

OFFERING CIRCULAR

GBL

Groupe Bruxelles Lambert S.A.

(incorporated with limited liability in Belgium)

DM 502,800,000
2.5 per cent. Convertible Bonds due 2003
convertible into ordinary shares of
Groupe Bruxelles Lambert S.A.

Issue price:100 per cent.

Schweizerischer Bankverein (Deutschland) AG

Warburg Dillon Read

The Date of this Offering Circular is 6th July, 1998.

Groupe Bruxelles Lambert S.A. (the ``Company'' or ``GBL''), having made all reasonable enquiries, confirms that this Offering Circular contains all information with respect to the Company and its subsidiaries and affiliates (collectively, the ``Group''), the DM 502,800,000 2.5 per cent. Convertible Bonds due 2003 (the ``Bonds'') and the ordinary shares of the Company (the ``Shares'') which is material in the context of the issue and offering of the Bonds, that such information is true and accurate in every material respect and is not misleading in any material respect, that the opinions, assumptions and intentions expressed in this Offering Circular with regard to the Company are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, that there are no other facts the omission of which would, in the context of the issue and offering of the Bonds, make this Offering Circular as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect, and that all reasonable enquiries have been made by the Company to verify the accuracy of such information and that this Offering Circular does not contain any untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary in order to make the statements herein, in the light of the circumstances under which they are made, not misleading. The Company accepts responsibility for the information contained in this Offering Circular accordingly.

Application has been made to list the Bonds on the Luxembourg Stock Exchange. The Shares are listed on the Brussels Stock Exchange.

No person is authorised to give any information or to make any representation other than as is contained in this Offering Circular and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Managers (as defined under ``Subscription and Sale'') or any of their respective affiliates or advisers. Neither the delivery of this Offering Circular at any time nor any sale made hereunder at any time shall imply that the information contained in it is correct as at any time subsequent to its date. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Company or the Managers to subscribe or purchase, any of the Bonds. No action has been or will be taken to permit a public offering of the Bonds in any jurisdiction where action would be required for that purpose. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Company and the Managers to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on the offering and sale of the Bonds and on the distribution of this Offering Circular, see ``Subscription and Sale''.

The Bonds and the Shares to be delivered upon conversion of the Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the ``Securities Act'') and subject to certain exceptions, may not be offered or sold within the United States (as defined in Regulation S under the Securities Act).

The Bonds will be represented by a Global Bond deposited with, or with a depository for, the clearing system operated by the National Bank of Belgium on or about 9th July, 1998 and credited to the account(s) in such system specified by the subscribers of the Bonds. Save in certain limited circumstances, definitive Bonds will not be issued.

The Company's annual report for 1997 and the audited accounts for the three years ended 31st December, 1997 are incorporated herein. In this Offering Circular references to ``DM'' are to Deutsche Marks, references to ``BEF'' and ``francs'' are to Belgian Francs, references to ``pounds'' and ``»'' are to pounds sterling and references to ``FF'' are to French Francs. On 3rd July, 1998 the closing exchange rate between the DM and the BEF was DM 1.00 = BEF 20.63.

In connection with this issue, UBS AG, acting through its division Warburg Dillon Read may over-allot or effect transactions which stabilise or maintain the market price of the Bonds and/or the Shares at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time.

TABLE OF CONTENTS

Terms and Conditions of the Bonds		3
Provisions relating to the Bonds while in Global Form		20
Use of Proceeds		21
Capitalisation		22
Groupe Bruxelles Lambert S.A.		23
Description of the Shares	30	
Dividends		34
Market Price Information	35	
Belgian Taxation		36
Subscription and Sale		38
General Information		39
Annual Report		41

TERMS AND CONDITIONS OF THE BONDS

The following, subject to amendment and save for the paragraphs in italics, are the Terms and Conditions of the Bonds, substantially as they will appear on the reverse of the Bonds in definitive form (if issued) and as they will be attached to the Global Bond (as defined below):

The issue of the DM 502,800,000 2.5 per cent. Convertible Bonds due 2003 (the ``Bonds'', which expression shall, except where otherwise indicated, include any further bonds issued in accordance with Condition 16 and consolidated and forming a single series therewith) of Groupe Bruxelles Lambert S.A. (the ``Company'') was authorised by a resolution of the Board of Directors of the Company passed on 3rd June, 1998. The Bonds are constituted pursuant to a trust deed dated 9th July, 1998 (the ``Trust Deed'') between the Company and The Law Debenture Trust Corporation p.l.c. (the ``Trustee'', which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of the Bonds. The statements set out in these Terms and Conditions (the ``Conditions'') are summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Bonds and the interest coupons appertaining to the Bonds (the ``Coupons''). The Bondholders (as defined below) and the holders of the Coupons (the ``Couponholders'') are entitled to the benefit of, and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of all those applicable to them of the Paying and Conversion Agency Agreement dated 9th July, 1998 (the ``Agency Agreement'') relating to the Bonds between the Company, the Trustee, Banque Internationale à Luxembourg S.A. (the ``Principal Paying and Conversion Agent'', which expression shall include any successor as principal paying and conversion agent under the Agency Agreement) and the other paying and conversion agent(s) for the time being (such person(s), together with the Principal Paying and Conversion Agent, being referred to below as the ``Paying and Conversion Agents'', which expression shall include their successors as paying and conversion agents under the Agency Agreement). Copies of each of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the registered office for the time being of the Trustee (being at the date of issue hereof at Princes House, 95 Gresham Street, London EC2V 7LY) and at the specified offices of the Paying and Conversion Agents.

In these Conditions:

``Accounting Period'' means, in relation to any dividend or distribution, the accounting period of the Company specified in the accounts of the Company in which such dividend or distribution is provided for, provided that in any case where the Company changes its accounting period, it shall mean the twelve month period preceding the date on which such dividend or distribution is charged or provided for in the accounts of the Company;

``Accounts'' means the latest audited consolidated annual accounts of the Company delivered or required to be delivered to the Trustee pursuant to the Trust Deed;

``Auditors'' means the auditors for the time being of the Company or, if there shall be joint auditors, any one or more of such auditors or, in the event of their being unable or unwilling to carry out any action requested of them pursuant to the Trust Deed, such other accountants or firm of accountants (``reviseur d'entreprise'') as may be nominated by the Company with the written approval of the Trustee or, in default of such nomination and approval, nominated by the Trustee for the purpose;

``Brussels business day'' means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business in Brussels;

``Capital Distribution'' means (a) any distribution of assets in specie charged or provided for in the accounts of the Company for any Accounting Period (whenever paid or made and however described) but excluding a distribution of assets in specie in

lieu of, and to a value not exceeding, a cash dividend which would not have constituted a Capital Distribution under (b) below (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid up (other than Shares credited as fully paid) by way of capitalisation of reserves); and (b) any cash dividend or distribution of any kind charged or provided for in the accounts of the Company for any Accounting Period (whenever paid or made and however described) except:

- (i) if the amount per Share of that dividend or distribution or distribution of assets in specie, together with all other dividends or distributions or distributions of assets in specie charged or provided for in the accounts of the Company for that Accounting Period in respect of any class of securities of the Company (including, without limitation, the Shares) or otherwise, does not exceed the higher of (x) the aggregate of (1) five per cent. of the closing price of the Shares on the Brussels Stock Exchange on the dealing day immediately preceding the date on which such dividend or distribution or distribution of assets in specie is announced (or if, on such dealing day no such closing price is available, the closing price on the last preceding dealing day on which such closing price was available) and (2) the total amount per Share of all dividends or distributions or distributions of assets in specie (the ``Previous Year's Distribution'') charged or provided for in the accounts of the Company for the Accounting Period immediately preceding the Accounting Period in question in respect of any such class or otherwise and (y) twice the amount per Share of such Previous Year's Distribution. In computing any such amount the value of distributions in specie shall be taken into account and such adjustments as are in the opinion of the Auditors appropriate to the circumstances shall be made; or
- (ii) if it comprises a purchase or redemption of share capital of the Company provided, in the case of purchases of Shares by the Company, that the average price (before expenses) on any one day in respect of such purchases does not exceed by more than five per cent. the closing price quoted for the Shares (whether on such day the Shares shall have been quoted ex-dividend or cum-dividend) on the Brussels Stock Exchange at the closing of business either (1) on the dealing day immediately preceding such purchase, or (2) where an announcement has been made of the intention to purchase Shares at some future date at a specified price, on the dealing day immediately preceding the date of such announcement and, if in the case of either (1) or (2), the relevant day is not a dealing day, the immediately preceding dealing day;

``Cedel Bank'' means Cedel Bank, société anonyme;

``C.I.K.'' (``Caisse interprofessionnelle de dépôts et de virements de titres'') means the Belgian clearing house for securities;

``Current Market Price'' means, in respect of a Share on a particular date, the closing price quoted for one Share (being a Share carrying a full entitlement to dividend) on the Brussels Stock Exchange for the five consecutive dealing days ending on the dealing day immediately preceding such date; provided that if at any time during the said five day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

- (i) if the Shares to be delivered do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share (excluding any associated tax credit and excluding the tax (if any) falling to be deducted on payment thereof to a resident of Belgium);
- (ii) if the Shares to be delivered do rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by such similar amount,

and provided further that if the Shares on each of the said five dealing days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be delivered do not rank for that dividend the quotations on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share (excluding any associated tax credit and excluding the tax (if any) falling to be deducted on payment thereof to a resident of Belgium);

``dealing day'' means a day on which the Brussels Stock Exchange is open for business;

``Euroclear'' means Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear system;

``Operating Company'' means any company whose business, in the case of a company which itself has subsidiaries, taken together with the operations of such subsidiaries, is wholly or substantially a business other than that of investing, reinvesting, owning, holding or trading in securities or proposing to do so;

``Principal Subsidiary'' means, at any time:

- (i) each of Electrafina S.A. and Audiofina S.A., in each case provided that at the relevant time the Company beneficially owns, directly or indirectly, more than 50 per cent. of the outstanding voting shares or other voting securities of such company; and
- (ii) any company which is not an Operating Company (a) in respect of which, at the relevant time, the Company beneficially owns, directly or indirectly, more than 50 per cent. of the outstanding voting shares or other voting securities and (b) the amount of whose Estimated Value is equal to or greater than 10 per cent. of the Estimated Value of the Company. For this purpose ``Estimated Value'' means the estimated value of the relevant company or the Company, as the case may be, as calculated by the Company and verified by the Auditors in accordance with the method set out in the Company's Annual Report for the year ended 31st December, 1997 delivered to the Trustee pursuant to the Trust Deed and stated in the latest certificate (an ``Estimated Value Certificate'') delivered by the Company to the Trustee pursuant to the Trust Deed.

