restrictions on the sale of Notes and the distribution of offering material in various jurisdictions. In connection with the offering and the sale of a particular Tranche, additional selling restrictions may be imposed which will be set out in the relevant Pricing Supplement. See "Subscription and Sale".

The Issuer is Category 1 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.

The TEFRA rules do not apply to the Notes.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes. The text of the Terms and Conditions will not be endorsed on physical documents of title but will be constituted by the following text as completed, amended or varied by the relevant Pricing Supplement. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are issued by Communauté française de Belgique (the “**Issuer**”) pursuant to an amended and restated agency agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 15 March 2005 between the Issuer, Dexia Banque Internationale à Luxembourg, *société anonyme* as listing and paying agent and Dexia Bank Belgium SA as domiciliary agent and calculation agent and a clearing services agreement (as amended, supplemented or novated as at the Issue Date, the “**Clearing Services Agreement**”) dated 15 December 2003 between the Issuer, the National Bank of Belgium and Dexia Bank Belgium SA as domiciliary agent. The paying agent, the domiciliary agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Paying Agent**”, the “**Domiciliary Agent**” and the “**Calculation Agent(s)**”. The Noteholders (as defined below) are deemed to have notice of all of the provisions of the Agency Agreement and of the Clearing Agency Agreement applicable to them.

References herein to “**Conditions**” are, unless the context otherwise requires, to the numbered paragraphs below.

Copies of the Agency Agreement and of the Clearing Agency Agreement are available for inspection at the specified offices of the Domiciliary Agent and of the Paying Agent.

### 1. Form, Denomination and Title and Redenomination

The Notes are Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Index Linked Interest Notes, Index Linked Redemption Notes, Instalment Notes, Dual Currency Notes or Partly Paid Notes, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown in the relevant Pricing Supplement.

- (a) **Form:** The Notes are issued in dematerialised form and are treasury notes (*billets de trésorerie*) governed by the Belgian law of 2 January 1991 on the market for public debt securities, and monetary policy instruments (*loi relative au marché des titres de la dette publique et aux investissements de la politique monétaire*), the Belgian law of 22 July 1991 on treasury notes and certificates of deposit (*loi relative aux billets de trésorerie et aux certificats de dépôt*) and the Belgian Royal Decree of 14 October 1991 on the same subject, all as amended from time to time. The Notes are accepted for clearance through the clearing system operated by the National Bank of Belgium (the “**NBB**”) or any successor thereto (the “**X/N Clearing System**”), and are accordingly subject to the applicable clearing regulations, including the Belgian law of 6 August 1993 on transactions in certain securities (*loi relative aux opérations sur certaines valeurs mobilières*), its implementing Belgian Royal Decrees of 26 May 1994 and 14 June 1994 and the rules of the clearing (*règlement du clearing*) and its annexes, as issued or modified by the NBB from time to time (the laws, decrees and rules mentioned in this Condition being referred to herein as the “**X/N Clearing System Regulations**”). The Noteholders will not be entitled to exchange the Notes into definitive notes in bearer or registered form.
- (b) **Denomination:** Notes will have a denomination of one unit of the currency in which they are denominated. Under the current X/N Clearing System Regulations, Notes may be traded in any nominal amount equal or in excess of € 250,000 (or its equivalent in other currencies). Notes having a maturity of less than one year from the date of issue and in respect of which the issue proceeds are to

be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies).

- (c) **Title:** Title to the Notes is evidenced by book entries in the holder's securities account with the NBB or with an approved account holder within the meaning of the Belgian law of 2 January 1991 referred to above (each, an "**Approved Account Holder**"). The person who is for the time being shown in the records of the X/N Clearing System or of an Approved Account Holder as the holder of a particular nominal amount of Notes shall for all purposes be treated by the Issuer and the Domiciliary Agent as the holder of such nominal amount of Notes, and the expressions "**Noteholders**" and "**holders of Notes**" and related expressions shall be construed accordingly.
- (d) **Redenomination:** The Issuer may (if so specified in the relevant Pricing Supplement) without the consent of the holder of any Note, by giving at least 30 days' notice in accordance with Condition 12, redenominate into euro all, but not some only, of the Notes of any Series on or after the date on which the European Member State in whose national currency the Notes are denominated has become a participating member state in the European Economic and Monetary Unions (as provided in the Treaty establishing the European Community, as amended from time to time, all as more fully provided in the relevant Pricing Supplement. The date on which such redenomination becomes effective shall be referred to in these Conditions as the "**Redenomination Date**").

## 2. Status

The Notes constitute unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and will at all times rank *pari passu* and without any preference among themselves and equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.

## 3. Negative Pledge

- (a) **Restriction:** So long as any of the Notes remains outstanding (as defined in the Agency Agreement):
  - (i) the Issuer shall not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**Security**") upon the whole or any part of its assets or revenues present or future to secure any Relevant Debt (as defined below), or any guarantee of or indemnity in respect of any Relevant Debt
  - (ii) the Issuer shall procure that no other person creates or permits to subsist any Security upon the whole or any part of the undertaking, assets or revenues present or future of that other person to secure any of the Issuer's Relevant Debt, or any guarantee of or indemnity in respect of any of the Issuer's Relevant Debt and
  - (iii) the Issuer shall procure that no other person gives any guarantee of, or indemnity in respect of, any Relevant Debt of the Issuer
    - unless, at the same time or prior thereto, the Issuer's obligations under the Notes (A) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (B) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by a Resolution (as defined in Condition 10) of the Noteholders.
- (b) **Relevant Debt:** for the purposes of this Condition, "**Relevant Debt**" means any present or future indebtedness or borrowed money in the form of, or represented by, bonds, notes, debentures, loan stock or other securities that are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, automated trading system, over-the-counter or other securities market.

#### 4. Interest and other Calculations

- (a) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Business Day**” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or
- (ii) in the case of euro, a day on which the X/N Clearing System and the TARGET system are operating (a “**TARGET Business Day**”) and/or
- (iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the “**Calculation Period**”):

- (i) if “**Actual/365**” or “**Actual/Actual - ISDA**” is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that 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)
- (ii) if “**Actual/365 (Fixed)**” is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 365
- (iii) if “**Actual/360**” is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 360
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month))
- (v) if “**30E/360**” or “**Eurobond Basis**” is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month) and
- (vi) if “**Actual/Actual-ISMA**” is specified in the relevant Pricing Supplement,
  - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

- (b) if the Calculation Period is longer than one Determination Period, the sum of:
- (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
  - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date and

“**Determination Date**” means the date specified as such in the relevant Pricing Supplement or, if none is so specified, the Interest Payment Date

“**Effective Date**” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the relevant Pricing Supplement or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date

“**Interest Amount**” means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified in the relevant Pricing Supplement

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Pricing Supplement or, if none is so specified, (i) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the first day of such Interest Accrual Period if the Specified Currency is Sterling

“**Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified in the relevant Pricing Supplement

“**ISDA Definitions**” means the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Pricing Supplement

“**Page**” means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters Markets 3000 (“**Reuters**”) and Telerate (“**Telerate**”) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate

“**Rate of Interest**” means the rate of interest payable from time to time in respect of the Notes and that is either specified or calculated in accordance with the provisions contained in the relevant Pricing Supplement

“**Reference Banks**” means the institutions specified as such in the relevant Pricing Supplement or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark (which, if EURIBOR is the relevant Benchmark, shall be the Euro-zone)

“**Relevant Date**” means, in respect of any Note, the date on which payment in respect of it first became due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made.