On a Principal Subsidiary transferring all or substantially all of its assets to another Subsidiary of the Company, the transferor shall cease to be a Principal Subsidiary and any such transferee which is not already a Principal Subsidiary shall thereupon be deemed to be a Principal Subsidiary until the delivery of the next Estimated Value Certificate pursuant to the Trust Deed after which whether it is or is not a Principal Subsidiary shall be determined in accordance with (ii) above, all as more particularly described in the Trust Deed.

A confirmation by the Auditors that, in their opinion, a Subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

``Relevant Date'' in respect of payments on the Bonds means the date on which payment becomes due but if the full amount of the moneys payable has not been received by the Principal Paying and Conversion Agent or by the Trustee on or prior to such due date, it means the date on which the full amount of such moneys has been so received and notice to that effect shall have been given to the Bondholders in accordance with Condition 17;

``securities'' includes, without limitation, shares in the share capital of the Company;

``Share Delivery Business Day'' means, in relation to a request for delivery of Shares upon conversion of a Bond or Bonds contained in a Conversion Notice delivered

pursuant to Condition 5(a) or 5(d), a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open in Brussels and, if, such request is for delivery of Shares to an account with Cedel Bank, Luxembourg:

``Shares'' means ordinary shares in the capital of the Company having no nominal value;

``Subsidiary'' means a company in respect of which the Company:

- (i) owns, directly or indirectly, more than 50 per cent. of the outstanding voting shares or other voting securities; or
- (ii) is a shareholder of the company and has the right to appoint or remove more than 50 per cent. of its board of directors; or
- (iii) has the right to exercise a dominant influence over the company either (a) by virtue of provisions contained in the company's articles or (b) by virtue of an agreement relating to control; and

``Wholly-owned Subsidiary'' means any company in respect of which 95 per cent. or more of the voting shares or other voting securities is owned, directly or indirectly, by the Company.

1. Form, Denomination and Title

- (a) The Bonds are in bearer form, serially numbered, in the denomination of DM 10,000 each with Coupons attached on issue.
- (b) Title to the Bonds and Coupons will pass by delivery. The holder of any Bond or Coupon will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it or its theft or loss) and no person will be liable for so treating the holder and no person will be required to obtain any proof thereof or as to the identity of such bearer. In these Conditions (in relation to a Bond) ``Bondholder'' and (in relation to a Bond or Coupon) ``holder'' means the bearer of any Bond or Coupon (as the case may be).

The Bonds will be represented by a single Global Bond, without Coupons, which will be deposited with, or with a depositary for, the clearing system operated by the National Bank of Belgium (the ``BNB System'') on or about 9th July, 1998 and credited to the account(s) in the BNB System specified by the subscribers of the Bonds. The Global Bond will be exchangeable in the limited circumstances specified therein for definitive Bonds with Coupons attached.

Bonds and Coupons will bear the following legend: ``Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the United States Internal Revenue Code.''

2. Status

The Bonds and Coupons are direct, unsubordinated and (subject as provided in Condition 3) unsecured obligations of the Company ranking (subject as aforesaid) pari passu, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Company, present and future (other than in respect of statutorily preferred creditors).

3. Negative Pledge

- (a) So long as any Bond or Coupon remains outstanding (as defined in the Trust Deed) the Company will not, and will procure that no Wholly-owned Subsidiary will, create or have outstanding any mortgage, lien (other than a lien arising by operation of law) pledge or other charge upon the whole or any

part of their respective undertakings or assets, present or future (including any uncalled capital), to secure any present or future Indebtedness of the Company or any of its Wholly-owned Subsidiaries or any obligation of the Company or any of its Wholly-owned Subsidiaries under any guarantee of, or indemnity in respect of, any present or future Indebtedness of any person unless, at the same time or prior thereto, the Company's obligations under the Bonds, the Coupons and the Trust Deed (i) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, in each case to the satisfaction of the Trustee, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Bondholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

- (b) As used above, ``Indebtedness'' means any loan or other indebtedness in the form of, or represented by, bonds, notes, debentures or other securities which at the time of issue thereof either is or is intended by the issuer thereof, to be, or at any time thereafter the issuer thereof, shall authorise to be, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other recognised securities market and which by its terms has an initial stated maturity of more than one year.

4. Interest

(a) *Interest Rate*

The Bonds bear interest from 9th July, 1998 (the ``Closing Date'') at the rate of 2.5 per cent. per annum payable annually in arrear on 9th July, in each year (each an ``Interest Payment Date''). When interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a 360 day year consisting of 12 months of 30 days each.

(b) *Accrual of Interest*

Each Bond will cease to bear interest (i) where the Conversion Right shall have been exercised, or the Trustee shall have exercised rights of conversion pursuant to Condition 5(d), from the Interest Payment Date immediately preceding the relevant Conversion Date or, if none, the Closing Date (subject in any such case as provided in Clause 5(f)) or (ii) where such Bond is redeemed, from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused; in such event such Bond shall continue to bear interest at the aforesaid rate (both before and after judgment) as provided in the Trust Deed.

5. Conversion

(a) *Conversion Period and Price*

Subject as provided in Condition 6(d), the holder of each Bond shall have the right (the ``Conversion Right'') to convert (``conversion'') such Bond into Shares, credited as fully paid, at any time (subject to any applicable fiscal or other laws or regulations and as hereinafter provided) from, and including, the Closing Date up to the close of business (at the place where such Bond is deposited for conversion) on 2nd July, 2003, or if such Bond shall have been called for redemption pursuant to Condition 6(b) or 6(c), then up to the close of business (at the place aforesaid) on the seventh calendar day before the date fixed for redemption thereof unless there shall be default in making payment in respect of such Bond on such due date in which event the Conversion Right shall extend (unless already exercised by the Trustee pursuant to Condition 5(d)) up to the close of business (at the place aforesaid) on the date on which the full amount of such payment becomes available for payment and notice of such availability has been duly given in accordance with Condition 17 or, if earlier, 9th July, 2003.

Subject as provided in Condition 12(b) and without prejudice to Condition 12(a), a Conversion Right may not be exercised following the giving of notice by the Trustee pursuant to Condition 11.

A Conversion Right may only be exercised in respect of the total principal amount of the relevant Bond.

The number of Shares to be delivered on exercise of a Conversion Right shall be determined by dividing the principal amount of the relevant Bond (translated into Belgian Francs at the fixed rate of DEM 1.00 = BEF 20.623) by the conversion price (the ``Conversion Price'') in effect on the Conversion Date. The initial Conversion Price is 10,370 Belgian Francs per Share and is subject to adjustment in the circumstances described in Condition 5(b). Fractions of Shares will not be delivered on conversion and no cash adjustment will be made. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be issued on conversion are to be delivered to or to the order of the same Bondholder, the number of such Shares to be delivered in respect thereof shall be calculated on the basis of the aggregate principal amount of the Bonds being so converted. Shares to be delivered on conversion will be delivered on or before the relevant Share Delivery Business Day immediately following the relevant Conversion Date to or to the order of the holder of the Bond(s) completing the notice of conversion and in accordance with the instructions contained therein or, where they are to be delivered to the Trustee pursuant to Condition 5(d), the Trustee on behalf of the relevant Bondholders.

(b) Adjustment of Conversion Price

The Conversion Price will be adjusted in the manner provided in the Trust Deed in the following circumstances:

- (i) any alteration in the Nominal Value (as defined in the Trust Deed) of the Shares as a result of their consolidation or subdivision;
- (ii) the issue by the Company of Shares credited as fully paid to the holders of Shares (the ``Shareholders'') by way of capitalisation of profits or reserves, other than Shares paid up out of profits or reserves and issued instead of the whole or part of a cash dividend which the Shareholders concerned would or could otherwise have received but only to the extent that the Market Value (as defined in the Trust Deed) of such Shares does not exceed the amount of such cash dividend or the relevant part thereof and, to the extent that there is such an excess, an adjustment relating to the excess will be made;
- (iii) the payment or making of any Capital Distribution to Shareholders (except where the Conversion Price falls to be adjusted under (ii) above);
- (iv) the issue by the Company of Shares to Shareholders as a class (as defined in the Trust Deed) with preferential subscription rights (``dans le respect du droit de souscription préférentielle'') (as defined in the Trust Deed), or the issue or grant by the Company to Shareholders as a class with preferential subscription rights (``dans le respect du droit de souscription préférentielle'') of options, warrants or other rights to subscribe for or purchase any Shares, in each case at a price per Share which is less than 97 per cent. of the Current Market Price per Share on the dealing day last preceding the date of announcement of the terms of such issue or grant;
- (v) the issue by the Company of any securities (other than Shares or options, warrants or other rights to subscribe for or purchase any Shares) to Shareholders as a class with preferential subscription rights (``dans le respect du droit de souscription préférentielle'') or the grant by the Company to Shareholders as a class with preferential subscription rights (``dans le respect du droit de souscription préférentielle'') of options, warrants or other rights to subscribe for or purchase any securities (other than Shares or options, warrants or other rights to subscribe for or purchase any Shares);

- (vi) the issue (otherwise than as mentioned in (iv) above) by the Company wholly for cash of any Shares (other than on the exercise of any rights of conversion into, or exchange or subscription for, Shares), or the grant (otherwise than as mentioned in (iv) above) by the Company wholly for cash of options, warrants or other rights to subscribe for or purchase any Shares, in each case at a price per Share which is less than 97 per cent. of the Current Market Price per Share on the dealing day last preceding the date of announcement of the terms of such issue or grant;
- (vii) the issue wholly for cash (otherwise than as mentioned in (iv), (v) or (vi) above) by the Company or by any Subsidiary or (at the direction or request of or pursuant to any arrangements with the Company or any Subsidiary) by any other company, person or entity of any securities (other than the Bonds (excluding for this purpose any further Bonds issued pursuant to Condition 16)) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares issued or to be issued by the Company (or the grant by the Company, any Subsidiary or any such company, person or entity as aforesaid of any such rights in respect of any existing securities so issued) or securities which by their terms might be redesignated as Shares where the consideration per Share receivable by the Company upon conversion, exchange, subscription or redesignation is less than 97 per cent. of the Current Market Price per Share on the dealing day last preceding the date of announcement of the terms of issue of such securities (or the terms of such grant), or the modification of the rights of conversion, exchange or subscription attaching to any such securities other than the Bonds (other than in accordance with the terms (including terms as to adjustment) applicable to such securities) so that following such modification the consideration per Share receivable by the Company upon conversion, exchange or subscription is less than 97 per cent. of the Current Market Price per Share on the dealing day last preceding the date of the announcement of the proposals for such modification;
- (viii) the offer by or on behalf of the Company or any Subsidiary or (at the direction or request of or pursuant to any arrangements with the Company or any Subsidiary) any other company, person or entity of any securities in connection with which offer Shareholders as a class are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under (iv) (or would fall to be so adjusted if the relevant issue or grant was at a price less than 97 per cent. of the Current Market Price per Share on the relevant dealing day) or (v) above); and
- (ix) if the Company (after consultation with the Trustee) determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not provided for above in this Condition 5(b) (even if the relevant event or circumstance is specifically excluded from the operation of any one or more of (i) to (viii) above), the Company shall, at its own expense and acting reasonably, request the Auditors acting in conjunction with an investment bank in London of international repute, selected by the Company and approved in writing by the Trustee, acting as experts, to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this Condition 5(b)(ix) if the Auditors and such investment bank are so requested to make such a determination not more than 21 calendar days after the date on which the relevant event or circumstance arises,

provided that where the circumstances giving rise to any adjustment pursuant to this Condition 5(b) have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any such adjustment arise by virtue of any other circumstances which have already given or will give rise to such an adjustment, such modification shall be made to the operation of the

adjustment provisions as may be advised by the Auditors to be in their opinion appropriate to give the intended result.

On any adjustment, the resultant Conversion Price, if not an integral multiple of one Belgian Franc, shall be rounded down to the nearest whole Belgian Franc. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to Bondholders in accordance with Condition 17 as soon as reasonably practicable after the determination thereof.

No adjustment will be made to the Conversion Price where Shares or other securities (including rights, warrants or options) are issued, offered, exercised, allotted, appropriated, modified or granted to employees (including directors holding executive office) of the Company or any Subsidiary or any associated company of the Company pursuant to any employees' share scheme.

Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Auditors, a modification to the operation of the adjustment provisions is required in order to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be advised by the Auditors to be in their opinion appropriate to give such intended result.

If any doubt shall arise as to the appropriate adjustment to the Conversion Price, a certificate of the Auditors shall be conclusive and binding on all concerned, save in the case of manifest or proven error.

(c) Procedure for Conversion

A Conversion Right may be exercised by delivering the relevant Bond to the specified office of any Paying and Conversion Agent during its usual business hours, accompanied by a duly completed and signed notice of conversion (a ``Conversion Notice'') in the form (for the time being current) obtainable from any Paying and Conversion Agent. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Paying and Conversion Agent to whom the relevant Conversion Notice is delivered is located.

The conversion date in respect of a Bond (the ``Conversion Date'') shall be either (i) the Brussels business day immediately following the date of such delivery (in the case of a Conversion Notice delivered to the relevant Paying and Conversion Agent before 10.00 a.m. (Brussels time) on such date) or the second Brussels business day following the date of such delivery (in the case of a Conversion Notice delivered to the relevant Paying and Conversion Agent after 10.00 a.m. (Brussels time) on such date) and, if later and if applicable, following the making of any payment required to be made or the giving of any indemnity required to be given under these Conditions in connection with the exercise of such Conversion Right or (ii) in the case of an election by the Trustee pursuant to Condition 5(d), the relevant redemption date, save that for the purposes of Condition 5(e)(ii) and 5(f) and the next following sentence, the Conversion Date in the case of such an election by the Trustee shall mean the date which would have been the Conversion Date had Conversion Rights been exercised by holders of the relevant Unexercised Bonds (as defined in Condition 5(d)) on the last day of the relevant period for exercise of Conversion Rights by such holders pursuant to Condition 5(a). Where any Bond is delivered for conversion without all unmatured Coupons appertaining to it (for this purpose treating any Coupon expressed to be payable on or after the relevant Conversion Date as an unmatured Coupon), conversion shall be made only against the

provision of such payment or indemnity (including security) as the Company may reasonably require. A Conversion Notice once delivered shall be irrevocable.

A Bondholder or the Trustee delivering a Bond for conversion must pay (in the case of the Trustee by means of deduction from the net proceeds of sale referred to in Condition 5(d)) any taxes and capital, stamp, issue and registration duties arising on conversion (other than any taxes or capital duties or stamp duties payable in respect of the delivery of Shares on conversion) and such Bondholder or the Trustee (as the case may be) must pay (in the case of the Trustee, by way of deduction from the net proceeds of sale as aforesaid) all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond in connection with such conversion.

Shares delivered on conversion will be delivered in bearer form on or before the Share Delivery Business Day immediately following the relevant Conversion Date by credit to the account with Euroclear, Cedel Bank or a member of the C.I.K., as the case may be, specified by the Bondholder or the Trustee, as the case may be, in the relevant Conversion Notice. No certificates in respect of such Shares will be delivered by the Company on conversion.

(d) Conversion at the option of the Trustee on Redemption

The Trust Deed provides that the Trustee may, at its absolute discretion (and without any responsibility for any loss occasioned thereby), within the period commencing on the sixth calendar day prior to, and ending at 10.00 a.m. (Brussels time) on the Brussels business day immediately prior to, the date fixed for redemption from time to time of any of the Bonds (including any redemption under Condition 6(b) or 6(c)), elect by notice in writing to the Company to convert the aggregate number of Bonds due for redemption on such date and in respect of which Conversion Rights have not been exercised before the date of such election ('`Unexercised Bonds'') into Shares at the Conversion Price if all necessary consents (if any) have been obtained and the Trustee is satisfied or is advised by an investment bank in London of international repute appointed by the Trustee (after consultation with the Company), at the cost of the Company, that the net proceeds of an immediate sale of the Shares arising from such conversion (disregarding any liability (other than a liability of the Trustee) to taxation or the payment of any capital, stamp, issue or registration duties consequent thereon) would be likely to exceed by five per cent. or more the amount of redemption moneys and interest which would otherwise be payable in respect of such Unexercised Bonds.

Save as provided in Condition 5(f), no interest shall accrue from the Interest Payment Date immediately preceding the Conversion Date (or if such date falls before 9th July, 1999, since the Closing Date) in respect of such Unexercised Bonds in respect of which the Trustee's election as aforesaid shall have been made.

All of the Shares delivered on such conversion shall be sold by, or on behalf of, the Trustee (which shall not be liable for any loss occasioned thereby) as soon as practicable, and (subject to any necessary consents being obtained and to the deduction by the Trustee of any amount which it determines to be payable in respect of its liability to taxation and the payment of any capital, stamp, issue or registration duties (if any) and any costs incurred by the Trustee in connection with the taking of delivery and sale thereof) the net proceeds of sale together with accrued interest (if any) payable under Condition 5(f) in respect of such Unexercised Bonds shall be held by the Trustee and distributed rateably to the holders of such Unexercised Bonds in accordance with Condition 7 (for this purpose treating any Coupon expressed to be payable on or after the relevant Conversion Date as an unmatured Coupon). Save as provided in Condition 5(f), if the date fixed for redemption in respect of such Unexercised Bonds falls during a period commencing on an Interest Payment Date and ending on the sixth calendar day after such Interest Payment Date (both dates inclusive) a sum equal to the amount of the Coupon due on such Interest Payment Date which has been paid to the holders thereof will be deducted from the net proceeds of sale payable to the relevant holders and shall be

paid to the Company. The amount of such net proceeds of sale payable to a holder of Unexercised Bonds pursuant to this Condition 5(d) shall be treated for all purposes as the full amount due from the Company in respect of the Unexercised Bonds.