“**Relevant Financial Centre**” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such in the relevant Pricing Supplement or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR, shall be the Euro-zone) or, if none is so connected, London

“**Relevant Rate**” means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date

“**Relevant Time**” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Pricing Supplement or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre and for this purpose “local time” means, with respect to Europe and the Euro-zone as a Relevant Financial Centre, 11.00 hours, Brussels Time

“**Representative Amount**” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such in the relevant Pricing Supplement or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time

“**Specified Currency**” means the currency specified as such in the relevant Pricing Supplement or, if none is specified, the currency in which the Notes are denominated

“**Specified Duration**” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified in the relevant Pricing Supplement or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 4(c)(ii).

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

- (b) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified in the relevant Pricing Supplement, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Pricing Supplement.

(c) **Interest on Floating Rate Notes and Index Linked Interest Notes:**

- (i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the relevant Pricing Supplement as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Pricing Supplement, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Pricing Supplement as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Pricing Supplement and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Pricing Supplement.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the relevant Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified in the relevant Pricing Supplement
- (y) the Designated Maturity is a period specified in the relevant Pricing Supplement and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Pricing Supplement.



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

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

(x) if the Primary Source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:

(I) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity) or

(II) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date

(y) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (x)(I) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (x)(II) applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is euro, in the Euro-zone as selected by the Calculation Agent (the “**Principal Financial Centre**”) are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

- (iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Pricing Supplement and interest will accrue by reference to an Index or Formula as specified in the relevant Pricing Supplement.
- (d) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)(i)).
- (e) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the relevant Pricing Supplement.
- (f) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the relevant Pricing Supplement.
- (g) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date.
- (h) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding:**
- (i) If any Margin or Rate Multiplier is specified in the relevant Pricing Supplement (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph
- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Pricing Supplement, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “**unit**” means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.
- (i) **Calculations:** The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in

respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

- (j) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** As soon as practicable after the Relevant Time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, or any Instalment Amount to be notified to the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. If the Notes are listed on the Luxembourg stock exchange, the aggregate nominal amount, if any, outstanding on Notes after an early redemption pursuant to Condition 5(b) shall be communicated to the Luxembourg stock exchange. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.
- (k) **Calculation Agent and Reference Banks:** The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the relevant Pricing Supplement and for so long as any Note is outstanding (as defined in the Agency Agreement). If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## 5. Redemption, Purchase and Options

### (a) Redemption by Instalments and Final Redemption:

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 5 or the relevant Instalment Date (being one of the dates so specified in the relevant Pricing Supplement) is postponed pursuant to any Issuer's or Noteholder's option in accordance with Condition 5(d) or 5(e), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Pricing Supplement. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is postponed pursuant to any Issuer's or Noteholder's option in accordance with Condition 5(d) or 5(e), each Note shall be finally redeemed on the Maturity Date specified in the relevant Pricing Supplement at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

### (b) Early Redemption:

- (i) Zero Coupon Notes:
  - (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Pricing Supplement.
  - (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as specified in the relevant Pricing Supplement) (which, if none is shown in the relevant Pricing Supplement, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
  - (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date (as defined in Condition 4(a)). The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(d).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the relevant Pricing Supplement.

- (ii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount unless otherwise specified in the relevant Pricing Supplement.
- (c) **Redemption for Taxation Reasons**: The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified in the relevant Pricing Supplement, at any time, 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 (as described in Condition 5(b) above) (together with interest accrued to the date fixed for redemption), if
- (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of Belgium or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Domiciliary Agent a certificate signed by the Minister of Finance (or a duly authorised delegate) of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.
- (d) **Redemption at the Option of the Issuer and Exercise of Issuer's Options**: If Call Option is specified in the relevant Pricing Supplement, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the relevant Pricing Supplement) redeem, or exercise any Issuer's option (as may be described in the relevant Pricing Supplement) in relation to, all or, if so provided, some, of the Notes on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed specified in the relevant Pricing Supplement and no greater than the maximum nominal amount to be redeemed specified in the relevant Pricing Supplement.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option, the Notes to be redeemed will be selected individually by lot and in accordance with the X/N Clearing System Regulations, not more than 30 days prior to the date fixed for redemption.

So long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in Luxembourg a notice specifying the aggregate nominal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered.

- (e) **Redemption at the Option of Noteholders and Exercise of Noteholders' Options**: If Put Option is specified in the relevant Pricing Supplement, the Issuer shall, at the option of the holder of any such

Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Pricing Supplement) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option or any other Noteholders' option that may be set out in the relevant Pricing Supplement (which must be exercised on an Option Exercise Date) the holder must transfer such Note to the securities account of the Domiciliary Agent designated in the relevant Pricing Supplement within the notice period, and deposit with the Domiciliary Agent or with the Paying Agent a duly completed and signed option exercise notice (the "**Exercise Notice**") in the form obtainable from the Domiciliary Agent or from the Paying Agent in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

No Note so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (f) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified in the relevant Pricing Supplement.
- (g) **Purchases:** The Issuer may at any time purchase Notes in the open market or otherwise at any price.
- (h) **Cancellation:** All Notes purchased by or on behalf of the Issuer will forthwith be cancelled. Any Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

## 6. Payments

- (a) **Payments in euro:** All payments in euro of principal or interest owing under the Notes shall be made through the Domiciliary Agent and the X/N Clearing System in accordance with the X/N Clearing System Regulations and the Clearing Services Agreement..
- (b) **Payment in other currencies:** All payments in any currency other than euro of principal or interest owing under the Notes shall be made through the Domiciliary Agent and Euroclear and /or Clearstream, Luxembourg (in accordance with the rules thereof, and in accordance with the X/N Clearing System Regulations and the Clearing Services Agreements).
- (c) **Payment subject to fiscal laws:** All payments in respect of the Notes will be subject in all cases to any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions of Condition 7. No commissions or expenses shall be charged by the Domiciliary Agent to the Noteholders in respect of such payments.
- (d) **Appointment of Agents:** The Domiciliary Agent, the Paying Agent and the Calculation Agent(s) act solely as agent of the Issuer and do not assume any obligations towards or relationship of agency with any of the Noteholders.

The Issuer reserves the right at any time to vary or terminate the appointment of the Domiciliary Agent the Paying Agent and the Calculation Agent(s), provided however, that the Issuer shall at all times maintain a Domiciliary Agent in the X/N Clearing System, one or more calculation Agent(s) where the Conditions so require, a Paying Agent in Luxembourg so long as the Notes are listed on the Luxembourg Stock Exchange, and such other agents as may be required by any other stock exchange on which the Notes may be listed.

Notice of any such change shall promptly be given to the Noteholders in accordance with Condition 12.

- (e) **Non-Business Days:** If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in

respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” in the relevant Pricing Supplement and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

## 7. Taxation

All payments of principal and interest by or on behalf of the Issuer and/or by a clearing system and/or a participant in a clearing system in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Belgium or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders 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 with respect to any Note:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with Belgium other than the mere holding of the Note or
- (b) **Payment to non Eligible Investors:** to, or to a third party on behalf of, a holder who on the date of acquisition of such Note, was not an Eligible Investor or who was an Eligible Investor on the date of acquisition of such Note but, for reasons within the Noteholder’s control, ceased to be an Eligible Investor; or
- (c) **Payment to individuals:** 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 taxation of savings income or any other European Union Directive, Regulation, Decision or other Act implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law or other form of legislation implementing or complying with, or introduced in order to conform to, such Directive, Regulation, Decision or other Act or
- (d) **Payment by another financial institution:** held by or on behalf of a holder who would have been able to avoid such withholding or deduction by holding the relevant Note in a securities account with another financial institution in a Member State of the European Union.