In exercising its powers under this Condition 5(d) the Trustee shall have regard to the economic interests of the holders of the Unexercised Bonds as a class and to no other considerations.

(e) *Shares*

- (i) Shares delivered on conversion will be fully paid and will rank pari passu in all respects with the fully paid Shares in issue on the Conversion Date, except that the Shares so delivered will not (a) rank for any dividend or other distribution in respect of which the payment date falls prior to such Conversion Date or (b) be entitled to voting or any other rights attached to such Share prior to the Conversion Date.
- (ii) Save as provided in Condition 5(f), no payment or adjustment shall be made on conversion for any interest which otherwise would have accrued on the relevant Bonds since the last Interest Payment Date preceding the Conversion Date relating to such Bonds (or, if such Conversion Date falls before 9th July, 1999, since the Closing Date).

(f) *Interest on Conversion*

If any notice requiring the redemption of any Bonds is given by the Company pursuant to Condition 6(b) or 6(c) during the period commencing on the fifteenth Brussels business day prior to a payment date in respect of any dividend in respect of the Shares and ending on such payment date where such notice specifies a date for redemption falling on or prior to the fourteenth calendar day after the Interest Payment Date next following such payment date, interest shall accrue on each Relevant Converted Bond (as defined below) from and including the preceding Interest Payment Date (or, if the Conversion Date in respect of such Relevant Converted Bond falls before 9th July, 1999, from the Closing Date) to but excluding such Conversion Date. For this purpose, "Relevant Converted Bond" shall mean a Bond (i) which shall have been delivered for conversion or in respect of which an election by the Trustee provided for in Condition 5(d) applies and (ii) in respect of which the Conversion Date falls after the payment date referred to above in this Condition 5(f) and on or prior to the Interest Payment Date next following such payment date. Any such interest shall be paid by the Company not later than the fourteenth calendar day after the relevant Conversion Date by Deutsche Mark cheque drawn on, or by transfer to, a Deutsche Mark account maintained with a bank in Frankfurt in accordance with instructions given by the relevant Bondholder or, in the case of such election by the Trustee, the Trustee.

(g) *Reorganisation of the Company*

In the case of any reconstruction, amalgamation, merger, consolidation or reorganisation of the Company with any other corporation (in each case not involving or arising out of insolvency of the Company and other than a reconstruction, amalgamation, merger, consolidation or reorganisation in which the Company is the continuing corporation), or in the case of any sale or transfer of all, or substantially all, of the assets of the Company, the Company will forthwith give notice to the Trustee and the Bondholders of such event in accordance with Condition 17 and (so far as legally possible) cause the corporation resulting from such reconstruction, amalgamation, merger, consolidation or reorganisation or the corporation which shall have acquired such assets, as the case may be, to execute a trust deed supplemental to the Trust Deed to ensure that the holder of each Bond then outstanding will have the right (during the period in which such Bond shall be convertible) to convert such Bond into the class and amount of shares and other securities and property (including cash) receivable (if any) upon such reconstruction, amalgamation, merger, consolidation, reorganisation, sale or

transfer by a holder of the number of Shares which would have been required to be delivered if such Bond had been converted and the Conversion Date in respect thereof had fallen immediately prior to such reconstruction, amalgamation, merger, consolidation, reorganisation, sale or transfer. Such supplemental trust deed will provide for adjustments which will be as nearly equivalent as may be practicable to the adjustments provided for in the foregoing provisions of this Condition. The provisions of this paragraph (g) will apply in the same way to any subsequent reconstruction, amalgamation, merger, consolidation, reorganisation, sale or transfer.

6. Redemption and Purchase

(a) Final Redemption

Unless previously purchased, redeemed or converted as herein provided, the Bonds will be redeemed at their principal amount on 9th July, 2003. The Bonds may not be redeemed at the option of the Company other than in accordance with Condition 6(b) or 6(c). A notice given by the Company under Condition 6(b) or 6(c) (a ``Redemption Notice'') shall specify (i) the date (the ``Redemption Date'') when the relevant redemption will take place, (ii) the Conversion Price, the closing price of the Shares and the aggregate principal amount of the Bonds outstanding, in each case as at the latest practicable date prior to the publication of the Redemption Notice and (iii) the last day on which Conversion Rights may be exercised by Bondholders.

(b) Redemption for Taxation Reasons

If, as a result of any amendment to or change in the laws or regulations of the Kingdom of Belgium or of any political subdivision thereof or in the application of any official or generally accepted practice of any authority therein or thereof having power to tax or in the application of any official or generally accepted interpretation of such laws or regulations which becomes effective on or after 6th July, 1998, the Company has or will become obliged to pay in respect of the next payment due in respect of the Bonds any additional amounts in accordance with Condition 8 (and such amendment or change has been evidenced by the delivery by the Company to the Trustee (who shall be entitled to accept such certificate and opinion as sufficient evidence thereof) of (i) a certificate signed by two Directors of the Company stating that such amendment or change has occurred (irrespective of whether such amendment or change is then effective), describing the facts leading thereto and stating that such obligation cannot be avoided by the Company taking reasonable measures available to it and (ii) an opinion of independent legal advisers of recognised standing to the effect that such amendment or change has occurred (irrespective of whether such amendment or change is then effective)), the Company may (having given not less than 30 nor more than 60 calendar days' notice to the Trustee and the Bondholders in accordance with Condition 17) redeem all, but not some only, of the Bonds at their principal amount, together with interest accrued to the date fixed for such redemption provided that no such Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Company would be required to pay such additional amounts were a payment in respect of the Bonds then due.

(c) Redemption at the Option of the Company

On giving not less than 30 nor more than 60 calendar days' notice to the Trustee and the Bondholders in accordance with Condition 17, the Company may at any time redeem all but not some only of the Bonds for the time being outstanding at their principal amount, together with interest accrued to the relevant redemption date if, prior to the date of such notice, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) shall have been effected in respect of 85 per cent. or more in principal amount of the Bonds originally issued.

(d) *Purchase*

The Company and/or any Subsidiary may at any time purchase Bonds and unmatured Coupons at any price in the open market or by private treaty.

(e) *Cancellation*

All Bonds redeemed or converted or purchased by the Company pursuant to any of the foregoing provisions will be cancelled forthwith together with all unmatured Coupons attached thereto or surrendered therewith and may not be reissued or resold.

(f) *Redemption Notices*

A notice given by the Company under paragraph (b) or (c) of this Condition 6 (a ``Redemption Notice'') shall be irrevocable and shall specify (i) the date (the ``Redemption Date'') when the relevant redemption will take place, (ii) the Conversion Price, the closing price of the Shares on the Brussels Stock Exchange and the aggregate principal amount of the Bonds outstanding, in each case as at the latest practical date prior to the publication of the notice and (iii) the last day on which Conversion Rights may be exercised by Bondholders.

7. Payments

Payment of principal on any Bond or the net proceeds of sale of Shares pursuant to Condition 5(d) or accrued interest payable other than on an Interest Payment Date or payments pursuant to Condition 12 will be made against presentation and surrender of the relevant Bond(s) at the specified office of any of the Paying and Conversion Agents.

Payments of interest due on an Interest Payment Date will be made against presentation and surrender of the relevant Coupon(s) at the specified office of any of the Paying and Conversion Agents.

Each such payment will be made at the relevant specified office by Deutsche Mark cheque drawn on, or by transfer to a Deutsche Mark account maintained by the payee with, a bank in Frankfurt. Payments will be subject in all cases to any applicable fiscal and other laws and regulations, but without prejudice to the provisions of Condition 8.

Each Bond should be presented for redemption together with all unmatured Coupons relating to it, failing which the full amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant missing Coupon at any time before the expiry of 10 years after the Relevant Date in respect of the relevant Bond (whether or not the Coupon would otherwise have become void pursuant to Condition 10), or, if later, five years after the date on which the Coupon would have become due, but not thereafter.

If the due date for payment of any Bond or Coupon or any later date upon which a Bond or Coupon is presented for payment is not a business day at the place where the relevant Bond or Coupon is presented for payment, then the holder shall not be entitled to payment at such place of the amount due until the next following business day at such place and shall not be entitled to any further interest or other payment in respect of any such delay. For the above purposes, ``business day'' means any day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for business in the relevant place of presentation for payment and on which dealings in Deutsche Marks may be carried on both in Frankfurt, Luxembourg and in such place.

When making payments to Bondholders or Couponholders, fractions of one pfennig will be rounded down to the nearest whole pfennig.

The names of the initial Paying and Conversion Agents and their specified offices are set out below. The Company reserves the right under the Agency Agreement at any time with the prior written approval of the Trustee to vary the appointment of or to remove any Paying and Conversion Agent and to appoint other or further Paying and Conversion Agents, provided that it will at all times maintain a Paying and Conversion Agent having a specified office in Luxembourg, while the Bonds are listed on the Luxembourg Stock Exchange. Notice of any such removal or appointment and of any change in the specified office of any Paying and Conversion Agent will as soon as practicable be given to Bondholders in accordance with Condition 17.

8. Taxation

All payments in respect of the Bonds and the Coupons shall be made without deduction of, or withholding for, any taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or in the Kingdom of Belgium or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Company shall pay such additional amounts as may be necessary in order that the net amounts received by the holders of Bonds or Coupons after such withholding or deduction shall equal the amounts which would have been receivable by them had no such withholding or deduction been required, except that no additional amounts shall be payable in respect of any Bond or Coupon presented for payment:

- (a) by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of his having some connection with the Kingdom of Belgium otherwise than merely by the holding of the Bond or Coupon or the receipt of principal or interest in respect thereof; or
- (b) where the withholding or deduction could have been avoided by the holder making a declaration of non-residence or other similar claim to the appropriate authority; or
- (b) more than 30 calendar days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on duly presenting the same for payment on the last day of such period of 30 calendar days.