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

## 8. Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the date on which such payment first becomes due.

## 9. Events of Default

If any of the following events (“**Events of Default**”) occurs, the holder of any Note may give written notice to the Issuer at the specified office of the Domiciliary Agent or of the Paying Agent, that such Note is

immediately repayable, whereupon the Early Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable:

- (a) **Non-Payment:** default is made for more than 14 days (in the case of interest) or 7 days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes or
- (b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations under the Notes which default is incapable of remedy or is not remedied within 30 days after notice of such default shall have been given to the Issuer at the specified office of the Domiciliary Agent or of the Paying Agent by any Noteholder or
- (c) **Cross-Default:** (i) any other present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds € 25,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the euro as quoted by any leading bank on the day on which this paragraph operates) or
- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer and is not discharged or stayed within 90 days or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) or
- (f) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) 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 the Notes, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes admissible in evidence in the courts of Belgium is not taken, fulfilled or done or
- (g) **Moratorium:** the Issuer declares a general moratorium on the payment of its indebtedness or
- (h) **Existence:** the Issuer ceases to exist prior to the repayment in full of the Notes or the payment in full of all sums due under the Notes or
- (i) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any or more of its obligations under any of the Notes.

#### 10. Meeting of Noteholders and Modifications

- (a) **Meetings of Noteholders:** The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 % of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the number of Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment



of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 %, or at any adjourned meeting not less than 25 % of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

In this Condition, “**Extraordinary Resolution**” means a resolution passed at a meeting duly convened and held in accordance with the terms set out in the Agency Agreement by a majority of at least 75 per cent of the votes cast.

- (b) **Modification of Agency Agreement:** The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement and/or the Clearing Services Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

## 11. Further Issues and Consolidation

- (a) **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 (so that, for the avoidance of doubt, references in the conditions of such notes to “Issue Date” shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.
- (b) **Consolidation:** The Issuer may, from time to time on any Interest Payment Date occurring on or after the Redenomination Date on giving not less than 30 days’ prior notice to the Noteholders in accordance with Condition 12, without the consent of the Noteholders, consolidate the Notes of one Series with the Notes of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in euro, provided such other Notes have been redenominated in euro (if not originally denominated in euro) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

## 12. Notices

Notices to Noteholders shall be valid if published in a newspaper in an official language of the country of publication customarily published at least once a day for at least five days on each calendar week and of general circulation in Europe (which is expected to be the *Financial Times*) and in Belgium (which are expected to be the *Tijd* and the *Écho*) and so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange on which the Notes are for the time being listed. Any such notice shall be

deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same with the Domiciliary Agent or the Paying Agent.

### 13. Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer, as the case may be, to the extent of the amount in the currency of payment under the relevant Note that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

### 14. Governing Law, Jurisdiction, Waiver of immunity, Direct Rights

- (a) **Governing Law:** The Notes are governed by, and shall be construed in accordance with, Belgian law.
- (b) **Jurisdiction:** The courts of Belgium are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and, accordingly, any legal action or proceedings arising out of or in connection with the Notes ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.
- (c) **Waiver of immunity:** The Issuer hereby irrevocably and unconditionally to the fullest extent possible waives with respect to the Notes, any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents, to the fullest extent possible, to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any suit, action or proceeding, provided however that the properties of the Issuer may not be subject to any compulsory enforcement unless these properties are manifestly of no use to the performance of the public service duties of the Issuer or for the continuity of any public service.
- (d) **Direct Rights:** To the extent necessary, the Issuer grants to each Noteholder such rights against the Issuer provided for in Article 24 of the law of 15 July 1998 modifying various legal provisions on financial instruments and clearing systems (*loi modifiant diverses dispositions légales en matière d'instruments financiers et de systèmes de compensation de titres*), irrespective whether such article has entered into force.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes will be used to finance the Issuer's activities unless otherwise specified in the relevant Pricing Supplement.

## DESCRIPTION OF THE ISSUER

### General

The Communauté française de Belgique (“CFB”) is an entity of the Belgian Federal State. The Federal State consists, in addition to the federal level, of three Communities (French, Flemish and German) and three Regions (Wallonia, Flanders and Brussels). Each entity has its own constitutionally protected powers and legislative and executive institutions, except that the Flemish Community and the Flemish Region largely merged their respective institutions.

CFB’s main mission is to organise education, cultural matters and certain social matters. Its revenues (excluding new borrowings) in 2003 were € 6,467 million and expenditures (excluding debt repayment) amounted to € 6,493 million.

### Powers

CFB’s powers extend to persons and institutions established in Wallonia (excluding the German-speaking districts thereof) and to certain French-language institutions in the bilingual (French/Dutch) Brussels Region. It services an estimated 4 million of Belgium’s approximately 10 million population.

The powers of CFB are determined by the Belgian Constitution and the law on institutional reform of 8 August 1980, as amended (the “**Institutional Reform Law**”), and comprise the entire educational system (excluding pensions), culture (including *inter alia* fine arts, performing arts, radio and television, and sports), the use of languages and certain social affairs (including youth aid, early childhood, promotion of health, and social aid to prisoners). For the various matters for which it is responsible, CFB is also competent for national and international co-operation, and scientific research.

In 1993, CFB transferred the exercise of some of its powers to the Walloon Region and the Community Commission of the Brussels- Region ("Commission communautaire française de la Région de Bruxelles-Capitale"). This transfer mainly concerned school buildings, sports infrastructure, tourism, professional training and social promotion, as well as health policy and welfare aid.

### Political Institutions

The parliament of CFB is a unicameral assembly with 94 members of which 75 are the elected members of the Walloon Region parliament and 19 are French-speaking elected members from the Brussels Region parliament. It exercises the legislative powers of CFB by way of decrees that have the force of law and votes on the budget and the accounts of CFB.

The government of CFB currently has 6 members and is politically accountable to parliament. It is entrusted with executive authority and implements the decrees adopted by the parliament. The current government is a coalition of the *Parti Socialiste* and the *Centre démocrate humaniste*, which together control 62.4% of the seats in parliament.

### Financing

#### *Legal Framework*

The financing of CFB is governed by the law of 16 January 1989, which was amended in 1993 and 2001 (the “**Financing Law**”).

Pursuant to the Financing Law the budget of CFB is financed through non-fiscal revenues, allocations from the Federal State of certain national tax collections (derived from the value added tax ("VAT") and the income tax for physical persons ("IPP"), a compensating allocation for the radio and television tax ("RTT"), allocations for the financing of foreign university students and borrowings.

CFB has no authority to levy taxes.

The Financing Law, as well as the Institutional Reform Law, can only be amended through a legislative process requiring a two-third majority in each federal assembly (Chamber and Senate) and a majority of votes in each language group within these assemblies.

#### Overview

The following chart shows important financial indicators for 2002 and 2003, structured as generally agreed by the financial community.

<b>Euro millions</b>	<b>2003 realised</b>	<b>%</b>	<b>2002 realised</b>	<b>%</b>
<b>REVENUES</b>				
Taxes	0	0.0	0	0.0
Regional taxes (Radio & TV)	0	0.0	0	0.0
Intergovernmental revenues	6,326	97.8	6,177	98.0
Other	141	2.2	128	2.0
<b>Total revenues<sup>1</sup></b>	<b>6,467</b>	<b>100.0</b>	<b>6,305</b>	<b>100.0</b>
of which : Operating	6,460	99.9	6,305	100.0
Capital	7	0.1	0	0.0
<b>EXPENDITURES</b>				
Administration <sup>2</sup>	289	4.5	303	4.7
Education	4,684	72.1	4,672	73.0
Transfers	357	5.5	387	6.0
Other general expenses	746	11.5	728	11.4
Interest expenses	141	2.2	136	2.1
Other	277	4.3	177	2.8
<b>Total expenses<sup>3</sup></b>	<b>6,493</b>	<b>100</b>	<b>6,401</b>	<b>100.0</b>
of which: Operating	6,418	98.8	6,397	99.9
Capital	75	1.2	5	0.1
<b>FINANCING DEFICIT/SURPLUS</b>	<b>-26</b>		<b>-96</b>	

<sup>1</sup> Excludes new borrowings

<sup>2</sup> Include administration costs and the ministry staff costs

<sup>3</sup> Excludes debt repayment

Transfers from the Federal Government represent 98% of the overall resources of CFB. The Federal Government is responsible for the collection of the national taxes which finance these transfers.

Borrowings (7.07% of revenues in 2003) are contracted in order to finance the gross balance of the budget (i.e. net balance and repayment of the debt). CFB's debt position is described in more detail under "The Debt of the Issuer" below.

#### *Transfers from the Federal Government*

##### (a) **General**

The main transfers by the Federal Government to CFB are based on allocations of collections of VAT (in 2003, 68% of CFB's overall revenue) and IPP (in 2003, 25% of CFB's overall revenue).

The transfer amounts are calculated on the basis of provisional allocations integrating several parameters and made available to CFB by way of advances in twelve equal instalments at the start of each month. In case the transfer amounts are not or not fully paid on the monthly due date, CFB is entitled to borrow the amounts due by the Federal Government from a pre-agreed credit institution. Such borrowings benefit from the guarantee of the Federal State. At the end of each year differences based on final amounts for the parameters are calculated and settled between CFB and the Federal Government.

As a result of an amendment to the Financing Law in 2001 which purported to provide additional revenues to the three Communities (the so-called "**Saint-Polycarpe Agreement**"), the allocation mechanisms from VAT have been revised as from 2002. The incremental financing for CFB resulting from the Saint-Polycarpe Agreement is estimated at €4 billion, spread over the 2002-2010 period. This estimate is based on certain assumptions set out, and is elaborated upon, in the "*exposé général*", available on [www.budget.cfwb.be/index.asp](http://www.budget.cfwb.be/index.asp)

In addition, the Federal Government allocates a compensatory grant for RTT (4% of CFB's overall revenue in 2003) and co-finances the education of foreign university students (0.9% of CFB's overall revenue in 2003) through transfers to CFB.

##### (b) **Allocation of VAT Collections**

The amount of VAT collections that are allocated to the Communities is annually adjusted to inflation (by reference to the consumer price index) and further corrected to take into account the demographic evolution. This overall adjusted amount is shared between CFB and the Flemish Community on the basis of the actual number of pupils and students in their respective education systems (which in 2003 resulted in an allocation of 43.06% to CFB and 57.94% to the Flemish Community).

As a result of the Saint-Polycarpe Agreement, the aggregate allocation to the Communities will in the period 2002-2012 be increased annually and cumulatively with the following amounts: €198,314,819.82 (2002), €148,736,114.86 (2003), €148,736,114.86 (2004), €371,840,287.16 (2005), €123,946,762.39 (2006) and €24,789,352.48 (each year from 2007 until, and including, 2011). In addition, the amount for both Communities together will be increased through adjustment to 91% of real national GDP growth as from 2007.

The additional financing resulting from the Saint-Polycarpe Agreement will be shared between CFB and the Flemish Community partly pro rata the actual number of pupils and students in each of the respective Communities' education systems and partly pro rata the amount of actual IPP collections in each of the respective Communities. The part of the additional financing allocated on the basis of number of students was in 2003 60% but will until 2009 annually decrease by 5% and thereafter by 10%, such that as from 2012 the entire additional financing will be allocated pro rata the IPP collections in each of the Communities.

This calculation resulted for 2003 in an allocation of €4,410.1 million to CFB.

**(c) Allocation of IPP Collections**

The collections of IPP to be allocated to the CFB are adapted to inflation and real national GDP growth on the following basis. With respect to each of CFB and the Flemish Community, the amounts allocated to each of them in the previous budget year are first adjusted to inflation (by reference to the consumer price index) and real national GDP growth relating to the budget year concerned. An additional increase of 0,25% may apply to these amounts in 2005 in order to guarantee a certain minimum average real GDP growth factor of 2% over the period 1993-2005. These amounts are subsequently added up and the sum is expressed as a percentage of the total collections of IPP collected in both Communities. The amount of IPP allocated to each Community is the result of applying that percentage to the amount of IPP actually collected in the Community and budget year concerned.

This calculation resulted for 2003 in an allocation of € 1,604 million to CFB.

**(d) Compensatory grant for RTT**

Until 2002 the RTT was a tax levied by each of the Communities and benefited their respective public radio and television networks. From 2002 the RTT has become a national tax. CFB instead receives an annual compensatory grant calculated as a lump sum (equal to the average of RTT collections in the 1999-2001 period) which is adjusted for inflation by reference to the general consumer price index.

This calculation resulted for 2003 in an allocation of € 257.5 million to CFB.

**(e) Allocation for the financing of foreign university students**

The amount of this allocation is only annually adjusted to inflation (by reference to the consumer price index).

This calculation resulted for 2003 in an allocation of € 59.3 million to CFB.

*Reserve Funds*

Following the Saint-Polycarpe Agreement, CFB's parliament adopted legislation creating two reserve funds respectively named "Squirrel Fund" and "Fund for the balancing of budgets and debt reduction".

The Squirrel Fund aims at building up, and managing, the financial reserves from anticipated budget surpluses in order to cover, fully or partially, any potential temporary (cyclical) falls in its institutional revenue base and unforeseeable risks and tasks as well as to finance new policy initiatives. The relevant decree requires replenishment of the Fund following pay-outs by the Fund.

The Debt Reduction Fund has been set up with a view to achieve a gradual reduction of CFB's debt. According to the decree setting up the Fund, the following amounts will be allocated to the Fund, by priority over any other budget items : €17,5 million (in 2005), €25 million (in 2006), €50 million (in 2007), €75million (in 2008), €100 million (in 2009 and in 2010).

**Expenditures**

Education, research and training together represent about 75% of CFB's overall expenses in 2003. A significant part of the education budget (80%) is devoted to the payment of teaching staff salaries.

The expenditure relating to culture and social affairs (about 12% in 2003) essentially consists of grants or subsidies to various institutions entrusted with the implementation of these matters, such as RTBF (the French-language public radio and television network) and the child care institution ONE ("*Office de la Naissance et de l'Enfance*").

The amounts transferred to the Walloon Region and to the French Community Commission for Brussels (4.9% in 2003) correspond to payments owed by CFB to these entities following the transfer to these entities of the exercise of certain powers of CFB in 1993.

The item “General Services” (4.64% in 2003) covers the operating costs of CFB’s institutions and central administration.

Overall, personnel costs (relating to teachers and civil servants) represented in 2003 around 60 % of the total expenditure of CFB.

Interest expenses accounted for 2.2% of overall expenses.

## **Recent Developments**

The preparation of the initial 2004 Budget has taken place in a context of economic growth stability. Therefore the government of CFB evaluated the national GDP growth rate to 2.1% and the inflation rate to 1.4%.

In December 2004 the Budget has been adjusted to take into consideration the changes in the economic parameters. In this context, the national GDP growth rate has been fixed at 2.3% and the inflation rate at 2.1%, which figures are in line with the forecasts of *The Bureau du Plan* as updated in October 2004.

As a result an increased percentage of the institutional income has been dedicated to the Squirrel Fund (*i.e.*, 2004: 0.2284% - 2003: 0.0667%), which aims is to cover any potential temporary (cyclical) falls of CFB’s institutional revenue base and unforeseeable risks and tasks as well as to finance new policy initiatives.

Long term debt position of CFB remained stable in 2004.

Those developments confirm the intention of CFB to respect its financial commitments.



## DEBT OF THE ISSUER

### Institutional Framework

#### *The Financing Law*

CFB is permitted to borrow funds, in any currency, by virtue of Article 49§1 of the Financing Law. Pursuant to Article 15 of the Institutional Reform Law, such borrowings do not benefit from the guarantee of the Federal State.

Public issues of debt instruments by CFB need to comply with a calendar set by the Federal Government for the public issues of debt by all federal entities (following consultation of the Community and Regional Governments) and are subject to prior approval of the Federal Minister of Finance.