Any reference herein to the principal and/or interest on the Bonds shall be deemed to include any additional amounts which may be payable under this Condition or under any obligation(s) undertaken in addition thereto or in substitution therefor pursuant to the Trust Deed.

9. Undertakings

Whilst any Conversion Right remains exercisable, the Company will, save with the approval of an Extraordinary Resolution or with the prior written approval of the Trustee where, in the Trustee's opinion, it is not materially prejudicial to the interests of the Bondholders to give such approval:

- (a) at all times ensure that either the Company or one of its Wholly-owned Subsidiaries is the legal and beneficial owner (free from any right, title, interest or lien of any person (including, without limitation, any preemptive or other rights of shareholders)) of such number of Shares as would enable the Conversion Rights and all other rights of subscription and exchange for, and conversion into, Shares to be satisfied in full;
- (b) not issue or pay up any securities, in either case by way of capitalisation of profits or reserves, other than (i) by the issue of fully paid Shares to

the Shareholders and other holders of shares in the capital of the Company which by their terms entitle the holders thereof to receive Shares on a capitalisation of profits or reserves or (ii) by the issue of Shares paid up in full out of profits or reserves (in accordance with applicable law) and issued wholly, ignoring fractional entitlements, in lieu of a cash dividend or (iii) by the issue of fully paid equity share capital (other than Shares) to the holders of equity share capital of the same class and other holders of shares in the capital of the Company which by their terms entitle the holders thereof to receive equity share capital (other than Shares) on a capitalisation of profits or reserves, unless in any such case the same gives rise (or would, but for the fact that the adjustment would be less than one per cent. of the Conversion Price then in effect, give rise) to an adjustment of the Conversion Price;

- (c) not in any way modify the rights attaching to the Shares with respect to voting, dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than such rights but so that nothing in this Condition 9(c) shall prevent (i) the issue of any equity share capital to employees (including directors holding executive office) whether of the Company or any Subsidiary or any of the Company's associated companies by virtue of their office or employment pursuant to any scheme or plan approved by the Company in general meeting (or where permitted under applicable law, by its board of directors) or which is established pursuant to such a scheme or plan which is or has been so approved or (ii) any consolidation or subdivision of the Shares or (iii) any modification of such rights which is not, in the opinion of an investment bank in London of international repute selected by the Company, approved in writing by the Trustee and acting as an expert, materially prejudicial to the interests of the holders of the Bonds or (iv) any issue of equity share capital where the issue of such equity share capital results or would, but for the fact that the adjustment would be less than one per cent. of the Conversion Price then in effect or that the consideration per Share receivable therefor (as described in Condition 5(b)) is at least 97 per cent. of the Current Market Price per Share, result in an adjustment of the Conversion Price or (v) any issue of equity share capital or modification of rights attaching to the Shares where prior thereto the Company shall have instructed the Auditors (acting as experts) to determine what (if any) adjustments should be made to the Conversion Price as being fair and reasonable to take account thereof and the Auditors shall have determined either that no adjustment is required or that an adjustment is required and, if so, the new Conversion Price as a result thereof and the basis upon which such adjustment is to be made and, in any such case, the date on which the adjustment shall take effect (and so that the adjustment shall be made and shall take effect accordingly);
- (d) procure that no securities (whether issued by the Company or any Subsidiary or procured by the Company or any Subsidiary to be issued) issued without rights to convert into or exchange or subscribe for Shares shall subsequently include such rights exercisable at a consideration per Share which is less than 97 per cent. of the Current Market Price per Share at the close of business on the last dealing day preceding the date of the announcement of the proposed inclusion of such rights unless the same gives rise (or would, but for the fact that the adjustment would be less than one per cent. of the Conversion Price then in effect, give rise) to an adjustment of the Conversion Price;
- (e) not reduce its share capital, share premium reserve, capital redemption reserve or any uncalled liability in respect thereof except (i) pursuant to the terms of issue of the relevant share capital or (ii) by means of a purchase or redemption of share capital of the Company which would not constitute a Capital Distribution or (iii) where the reduction results in (or would, but for the fact that the adjustment would be less than one per cent. of the Conversion Price then in effect, result in) an adjustment to the Conversion Price;

- (f) if any offer is made to all (or as nearly as may be practicable all) Shareholders or all (or as nearly as may be practicable all) Shareholders other than the offeror and/or any associates of the offeror to acquire all or a majority of the issued ordinary share capital of the Company, or if any person proposes a scheme with regard to such acquisition, give notice of such offer or scheme to the Bondholders at the same time as any notice thereof is given to its Shareholders (or as soon as practicable thereafter) stating that details concerning such offer or scheme may be obtained from the specified offices of the Paying and Conversion Agents and, where such an offer or scheme has been recommended by the Board of Directors of the Company, or where such an offer has become or been declared unconditional in all respects, use all reasonable endeavours to procure that a like offer or scheme is extended to the holders of any Shares delivered during the period of the offer or scheme arising out of the exercise of the Conversion Rights and/or to the holders of the Bonds; and
- (g) use all reasonable endeavours to ensure that the Shares delivered upon conversion of any Bonds are, and after conversion, will continue to be, listed on the Brussels Stock Exchange and are, and after conversion will be, listed, quoted or dealt in on any other stock exchange or securities market on which the Shares may then be listed or quoted or dealt in.

10. Prescription

Bonds and Coupons will become void unless presented for payment within periods of 10 years and five years, respectively, from the Relevant Date and thereafter no claim may be made in respect thereof.

11. Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders shall (subject, in each case, to it being indemnified to its satisfaction) give notice to the Company that the Bonds are, and they shall accordingly thereby forthwith become, immediately due and repayable at their principal amount, together with accrued interest, if any of the following events shall occur and be continuing:

- (a) the Company fails to pay any amount of principal of or interest on any of the Bonds when due and such failure continues for a period of seven days in the case of principal and 14 days in the case of interest; or
- (b) the Company does not perform or comply with any one or more of its other obligations pursuant to the Bonds or the Trust Deed which default is in the opinion of the Trustee incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days (or such longer period as the Trustee may permit) after notice of such default shall have been given to the Company by the Trustee; or
- (c) (i) any other present or future indebtedness of the Company or any of its Principal Subsidiaries for or in respect of borrowed money becomes due and payable prior to its stated maturity by reason of default, or (ii) any such indebtedness is not paid when due or, as the case may be, within any grace period originally provided therein, or (iii) the Company or any of its Principal Subsidiaries fails to pay when due or, as the case may be, within any applicable grace period originally provided therein, any amount payable by it under any present or future guarantee for, or indemnity in respect of, indebtedness for or in respect of any borrowed money, provided that the aggregate amount of the relevant indebtedness, guarantee or indemnity, as the case may be, in respect of which one or more of the events mentioned in this paragraph (c) has occurred is equal to or exceeds BEF 100,000,000 (or its

equivalent in any other currency or currencies as determined by the Trustee);
or

- (d) in the event of a reconstruction, amalgamation, merger, consolidation or other reorganisation of the Company or any Principal Subsidiary, or a sale or other transfer by the Company or any Principal Subsidiary of all or a substantial part of its assets to any other incorporated or unincorporated person or legal entity, unless, in each case not involving or arising out of insolvency, (i) the person or entity surviving such reconstruction, amalgamation, merger, consolidation or other reorganisation or to which such assets shall have been sold or transferred is the Company or a Principal Subsidiary and shall have assumed expressly and effectively or by law all obligations of the Company or the relevant Principal Subsidiary, as the case may be or (ii) in the case of such a sale or other transfer of assets, such sale or transfer is at a value not materially below the fair market value of such assets at the time of such sale or transfer or (iii) has been previously approved in writing by the Trustee or by an Extraordinary Resolution of the Bondholders; or
- (d) if a distress, attachment, execution or other process is levied or enforced upon or against all or any material part of the property of the Company or any Principal Subsidiary unless it is removed, discharged or paid out within 30 days or in the event that an encumbrancer takes possession of the whole or any substantial part of the assets of the Company or any Principal Subsidiary and is not paid out in full or discharged within 30 days; or
- (g) in the event that the Company or any Principal Subsidiary is adjudicated bankrupt or insolvent, or admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of its creditors, or enters into a composition with its creditors, or applies for a moratorium, or institutes or has instituted any proceedings under any applicable bankruptcy law, insolvency law, composition law or any law governing the appointment of a receiver, administrator, trustee or other similar official for the whole or any substantial part of its assets or property or any other similar law, or in the event that any such proceedings are instituted against the Company or any Principal Subsidiary and remain undismissed for a period of 30 days; or
- (h) any event specified in paragraphs (d) to (f) above occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs,

provided that, in the case of the happening of any of the events mentioned in paragraphs (b) to (g) inclusive above, other than paragraph (f) in relation to the Company, only if the Trustee shall have certified in writing that such event is, in its opinion, materially prejudicial to the interests of the Bondholders.