Private borrowings and the issue of short-term debt instruments by CFB only require prior notification to the Federal Minister of Finance. However, the Federal Minister of Finance may seek the advice of an expert group within the High Council of Finance on the need to limit the borrowing capacity of CFB in order to protect the economic and monetary union, avoid internal and external monetary imbalances and a structural deterioration of the financing needs of the entity concerned. The expert group can also issue such advice at its own initiative. Following receipt of advice by the expert group and after consultation with CFB, the Federal Government can suspend CFB's authority to borrow for a period of up to two years. During such suspension, any borrowing by CFB is subject to the prior approval of the Federal Minister of Finance.

#### *CFB Budget Minister*

The finances of CFB are managed by the CFB Budget Minister. His powers to enter into borrowings and other financial transactions on behalf of CFB are set out in the budget decree relating to revenues (*décret contenant le budget des voies et moyens*) adopted annually by CFB's parliament.

### CFB Debt Position

#### *Overview*

The following table gives an overview of the evolution of CFB's debt position and the major components thereof at 31 December in 2002 and 2003.

EUR millions	31/12/2002	31/12/2003
Direct Debt (1)	2,361.8	2,452.1
University Debt (2)	422.3	416.9
Paracommunity debt (3)	19.4	15.5
TOTAL of long-term debt (4) = (1) + (2) + (3)	2,803.5	2,884.6
Commercial Paper outstanding (5)	0	0
Bank overdraft (6)	0	28.1
Credit bank account (7)	50.7	0
TOTAL of short-term debt, including bank account (8) = (5) + (6) – (7)	-50.7	28.1
Total community debt (9) = (4) + (8)	2,752.8	2,912.7

The table above and the description below do not include guaranteed debt and the debt for the purposes of building cultural or sports infrastructures, which amounted to €143.5 million at 31 December 2002 and to €136.7 million at 31 December 2003.

At 31 December 2003, CFB's long-term debt amounted to €2,884.6 million (or 44% of its 2003 revenues<sup>4</sup>).

CFB's long-term debt consists of its direct and indirect debt. The indirect debt are borrowings by universities and certain other public service entities (called "para-community institutions") and which are considered as CFB debt from a budget perspective.

#### *Direct Debt*

As at 31 December 2003, CFB's direct debt accounted for 85% of its entire long-term debt.

Until 1994, CFB's direct debt consisted solely of borrowings for its own financing needs. Since 1994, the financings of indirect debt repayments are integrated into the direct debt. In addition, according to public accounting standards, the re-borrowing for debt repayment does not constitute a debt increase.

As a result, the annual increase in the volume of direct debt reflects both the financings of any budget deficits (*solde budgétaire à financer*) and borrowings used for the repayment of the indirect debt. For instance, in 2003, the net increase of direct debt amounted to € 56.3 million, of which €47.1 million corresponded to the net budget deficit and € 9.2 million were borrowings for the purpose of repaying indirect debt.

#### *Indirect Debt*

Indirect debts, which as at 31 December 2003 accounted for 15% of CFB's total long-term debt, are debts of entities other than CFB, which are included in CFB's budget and debt.

CFB's indirect debt consists predominantly of debt which the French-language universities borrowed in order to finance certain property investments (14% of CFB's total long-term debt). There are two types of university borrowings: those financing educational infrastructure (which are fully integrated in CFB's indirect debt) and those financing the construction of buildings accommodating students when not attending courses (student residences, university restaurants, etc.) (for which only interest payments above 1.25% are taken into account in CFB's budget).

The indirect debt is gradually reducing as such borrowings are no longer entered into and repayments thereof are refinanced through direct debt.

## **Financing Sources**

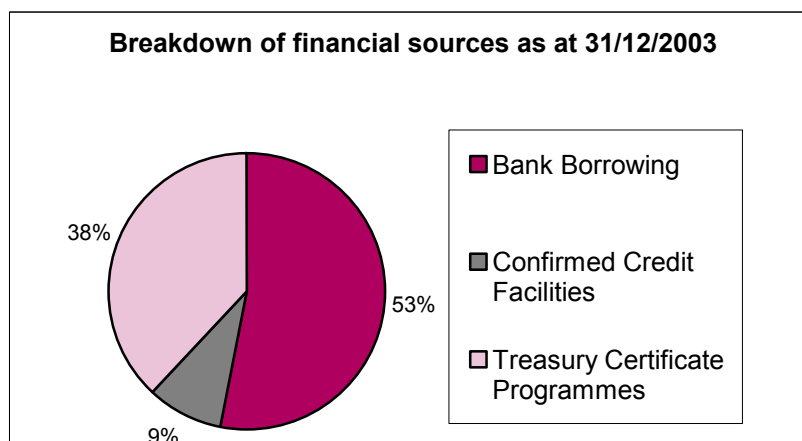
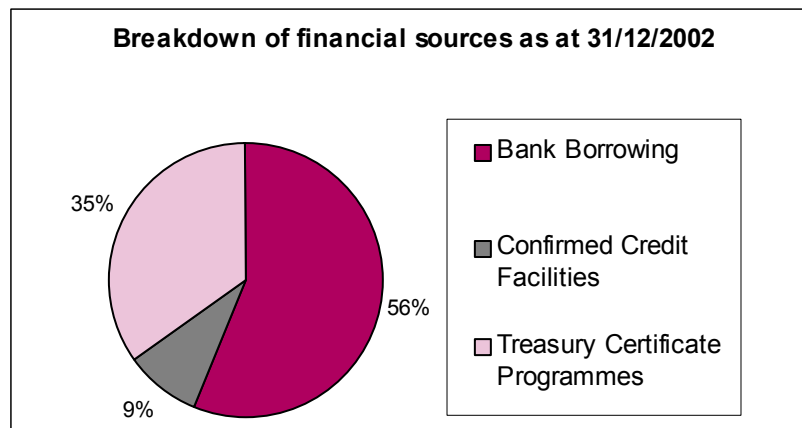
### *General*

CFB's main financing sources are (traditional or structured) bank borrowing, the issue of treasury certificates (*billets de trésorerie*) and confirmed credit facilities.

The following charts show the percentage breakdown of the use of these sources as at 31 December 2002 and 2003 for CFB's total debt.

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<sup>4</sup> New borrowings excluded.



#### *Bank Borrowing*

CFB has entered into borrowings with an increasingly varied panel of financial institutions.

Since 1995, such borrowings also include “structured loans” which aim to lower the financing cost and achieve CFB’s objectives regarding the average duration of its debt. The derivative instruments entered into in connection with such loans are varied and include swaptions, calls, options with activating or deactivating barrier.

#### *Treasury Certificate Programmes*

CFB has two domestic debt securities programmes in place under which it issues short, medium and long term treasury certificates. Under these programmes CFB may issue short and long term securities for up to €3,250 million. As at 31 December 2003, €554.8 million was outstanding under the long-term facilities and €563.7 was outstanding under the short-term facilities, representing 38% of the total debt.

#### *Confirmed Credit Facilities*

CFB disposes of credit facilities for an amount of approximately €2.2 billion.

## **Debt Management**

### *Strategy*

In managing its debt and treasury, CFB pursues the following guiding principles:

- (a) *Centralised debt management.* All transactions relating to CFB’s debt, both direct and indirect, are carried out by CFB’s Debt Department and reflected within the debt budget.

- (b) *Management of the interest rate curve.* CFB monitors, and aims to maintain, on a continuing basis an optimal division of the fixed and variable interest rate components of its debt in view of the evolution of the interest rate curve.
- (c) *Active but prudent use of derivative instruments.* CFB uses derivative instruments, primarily interest rate swaps, for managing the interest rate curve and hedging positions in the various components of its debt.
- (d) *Development of financing programmes.* CFB seeks to diversify its financing sources through the development of financing programmes in order to achieve lower financing costs, higher flexibility and a larger investor base.
- (e) *Taking advantage of withholding tax exemption.* CFB invests its surplus cash in public debt securities issued by the Belgian Federal State and other federal entities thus taking advantage of the withholding tax exemption which it enjoys since 1995 with respect to such investments.

#### *CFB Debt Department*

Ministerial decisions with regard to debt and cash management are implemented by the Debt Department.

The strategic aims of debt management are discussed within the Treasury Council. This consultative body is chaired by the Budget Minister and consists of other Community Ministers (or their representatives), the Finance Inspection (*Inspection des Finances*), the National Audit Office (*Cour des Comptes*) as well as external experts.

The Debt Department is subject to external supervision by *inter alia* the Finance Inspectorate, the National Audit Office and an external auditor approved by the Banking and Finance Commission.

### **Cash Balance Management**

CFB's cash balance consolidates all the bank accounts from which the revenue and expenditure transactions of itself or its dependent entities are carried out.

CFB benefits from a relatively regular and predictable rate of revenue collection and expenditure disbursement, which is mainly due to the transfer of most revenues (including VAT and IPP allocations) by the Federal Government to CFB in twelve instalments at the start of each month and the significant proportion of salary payments within the total expenditures.

CFB finances short-term cash needs through the sale of short-term investments or the issue of short-term treasury certificates under any of CFB's programmes. In 2003, fifty six commercial paper issues were made for a total sum of approximately €3,190 million at an average rate of 2.273%, and with an average maturity of 15.7 days. Alternatively CFB may make use of its € 2,500 million committed overdraft bank facilities.

Short-term cash surpluses are either left on account or invested in public debt securities issued by the Belgian Federal State and other federal entities. In 2003, no such investment has been operated.

## BELGIAN TAXATION

### Withholding Tax

Withholding tax will be applicable to the Notes issued by CFB at the rate of 15 per cent. However all payments by or on behalf of the Issuer of principal and interest on the Notes may be made without deduction of withholding tax for Notes held by certain eligible investors (an “**Eligible Investor**”) in an exempt securities account (an “**Exempt Account**”) with the X/N Clearing System or with a participant in such system (a “**Participant**”).

Eligible Investors are those entities referred to in Article 4 of the Royal Decree of 26 May 1994 on the deduction of withholding tax (*arrêté royal relatif à la perception et à la bonification du précompte mobilier*) which include, *inter alia* (i) all investors who are not residents of Belgium for Belgian tax purposes (provided in the case of non-resident collective investment schemes which are not separate legal entities that their units have not been and are not sold publicly in Belgium and provided in the case of non-resident investors who are individuals or non-profit organisations that they are not holding the Notes through a Belgian establishment (*établissement belge*) within the meaning of Article 229 of the Belgian income tax Code 1992 (*Code des impôts sur le revenu 1992*) (the “**Tax Code**”) (a “**Belgian Establishment**”) and do not conduct professional activities in Belgium as defined in Article 228, §2, 4° of the Tax Code (“**Belgian Professional Activities**”) and (ii) all Belgian resident corporate investors validly formed as separate legal entities.

Eligible Investors do not include, *inter alia*, Belgian resident investors who are individuals or certain non-profit making organisations.

Upon opening of an Exempt Account with the X/N Clearing System or with a Participant, an Eligible Investor is required to provide a statement of its eligible status on a form approved by the Belgian Minister of Finance. This does not need to be renewed unless the investor no longer qualifies for exemption.

There are no ongoing declaration requirements for Eligible Investors. However Participants are required to make annual declarations to the X/N Clearing System as to the eligible status of each investor for whom they hold Notes in an Exempt Account.

However, the documentary requirements set out in the preceding paragraph do not apply to the Notes held by non-resident Eligible Investors in a securities account with Euroclear or Clearstream, Luxembourg or with any non-Belgian intermediary which is a participant in Euroclear or Clearstream, Luxembourg.

On 3 June 2003 the EU Council of Economic and Finance Ministers adopted a new directive regarding the taxation of savings income (the “**Savings Directive**”). The Savings Directive is scheduled to be applied by Member States as from 1 July 2005, provided that certain non-EU countries adopt similar measures from the same date onwards. Under the Savings Directive, the Member States of the European Union will as of 1 July 2005 proceed with a system of automatic exchange of information with respect to interest payments to individual savers resident in the other Member States. For a transitional period, Belgium will be allowed to apply a tax at source instead, at a rate of 15% for the first three years (2005-2007), 20% for the subsequent three years (2008-2010) and 35% from 1 July 2011 onwards, at the occasion of an interest payment to an individual resident in another EU Member State. This taxation at source is levied in addition to the Belgian withholding tax that may be applicable.

### Capital Gains and Income Tax

Noteholders who are residents of Belgium for Belgian tax purposes or hold the Notes through a permanent establishment in Belgium will be subject to Belgian income tax on the interest collected under the Notes and, depending on their tax status, on capital gains realised on the Notes.

Noteholders who are not residents of Belgium for Belgian tax purposes and are not holding the Notes through a Belgian Establishment and do not conduct Belgian Professional Activities will not incur or become liable for any Belgian tax on income or capital gains or other like taxes by reason only of the acquisition, ownership or disposal of the Notes provided that they hold the Notes in an Exempt Account.

### **Transfer Tax**

The acquisition or disposal of the Notes is not subject to any Belgian stamp, value added or other transfer tax.

## SUBSCRIPTION AND SALE

### Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 15 March 2005 (the “**Dealer Agreement**”) between the Issuer, the Permanent Dealers and the Co-Arrangers, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Co-Arrangers for certain of their expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Pricing Supplement.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### Selling Restrictions

#### United States

The Notes have not been and will not be registered under the Securities Act, and, subject to certain exceptions, Notes may not be offered or sold within the United States. Each of the Dealers has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Notes within the United States except as permitted by the Dealer Agreement.

The Notes are being offered and sold outside the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

#### United Kingdom

Each Dealer has represented, warranted and agreed that:

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

investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer

- (iii) 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
- (iv) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

### **Belgium**

The Programme has not been notified to the Belgian Banking, Finance and Insurance Commission (*Commission bancaire, financière et des assurances*) pursuant to Article 18 of the Belgian law of 22 April 2003 on the public offering of securities (the “Law on Public Offerings”) nor has this Offering Circular been, or will it be, approved by the Belgian Banking, Finance and Insurance Commission pursuant to Article 14 of the Law on Public Offerings. Accordingly, the Programme may not be advertised, the Notes may not be offered or sold, and this Offering Circular nor any other information circular, brochure or similar document may not be distributed, directly or indirectly, to any person in Belgium other than (i) institutional investors referred to in Article 3, 2° of the Belgian Royal Decree of 7 July 1999 on the public character of financial transactions (the “Royal Decree”), acting for their own account or (ii) investors wishing to acquire Notes for an amount of at least EUR 250,000 (or its equivalent in foreign currencies) per transaction, as specified in Article 3, 1° of the Royal Decree.

### **Japan**

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “Securities and Exchange Law”). Accordingly, each of the Dealers has represented and agreed 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 a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Securities and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, “resident of Japan” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

### **Luxembourg**

The Notes may not be distributed by way of public offering in Luxembourg.

### **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular, any other offering material or any Pricing Supplement and neither the Issuer nor any other Dealer shall have responsibility therefore.



## FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Pricing Supplement dated [•]

### Communauté française de Belgique

#### Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the € 1,500,000,000 Euro Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 15 March 2005 [and the supplemental Offering Circular dated [•]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the conditions (the “**Conditions**”) set forth in the Offering Circular dated 15 March 2005. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated 15 March 2005 [and the supplemental Offering Circular dated [•]], save in respect of the Conditions which are extracted from the Offering Circular dated 15 March 2005 and are attached hereto].