12. Winding-up of the Company and Acceleration

- (a) If, whilst any Bond remains outstanding, the Company becomes aware of a proposal (whether made by or on behalf of the Company, any of its Shareholders or otherwise) for a resolution to be passed or an order made to wind-up the Company, then (unless this proposal does not involve or arise out of insolvency and is for the purpose of or in connection with a reconstruction, amalgamation, merger, consolidation, reorganisation, sale or transfer as is referred to in sub-paragraphs (i), (ii) or (iii) of Condition 11(d) or Condition 5(g)) the Company will forthwith give notice to the Trustee and the Bondholders in accordance with Condition 17 of such proposal. Such notice shall state the Conversion Price then in effect, the date (if then known) when the resolution is expected to be passed or the order is expected to be made, as the case may be, and give the Company's estimate, confirmed by the Auditors, of the amount which would be received by the

holders of the Shares if such resolution were passed. If, at the time such notice is given, no date for the passing of such a resolution or the making of such an order has been set or can be estimated by the Company, but subsequently a date is set or can be estimated, or if a date previously notified subsequently changes, the Company shall forthwith give a further notice to the Trustee and the Bondholders in accordance with Condition 17 specifying such date or changed date, as the case may be.

- (b) If the Trustee shall give notice to the Company under Condition 11 that the Bonds are immediately due and repayable otherwise than because of the passing of an effective resolution or the making of an order of a court of competent jurisdiction for the winding-up of the Company, notice of such fact shall forthwith be given by the Company to the Bondholders in accordance with Condition 17 and each Bondholder shall (whether or not the Conversion Right attaching to his Bond is then otherwise exercisable) be entitled at any time after the date on which the Bonds become so due and repayable until the expiry of six weeks after the date of such notice (but not thereafter) to elect (by delivering in accordance with the provisions of Condition 5 his Bond and a duly signed and completed Conversion Notice and otherwise complying with the provisions of Condition 5), in lieu of his having his Bond repaid, to exercise the Conversion Right pursuant to such provisions in respect of such Bond as at the date of such notice by the Trustee, save that no such election shall be made in respect of any Bond presented for payment of principal on or after the due date for such payment provided, in each case, that payment in full is made of all amounts then due on the relevant Bond upon such presentation or in respect of Bonds in respect of which Conversion Rights shall have been exercised. Subject as provided in this Condition 12(b) and in Condition 5, Conversion Rights shall lapse in the event that the Trustee shall give notice to the Company that the Bonds are immediately due and repayable (otherwise than as aforesaid). Interest on any Bond so converted shall cease to accrue on the Interest Payment Date last preceding the Conversion Date or, if the Conversion Date is on or before the first Interest Payment Date, no interest shall accrue.
- (c) Any election pursuant to Condition 12(a) or (b) may only be made in respect of the full principal amount of such Bonds.

13. Enforcement of Rights

At any time after the Bonds become due and repayable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Company as it may think fit to enforce the terms of the Trust Deed, the Bonds and the Coupons, but it need not take any such proceedings unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least one-fifth in principal amount of the Bonds outstanding and (ii) it shall have been indemnified to its satisfaction. No Bondholder or Couponholder may proceed directly against the Company unless the Trustee, having become bound to proceed, fails to do so within a reasonable time and such failure is continuing.

14. Replacement of Bonds and Coupons

Should any Bond or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Paying and Conversion Agent in Luxembourg for the time being upon payment by the claimant of the expenses, taxes and duties incurred in connection therewith and on such terms as to evidence and indemnity as the Company may require. Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

15. Meetings of Bondholders; Modifications; Waivers; Substitution

Under Belgian law, the provisions relating to meetings of Bondholders may be modified in relation to certain matters. See ``General Information''.

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Conditions or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of Bonds so held or represented, provided that at any meeting the business of which includes the modification of certain of these Conditions and certain of the provisions of the Trust Deed (including, inter alia, those relating to status, conversion terms and the currency, amount (but not to increase such amount) and due date of payment of redemption moneys and interest or other amounts in respect of the Bonds) the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Bonds for the time being outstanding. The quorum requirement for a meeting of Bondholders for passing a resolution called in respect of the matters listed in Article 93 of the Belgian co-ordinated laws on commercial companies (the ``Belgian Company Law'') is two or more persons holding or representing at least 50 per cent. of the aggregate principal amount outstanding of the Bonds or, at any adjourned meeting, two or more persons being or representing the Bondholders, whatever the aggregate principal amount outstanding of the Bonds so held or represented. The Trustee may, without the consent of Bondholders, prescribe such other or further regulations regarding the holding of meetings of Bondholders and attendance and voting thereat as are necessary to comply with Belgian law. An Extraordinary Resolution duly passed in accordance with the provisions of the Trust Deed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting and whether or not they vote in favour thereof, and on all Couponholders.

No resolution of the Bondholders which in the opinion of the Trustee relates to any of the matters listed in Article 93 of the Belgian Company Law shall be effective unless passed at a meeting complying in all respects with the provision of the Belgian Company Law or ratified at such a meeting and any resolution duly passed at such a meeting shall bind the Trustee and the Bondholders regardless of whether the requirements of the Trust Deed are met. The matters listed in Article 93 of the Belgian Company Law include, inter alia, modifying or suspending the date of maturity of Bonds, postponing any day for payment of interest thereon, reducing the rate of interest applicable in respect of such Bonds or deciding urgent interim actions in the common interest of Bondholders.

The Trustee may agree, without the consent of the Bondholders or Couponholders, to any modification to these Conditions or to the provisions of the Trust Deed which in its opinion is of a formal, minor or technical nature, is made to correct a manifest error or (not being such a modification as is mentioned in the proviso to the second sentence of the preceding paragraph) is not materially prejudicial to the interests of the Bondholders. The Trustee may also agree without the consent of the Bondholders or Couponholders to the waiver or authorisation of any breach or proposed breach of any of the provisions of the Trust Deed or of these Conditions or determine that any Event of Default or Potential Event of Default (each as defined in the Trust Deed) will not be treated as such which in its opinion is not materially prejudicial to the interests of the Bondholders except that the Trustee may not exercise this discretion in respect of any matter which is listed in Article 93 of the Belgian Company Law.

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require,

which may include the giving of a guarantee, but without the consent of the Bondholders or the Couponholders, to the substitution of any other company in place of the Company, or of any previous substituted company, as principal debtor under the Trust Deed, the Bonds and the Coupons. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders or Couponholders, to a change of the law governing the Bonds, the Coupons and/or the Trust Deed provided that such change would in the opinion of the Trustee not be materially prejudicial to the interests of the Bondholders.

Any such modification, waiver, authorisation or substitution shall be binding on the Bondholders and the Couponholders and, unless the Trustee agrees otherwise shall be notified by the Company to the Bondholders as soon as reasonably practicable.

In connection with the exercise of its powers, trusts, authorities or discretions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution as aforesaid) the Trustee shall have regard to the interests of the Bondholders as a class and the Trustee shall not have regard to the consequences of such exercise for individual Bondholders or Couponholders resulting in particular from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Bondholder or Couponholder be entitled to claim from the Company or the Trustee, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders or Couponholders except to the extent provided for in Condition 8 and/or in any undertaking(s) given in addition thereto or in substitution therefor pursuant to the Trust Deed.

16. Further Issues

The Company may from time to time without the consent of the Bondholders or Couponholders create and issue further notes or bonds either having the same terms and conditions in all respects as the outstanding notes or bonds of any series (including the Bonds) (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Bonds) or upon such terms as to interest, conversion, premium, redemption and otherwise as the Company may determine at the time of their issue. Any further notes or bonds forming a single series with the outstanding notes or bonds of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other notes or bonds may, with the consent of the Trustee, be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

17. Notices

Notices to Bondholders will be valid if published in at least one leading English language daily newspaper of general circulation in London (which is expected to be the Financial Times), and, so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of such Exchange so require, in a daily newspaper with general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or, if this is not, in the opinion of the Trustee, practicable, in at least one leading English language daily newspaper approved by the Trustee with circulation in Europe or in such other manner as the Trustee may approve. Any such notice shall be deemed to have been given on the date of publication, or if published more than once, on the date of first publication.

The Couponholders shall be deemed for all purposes to have notice of the contents of any notices given to the Bondholders in accordance with this Condition.

18. Redenomination

The Company may, without the consent of the Bondholders or Couponholders, on giving at least 30 days' prior notice to Bondholders, Euroclear, Cedel Bank, any clearing system with whom, or with a depository for whom, the Bonds or any global bond representing them may then be deposited, the Trustee and the Paying and Conversion Agents, designate a Redenomination Date, being a date for payment of interest under the Bonds falling on or after the start of the third stage (the ``Third Stage'') of economic and monetary union pursuant to the Treaty establishing the European Community (the ``Treaty'') (or, if Germany is not one of the countries then participating in such Third Stage, falling on or after such later date as it does so participate).

``Euro'' means the currency to be introduced at the start of the third stage of economic and monetary union pursuant to the Treaty.

With effect from the Redenomination Date, notwithstanding the other provisions of these Conditions:

- (a) The Bonds shall (unless already so provided by mandatory provisions of applicable law) be deemed to be redenominated in Euro in the denomination of Euro 0.01 with a principal amount for each Bond equal to the principal amount of that Bond in Deutsche Marks, converted into Euro at the rate for conversion of Deutsche Marks into Euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations) provided that, if the Company determines, with the agreement of the Trustee, that the then market practice in respect of the redenomination into Euro 0.01 of internationally offered securities is different from the provision specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Company shall promptly notify the Bondholders, the stock exchange (if any) on which the Bonds may be listed and the Paying and Conversion Agents of such deemed amendments.
- (b) If definitive Bonds are required to be issued, they shall be issued at the expense of the Company in the denominations of Euro 0.01, Euro 1,000, Euro 10,000, Euro 100,000 and such other denominations as the Trustee shall determine and the Company shall notify to Bondholders.
- (c) If definitive Bonds have been issued, all unmatured Coupons denominated in Deutsche Marks (whether or not attached to the Bonds) will become void and no payments will be made in respect of them. New certificates in respect of Euro-denominated Bonds and Coupons will be issued in exchange for Deutsche Mark Bonds and Coupons in such manner as the Principal Paying and Conversion Agent may specify and notify to Bondholders.
- (d) All payments in respect of the Bonds (other than, unless the Redenomination Date is on or after such date as the Deutsche Mark ceases to be a subdivision of the Euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in Euro. Such payments will be made in Euro by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee or by cheque.
- (e) A Bond or Coupon may only be presented for payment on a day on which commercial banks and foreign exchange markets are open in the place of presentation and which is a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System is open.
- (f) The amount of interest in respect of Bonds will be calculated by reference to the aggregate principal amount of Bonds presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest Euro 0.01.
- (g) If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum

of (A) the number of those days falling in a leap year divided by 366 and (B) the number of those days falling in a non-leap year divided by 365).