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

- |          |  |                                  |
|----------|--|----------------------------------|
| <b>1</b> | Issuer:  | Communauté française de Belgique |
| <b>2</b> | (i) Series Number:   | [•]                              |
|          | (ii) [Tranche Number:  | [•]                              |
|          | (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)] |                                  |
| <b>3</b> | Specified Currency or Currencies:  | [•]                              |
| <b>4</b> | Aggregate Nominal Amount:  |                                  |
|          | (i) Series:  | [•]                              |
|          | (ii) [Tranche:   | [•]]                             |

- 5** (i) Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
- (ii) [Net proceeds: [•] (*Required only for listed issues*)]
- 6** (i) Issue Date: [•]
- (ii) Interest Commencement Date: [•]
- 7** Maturity Date: [*specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
- 8** Interest Basis: [[•] per cent. Fixed Rate]
- [[*specify reference rate*] +/- [•] per cent. Floating Rate]
- [Zero Coupon]
- [Index Linked Interest]
- [Other (*specify*)]
- (further particulars specified below)
- 9** Redemption/Payment Basis: [Redemption at par]
- [Index Linked Redemption]
- [Dual Currency]
- [Partly Paid]
- [Instalment]
- [Other (*specify*)]
- 10** Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
- 11** Put/Call Options: [Put]
- [Call]
- [(further particulars specified below)]
- 12** Status of the Notes: Unsubordinated Notes
- 13** Listing: [Luxembourg/Other (*specify*)/None]
- 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] in arrear]
- (ii) Interest Payment Date(s): [•] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of “Business Day”]/not adjusted]
- (iii) Fixed Coupon Amount [(s)]: [•] per [•] in nominal amount
- (iv) Broken Amount: [Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount [(s)] and the Interest Payment Date(s) to which they relate – X/N Clearing System Regulations specify methods for computing Broken Amounts]
- (v) Day Count Fraction (Condition 4(a)): [•]  
(Day count fraction should be Actual/Actual-ISMA for all fixed rate issues other than those denominated in U.S. dollars or euro, unless otherwise agreed)
- (vi) Determination Date(s) (Condition 4(a)): [•] in each year. [Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]\*
- (iii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
- 16 Floating Rate Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Interest Period(s): [•]
- (ii) Specified Interest Payment Dates: [•]
- (iii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (iv) Business Centre(s) (Condition 4(a)): [•]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]

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\* Only to be completed for an issue where Day Count Fraction is Actual/Actual-ISMA

- (vi) Interest Period Date(s): [Not Applicable/specify dates]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Calculation Agent]): [•]
- (viii) Screen Rate Determination (Condition 4(c)(iii)(B)):
- Relevant Time: [•]
  - Interest Determination Date: [*•*] [*TARGET*] Business Days in [*specify city*] for [*specify currency*] prior to [*the first day in each Interest Accrual Period/each Interest Payment Date*]
  - Primary Source for Floating Rate: [*Specify relevant screen page or “Reference Banks”*]
  - Reference Banks (if Primary Source is “Reference Banks”): [*Specify four*]
  - Relevant Financial Centre: [*The financial centre most closely connected to the Benchmark - specify if not London*]
  - Benchmark: [*LIBOR, LIBID, LIMEAN, EURIBOR or other benchmark*]
  - Representative Amount: [*Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount*]
  - Effective Date: [*Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period*]
  - Specified Duration: [*Specify period for quotation if not duration of Interest Accrual Period*]
- (ix) ISDA Determination (Condition 4(c)(iii)(A)):
- Floating Rate Option: [•]
  - Designated Maturity: [•]
  - Reset Date: [•]
  - ISDA Definitions: (if different from those set out in the Conditions) [•]
- (x) Margin(s): [+/-] [•] per cent. per annum
- (xi) Minimum Rate of Interest: [•] per cent. per annum
- (xii) Maximum Rate of Interest: [•] per cent. per annum
- (xiii) Day Count Fraction (Condition 4(a)): [•]
- (xiv) Rate Multiplier: [•]

(xv)	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:	[•]
<b>17</b>	<b>Zero Coupon Note Provisions</b>	[Applicable/Not Applicable]  <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(i)	Amortisation Yield (Condition 5(b)):	[•] per cent. per annum
(ii)	Day Count Fraction (Condition 4(a)):	[•]
(iii)	Any other formula/basis of determining amount payable:	[•]
<b>18</b>	<b>Index Linked Interest Note Provisions</b>	[Applicable/Not Applicable]  <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(i)	Index/Formula:	[Give or annex details]
(ii)	[Calculation Agent] responsible for calculating the interest due:	[•]
(iii)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[•]
(iv)	Interest Period(s):	[•]
(v)	Specified Interest Payment Dates:	[•]
(vi)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
(vii)	Business Centre(s) (Condition 4(a)):	[•]
(viii)	Minimum Rate of Interest:	[•] per cent. per annum
(ix)	Maximum Rate of Interest:	[•] per cent. per annum
(x)	Day Count Fraction (Condition 4(a)):	[•]
<b>19</b>	<b>Dual Currency Note Provisions</b>	[Applicable/Not Applicable]  <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(i)	Rate of Exchange/Method of calculating Rate of Exchange:	[Give details]
(ii)	[Calculation Agent], if any, responsible for calculating the principal and/or interest due:	[•]

- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [•]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [•]
- (v) Day Count Fraction (Condition 4(a)): [•]

**PROVISIONS RELATING TO REDEMPTION**

**20 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 Note of [•] specified denomination
- (iii) If redeemable in part:
  - (a) Minimum nominal amount to be redeemed: [•]
  - (b) Maximum nominal amount to be redeemed: [•]
- (iv) Option Exercise Date(s): [•]
- (v) Description of any other Issuer’s option: [•]
- (vi) Notice period: [•]

**21 Put Option**

[Applicable/Not Applicable]

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

- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Note of [•] specified denomination
- (iii) Option Exercise Date(s): [•]
- (iv) Description of any other Noteholders’ option: [•]
- (v) Notice period: [•]

**22 Final Redemption Amount of each Note**

[[•] per Note of [•] specified denomination/Other/See Appendix]

**23 Early Redemption Amount**

- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons (Condition 5(c)) or an event of default (Condition 9) and/or the method of calculating the same (if required or if different from that set out in the Conditions): [•]
- (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 5(c)): [Yes/No]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 24** Form of Notes: Dematerialised book-entry Notes  
Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable]
- 25** Financial Centre(s) (Condition 6(e)) or other special provisions relating to payment dates: [Not Applicable/*Give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 16(ii), 17(iv) and 19(vii) relate*]
- 26** Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Not applicable]
- 27** Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*]
- 28** Details relating to Instalment Notes: [Not Applicable/*give details*]
- (i) Instalment Amount(s): [•]
- (ii) Instalment Date(s): [•]
- (iii) Minimum Instalment Amount: [•]
- (iv) Maximum Instalment Amount: [•]
- 29** Redenomination, renominatisation and reconventioning provisions: [Not Applicable]
- 30** Consolidation provisions: [Not Applicable]
- 31** Other terms or special conditions: [Not Applicable/*give details*]
- DISTRIBUTION**
- 32** (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilising Manager (if any): [Not Applicable/*give name*]
- (iii) Dealer's Commission: [•]

- 33** If non-syndicated, name of Dealer: [Not Applicable/*give name*]
- 34** Additional selling restrictions: [Not Applicable/*give details*]
- OPERATIONAL INFORMATION**
- 35** ISIN Code: [•]
- 36** Common Code: [•]
- 37** Clearing system(s) (specify clearing system where Notes have primary clearance): [X/N Clearing System/Other (specify)]
- 38** Delivery: Delivery [against<sup>\*</sup>/free of] payment
- 39** The Agents appointed in respect of the Notes are: [•]

**GENERAL**

- 40** Additional steps that may only be taken following approval by a Resolution in accordance with Condition 10(a): [Not Applicable/*give details*]
- 41** The aggregate principal amount of Notes issued has been translated into euro at the rate of [•], producing a sum of (for Notes not denominated in euro): [Not Applicable/euro [•]]

**[LISTING APPLICATION**

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the € 1,500,000,000 Euro Medium Term Note Programme of Communauté française de Belgique.]