(i) The fixed rate of exchange for the purpose of determining the number of Shares to be delivered on exercise of a Conversion Right pursuant to Condition 5(a) shall be such rate of exchange between the Euro and the Belgian Franc as is produced by multiplying such rate specified in Condition 5(a) by the rate for conversion of the Deutsche Mark into the Euro as is specified in Condition 18(a), provided that:

(i) if on the Redenomination Date the Kingdom of Belgium is also one of the countries then participating in the Third Stage, with effect from such date, (or, if the Kingdom of Belgium participates in the Third Stage at a later date, with effect from such later date), the number of Shares to be delivered on exercise of a Conversion Right pursuant to Condition 5(a) shall be determined by dividing the principal amount of the relevant Bond as so redenominated pursuant to Condition 18(a) by the then prevailing Conversion Price converted into Euro at the rate for conversion of Belgian Francs into Euro established by the Council of the European Union pursuant to the Treaty (including rules relating to rounding in accordance with European Community regulations); and

(ii) if the Company determines, with the agreement of the Trustee, that the then market practice in respect of the redenomination into Euro of the conversion price of internationally offered convertible debt securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Company shall promptly notify the Bondholders, the stock exchange (if any) on which the Bonds may then be listed and the Paying and Conversion Agents of such deemed amendments.

19. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Company, any Subsidiary or any holding or associated company of the Company without accounting for any profit.

20. Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Bonds and the Coupons are governed by and shall be construed in accordance with English law.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Bonds and/or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Bonds and/or the Coupons ('`Proceedings'') may be brought in such courts. The Company has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and waived any objections to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are for the benefit of each of the Trustee and the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) Service of Process

The Company has in the Trust Deed irrevocably appointed Clifford Chance Secretaries Limited of 200'Aldersgate Street, London EC1A 4JJ to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Company). If for any reason such process agent ceases to be able to act as such or no longer has an address in England, the Company has irrevocably agreed to appoint a substitute process agent acceptable to the Trustee and to immediately notify the Trustee of such appointment. Nothing shall affect the right to serve process in any other manner permitted by law.

PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

The Global Bond contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Terms and Conditions of the Bonds set out in this document. The following is a summary of certain of those provisions:

1. Exchange

The Global Bond is exchangeable in whole but not in part (free of charge to the holder) for the Definitive Bonds described below (i) if the Global Bond is held by or on behalf of a clearing system and such clearing system (or Euroclear or Cedel Bank or any alternative clearing system through which holders hold their participation in such system) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (ii) if principal in respect of all the outstanding Bonds is not paid when due and payable or (iii) if the Company would suffer a material disadvantage in respect of the Bonds as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction referred to in Condition 8 which would not be suffered were the Bonds in definitive form and a certificate to such effect signed by two directors of the Company is delivered to the Trustee for display to Bondholders. Thereupon (in the case of (i) and (ii) above) the holder may give notice to the Trustee, and (in the case of (iii) above) the Company may give notice to the Trustee and the Bondholders, of its intention to exchange the Global Bond for Definitive Bonds on or after the Exchange Date (as defined below) specified in the relevant notice.

On or after the Exchange Date the holder of the Global Bond may surrender the Global Bond to or to the order of the Principal Paying and Conversion Agent. In exchange for the Global Bond the Company will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Bonds (having attached to them all Coupons in respect of interest which has not already been paid on the Global Bond), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Trust Deed. On exchange of the Global Bond, the Company will procure that it is cancelled and returned to the holder together with any relevant Definitive Bonds.

``Exchange Date'' means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying and Conversion Agent is located and, except in the case of exchange pursuant to (i) above, in the city or cities in which the relevant clearing system(s) is located.

2. Payments

Payments of principal and interest in respect of Bonds represented by the Global Bond will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Bonds, surrender of the Global Bond to or to the order of the Principal Paying and Conversion Agent or such other Paying and Conversion Agent as shall have been notified to the Bondholders for such purpose. A record of each payment so made will be endorsed on the appropriate schedule to the Global Bond, which endorsement will be prima facie evidence that such payment has been made in respect of the Bonds.

3. Notices

So long as the Bonds are represented by the Global Bond and the Global Bond is held on behalf of a clearing system, notices to Bondholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled

accountholders in substitution for publication as required by the Conditions except that so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of that Exchange so require, notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort).

4. Prescription

Claims against the Company in respect of principal and interest on the Bonds while the Bonds are represented by the Global Bond will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in the Conditions).

5. Meetings

The holder of the Global Bond will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Bondholders and, at any such meeting, as having one vote in respect of each DM 10,000 in principal amount of Bonds for which the Global Bond may be exchanged.

6. Purchase and Cancellation

Cancellation of any Bond required by the Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the Global Bond.

7. Trustee's Powers

In considering the interests of Bondholders while the Global Bond is held on behalf of a clearing system the Trustee may have regard to any information provided to it by such clearing system or its operator or a participant in such system as to the identity (either individually or by category) of its accountholders with entitlements to the Global Bond (or an interest in respect thereof) and may consider such interests as if such accountholders were the holder of the Global Bond.

8. Conversion

The Conversion Right attaching to the Bonds will be exercisable by presentation of the Global Bond to or to the order of the Principal Paying and Conversion Agent for notation of exercise of the Conversion Rights together with one or more duly completed Conversion Notices.

USE OF PROCEEDS

The net proceeds from the issue of the Bonds, which are expected to amount to DM 490,230,000, will be used for general corporate purposes.

CAPITALISATION

The following table sets forth the unaudited consolidated long-term debt and total capitalisation of the Company as at 31st May, 1998 and as adjusted to reflect the issue of the Bonds and should be read in conjunction with the financial statements of the Company appearing in the ``Annual Report``:

	As at 31 st May, 1998	
	Actual	As adjusted
	(BEF millions) (unaudited)	
Long-term debt		
The Bonds now being issued (1)	-	10,373
Bonds redeemable in shares	4,337	4,337
Other long-term debt	5,673	5,673
Total long-term debt	10,010	20,383
Shareholders' equity		
Share capital (2) (3)	24,300	24,300
Share Premium	28,220	28,220
Reserves	94,564	94,564
Consolidation adjustments	220	220
Exchange adjustments	(1,711)	(1,711)
Total shareholders' equity	145,593	145,593
Minority interests	79,120	79,120
Total capitalisation	234,723	245,096

Notes:

- (1) Translated at the rate of DM 1.00 = BEF 20.63, the closing exchange rate on 3rd July, 1998.
- (2) Consisting of 24,299,940 Shares, issued and fully paid with no nominal value. The authorised share capital of the Company is BEF 10'billion represented by 10 million shares.
- (3) GBL issued 758,340 Shares in February, 1994 with three warrants attached per Share. As at 31st May, 1998, 1,483,638 warrants had not been exercised. A further 586,355 warrants were exercised between 1st June, 1998 and 20th June, 1998, resulting in the issue of 1,438 new Shares and a balance of 897,283 unexercised warrants. The final exercise period for the unexercised warrants is between 1st December and 20th December, 1998. For further detailed information, see ``Groupe Bruxelles Lambert S.A. -- Recent Developments``.
- (4) As at 31st May, 1998 total short-term debt is reduced to zero by outstanding cash balances.
- (5) Since 31st May, 1998 there has been no material change in the consolidated capitalisation of the Company except in respect of the merger of Parfinance and Imétal, the increase of Electrafina's interest in Suez Lyonnaise, the exercise of warrants as mentioned in Note (3) above and the increase of GBL's interest in Electrafina. For further detailed information in respect of these items, see

GRUPE BRUXELLES LAMBERT S.A.