**[STABILISING**

In connection with this issue, [*insert name of Stabilising Manager*] (the “**Stabilising Agent**”) or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Agent or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.]

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Offering Circular [and the Supplemental Offering Circular dated [•]] referred to above, contains all information that is material in the context of the issue of the Notes.

Signed on behalf of the Issuer:

By: \_\_\_\_\_  
*Duly authorised*

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<sup>\*</sup> Delivery can only be against payment for Notes denominated in euro.



## GENERAL INFORMATION

- (1) The Luxembourg Stock Exchange has allocated to the Programme the number 12946 for listing purposes.
- (2) The Issuer has obtained all necessary consents, approvals and authorisations in Belgium in connection with the establishment of the Programme. The establishment of the Programme was authorised by the Budget Minister (*Ministre du Budget*) of the Issuer in accordance with Article 3 of the Decree of 21 December 2004 of the French Community on the French Community Budget for the budget year 2005 (*décret concernant le budget des Voies et Moyens de la Communauté française pour l'année budgétaire 2005*).

Issues of Notes under the Programme will be approved by a Minister of the Issuer. A Minister of the Issuer shall not proceed with any issue of Notes unless, and to the extent, he has been authorised to do so by a budget or other decree enacted by the Parliament of the Issuer and in effect at the time of the issue.

Before making any issue under the Programme, the Issuer will obtain all necessary consents, approvals and authorisations and will proceed with the issue in compliance with, in particular, Articles 49, 50, 51 and 52 of the Law of 16 January 1989 on the financing of the communities and regions (*loi spéciale relative au financement des Communautés et Régions*), as amended from time to time. In particular:

- (a) in the case of public issues of Notes, the Issuer will comply with the calendar set by the Federal Government for the public issues of debt by all federal entities (following consultation of the Community and Regional Governments) and the Federal Minister of Finance will have given his consent to the issue;
  - (b) in the case of private issues of Notes and the issue of short-term Notes, the Issuer will notify in advance the Federal Minister of Finance; if the Federal Minister of Finance has sought the advice of the expert group within the High Council of Finance on the need to limit the borrowing capacity of the Issuer in order to protect the economic and monetary union, avoid internal and external monetary imbalances and a structural deterioration of the financing needs of the Issuer, or if the expert group has issued such advice at its own initiative and as a consequence the Federal Government has decided to suspend the Issuer's authority to borrow for a period of up to two years, the Federal Minister of Finance will have given his consent to the issue.
- (3) Except as disclosed in this Offering Circular, there has been no significant change in the financial position of the Issuer since 31 December 2003 and no material change in the financial position or prospect of the Issuer since 31 December 2003.
  - (4) The Issuer is not and has not been involved in any legal or arbitration proceedings that may have, or have had during the 12 months preceding the date of this document, a significant effect on the financial position of the Issuer, nor is the Issuer aware that any such proceedings are pending or threatened.
  - (5) The Issuer is not or has not been involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of the issue of the Notes nor so far as the Issuer is aware is any such litigation or arbitration pending or threatened
  - (6) Most credit institutions and securities firms established in Belgium as well as Euroclear and Clearstream, Luxembourg are participants in the X/N Clearing System and Approved Account Holders. In respect of Notes that are not denominated in euro, Approved Account Holders are limited to the NBB, Euroclear, Clearstream, Luxembourg and the Domiciliary Agent. Investors can thus hold their Notes in securities accounts in Euroclear and Clearstream, Luxembourg in the same way as they would for any other types of securities. For practical purposes, the Notes can be held and cleared in Euroclear

and Clearstream, Luxembourg in accordance with their usual procedures. Certain types of Belgian investors (being those that are not eligible for holding “X-accounts” – see ‘Taxation’ below), however, may not hold their Notes through Euroclear or Clearstream, Luxembourg (unless they do so through another financial intermediary which is also a participant in the X/N Clearing system and which will be responsible for the withholding of tax).

- (7) Notes have been accepted for clearance through Euroclear and Clearstream Luxembourg. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for each Series of Notes will be set out in the relevant Pricing Supplement.
- (8) The Pricing Supplement for each Tranche of Notes must be sent in draft form to the NBB in advance for approval. Admission of Notes in the X/N Clearing System is discretionary.
- (9) For so long as Notes may be issued pursuant to this Offering Circular, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the offices of the Domiciliary Agent and of the Paying Agent:
  - (i) the Agency Agreement
  - (ii) the Dealer Agreement
  - (iii) the budget of the Issuer
  - (iv) each Pricing Supplement for Notes that are listed on the Luxembourg Stock Exchange or any other stock exchange
  - (v) a copy of this Offering Circular together with any Supplement to this Offering Circular or further Offering Circular
  - (vi) a copy of the subscription agreement for Notes issued on a syndicated basis that are listed on the Luxembourg Stock Exchange and
  - (vii) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Offering Circular.
- (10) The execution of the annual budget of the Issuer is subject to a review by the National Audit Office ("*Cour des comptes*"), a separate institution that advises the Parliament of the Issuer.

The definitive budget regulation ("*loi des comptes*") is adopted by the Parliament after verification by the National Audit Office.
- (11) Financial information for 2004 will be available in June 2005 at the latest. At that time, a prefiguration of the 2004 accounts ("*préfiguration des résultats de l'exécution du budget*"), in accordance with Article 77 of the Royal Decree of 17 July 1991 on the State Accounting, will be available at the offices of the Domiciliary Agent and of the Paying Agent.

## **Address of the Issuer**

### **Communauté française de Belgique**

Boulevard Léopold II, 44  
B-1080 Brussels  
Belgium

## **Co-Arrangers**

### **Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester House  
London EC2N 2DB  
United Kingdom

### **Dexia Capital Markets**

69 route d'Esch  
L-1470 Luxembourg  
Grand Duchy of Luxembourg

## **Dealers**

### **Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester House  
London EC2N 2DB  
United Kingdom

### **Dexia Capital Markets**

69 route d'Esch  
L-1470 Luxembourg  
Grand Duchy of Luxembourg

### **DEPFA BANK plc**

1 Commons Street  
Dublin 1  
Ireland

### **CBC Banque SA**

Grand-Place 5  
B-1000 Brussels  
Belgium

### **KBC Bank NV**

Havenlaan 2  
B-1080 Brussels  
Belgium

### **Fortis Bank nv-sa**

Montagne du Parc 3  
B-1000 Brussels  
Belgium

### **CALYON**

9, quai du Président Paul Doumer  
92920 Paris La Défense Cedex  
France

### **CCF**

103, avenue des Champs-Élysées  
75008 Paris  
France

## **Domiciliary Agent and Calculation Agent**

### **Dexia Bank Belgium SA**

Boulevard Pachéco 44  
B-1000 Brussels  
Belgium

## **Paying Agent and Luxembourg Listing Agent**

### **Dexia Banque Internationale à Luxembourg, *société anonyme***

69 route d'Esch  
L-2953 Luxembourg  
Grand Duchy of Luxembourg

## **Legal Advisers**

### **To the Issuer**

*in respect of Belgian law*

**Simont Braun**  
Avenue Louise 149/20  
B-1050 Brussels  
Belgium

### **To the Dealers**

*in respect of Belgian law*

**Linklaters De Bandt**  
Rue Bréderode 13  
B-1000 Brussels  
Belgium