Introduction

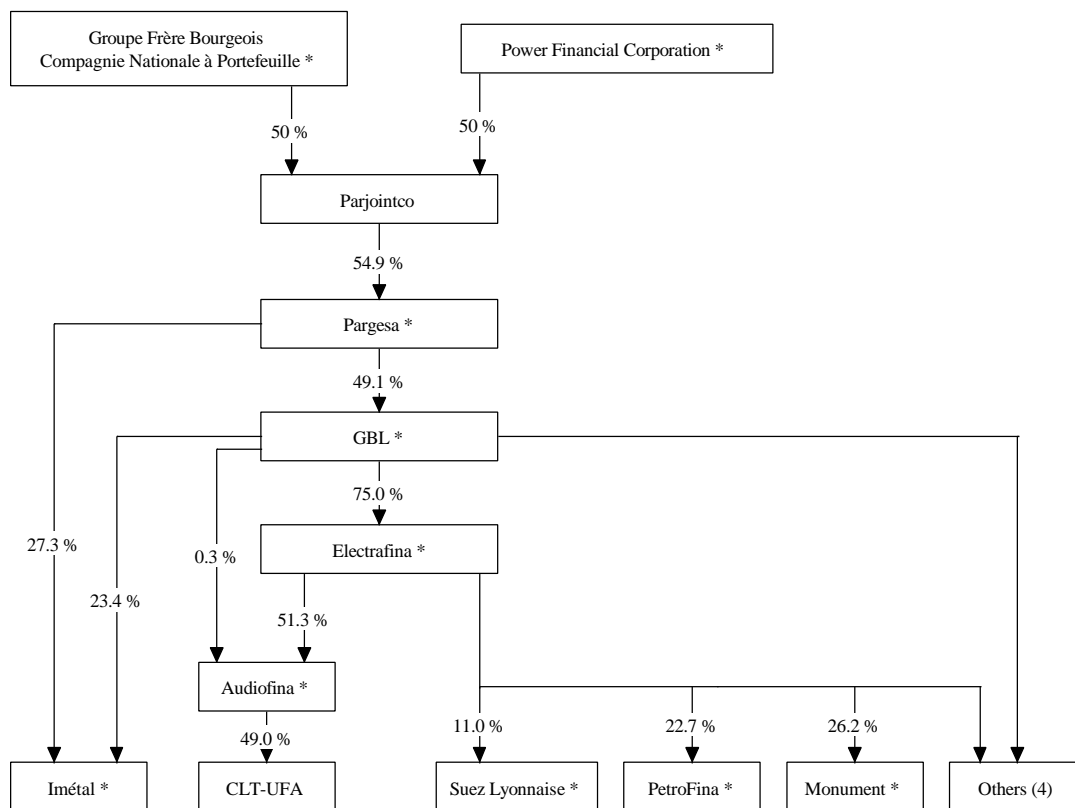
Groupe Bruxelles Lambert S.A. ('`GBL'' or the ``Company'') is an investment holding company which was listed on the Brussels Stock Exchange on 15th October, 1956. As at 1st July, 1998, it had a market capitalisation of BEF 182.5 billion.

GBL has three main areas of operation: management of the holding company as an investment vehicle, portfolio operations and monitoring the activities of the operating companies in the GBL group (the ``Group'').

GBL's major long-term quoted investments include Suez Lyonnaise des Eaux ('`Suez Lyonnaise''), PetroFina, Audiofina and Imétal. GBL also has a number of other quoted and unquoted investments.

Structure

The structure chart below sets out the principal holding companies and subsidiaries of the Group as at 1st July, 1998:



Notes:

- (1) Companies marked with an asterisk (*) are listed on a stock exchange.
- (2) The percentage shareholdings shown reflect the latest available publicly declared non-diluted interest held in the issued share capital of the company concerned.
- (3) Since 31st December, 1997, the structure of the principal companies and subsidiaries of the Group has changed in a number of respects, see ``Recent Developments'' for further detailed information.
- (4) GBL, Electrafina and Audiofina hold a number of other quoted and unquoted investments, see ``Other Investments''.

- (5) GBL also holds, as a result of its disposal of all of its shareholdings in Banque Bruxelles Lambert S.A. ('`BBL'') in December 1997 and Royale Vendôme S.A. ('`Royale Vendôme'') in May 1998, shares in ING, the Dutch banking and insurance group, and in AXA-UAP, the French insurance group. These shareholdings are not considered to be strategic investments of GBL.

History

GBL was incorporated in 1953. GBL is controlled by Groupe Frère Bourgeois and Compagnie Nationale à Portefeuille ('`CNP''), the latter being the listed investment vehicle controlled by the Frère group, and Power Financial Corporation of Canada ('`Power Financial''), which is controlled by the Desmarais family, through their respective holding companies and their representation on the boards of directors of GBL and a number of the companies in which GBL holds investments. Pursuant to an agreement signed in 1990, CNP and Power Financial, acting through a Dutch holding company Parjointco, jointly control Pargesa Holding S.A. ('`Pargesa''). Pargesa holds approximately 49.1 per cent. of the issued share capital of GBL.

Since early 1997, a major rationalisation of the Group's holdings has been undertaken. The objectives of the rationalisation were to simplify and gain greater control of the Group structure, to increase the Estimated Value of the Shares of GBL, to realise profits from the holdings divested and to increase access to dividend flows from its investments. For the Company's definition of Estimated Value, see 'The Annual Report -- Glossary'.

For further details, see 'The Annual Report - Management Report of the Board of Directors' and 'Recent Developments'.
Investments

Investments

GBL's portfolio comprised, directly and indirectly, the following investments as at 1st July, 1998:

<u>Company</u>	<u>Shareholding (1)</u> <u>(%)</u>	<u>Value (2)</u> <u>(BEF billion)</u>
Suez Lyonnaise (3) -----	8.3	73.5
PetroFina (3) -----	17.2	61.4
Audiofina (3) -----	38.3	38.8
Imétal -----	23.4	19.1
ING (4) -----	< 1	15.2
Axa-UAP (4) -----	< 1	14.8
Monument Oil and Gas plc (3) -----	19.9	6.4
Canadian Cometra (3) -----	75.8	1.3

Notes:

- (1) The percentage shareholdings shown reflect the latest publicly declared fully diluted interest held in the issued share capital of the company concerned.
- (2) Closing prices on 30th June, 1998 translated into BEF at the prevailing exchange rates of FF1.00 = BEF 6.15 in respect of Suez Lyonnaise and Imétal, and £1.00 = BEF 62.08 in respect of Monument Oil and Gas plc ('`Monument'').
- (3) Investments in these companies are held through an intermediate investment holding company, Electrafina. In addition, GBL holds 1.7 per cent. of Audiofina.
- (4) These shareholdings are not considered to be strategic investments of GBL, see 'Investment Strategy' and 'Recent Developments'.

Intermediate Holding Companies

GBL controls two intermediate holding companies: Electrafina and Audiofina.

Electrafina, which was incorporated in Belgium in January 1902 and was listed on the Brussels Stock Exchange on 4th September, 1929, is the Group's holding company in the oil, audio-visual and local communal services sector. GBL's stake in Electrafina was increased on 5th June, 1998 to 75.8 per cent. following the acquisition from the French group Vivendi (formerly Compagnie Générale Des Eaux) of its 24.4 per cent. interest, see ``Recent Developments''. The Group's main investment in the oil sector is held through Electrafina's 22.7 per cent. investment in PetroFina. Electrafina's other holdings in the oil sector include its wholly-owned subsidiary, Canadian Cometra, and its 26.2 per cent. stake in Monument. Electrafina's interests in the audio-visual sector are held through its stake in Audiofina. In the local communal services sector, Electrafina holds an 11 per cent. interest in Suez Lyonnaise.

Audiofina was incorporated in Luxembourg on 30th December, 1972 and is listed on the Luxembourg, Paris and Brussels stock exchanges. Its principal investment is its 49 per cent. holding in CLT-UFA S.A., a European audio-visual group, whose other major shareholder is the German Bertelsmann group. Audiofina currently holds cash of BEF 37 billion. Audiofina's other main shareholding is an interest in Canal +, the French media group which was recently increased from 1.4 per cent. to 1.8 per cent.

On 30th June, 1998, another intermediate holding company of GBL, Parfinance, was merged with Imétal, with the result that GBL is now a direct shareholder in Imétal with an interest of 23.4 per cent. Pargesa, GBL's largest shareholder, has also become a direct shareholder in Imétal with an interest of 27.3 per cent., see ``Recent Developments'' below.

In May 1998, GBL sold its 25.1 per cent. shareholding in Royale Vendôme to AXA-UAP. For further information, see ``Recent Developments''.

For further detailed information in respect of these intermediate holding companies, see ``The Annual Report - Management Report of the Board of Directors''.

Operating Companies

The main operating companies in which GBL has an investment are as follows: PetroFina, Suez Lyonnaise, CLT-UFA and Imétal.

PetroFina is the Belgian national integrated oil company which undertakes the exploration, production, refining and marketing of fuel and lubricants and the manufacture of petrochemicals. Its operations are located in northern Europe and south-eastern United States.

Suez Lyonnaise was formed in June 1997 by the merger of Suez, which had its main interests in energy production and financial services, and Lyonnaise des Eaux, which focused on water, energy, waste management and communications, to form a European supplier of local communal services. Since the merger, Suez Lyonnaise has made significant investments in its four main activities; energy, water, waste management and communications, and has divested some strategic assets, including interests in the financial services and real estate sectors.

CLT-UFA is a European-wide audio-visual group. It was formed by the combination of the media assets of CLT with those of UFA, owned by the German Bertelsmann group and the equalisation of shareholdings in CLT-UFA by the sale of shares by Audiofina (through which GBL holds its interest) to Bertelsmann. CLT-UFA is Europe's largest terrestrial broadcaster with operations and interests in a number of European countries, including Belgium, The Netherlands, Germany, France and the United Kingdom.

Imétal is a diversified French industrial company with divisions engaged in the production of construction materials, the extraction of industrial minerals and metal processing. Imétal operates in a number of different countries in Europe and North and South America.

For further detailed information in respect of these four companies, see ``The Annual Report -- Management Report of the Board of Directors''.

Other Long-Term Investments

GBL, through Electrafina, has two other long-term investments:

A 26.2 per cent. shareholding of Electrafina in Monument, which is a United Kingdom-based and London Stock Exchange listed oil and gas exploration and production company with its main reserves and production in the United Kingdom North Sea sector. It also has production interests in Argentina and development interests in Turkmenistan. In the year ended 31st December, 1997, it earned a net profit of »19.6 million.

Cometra, a wholly-owned subsidiary of Electrafina, operates oil and gas investments in Canada.

Other Investments

Liquid Investments

GBL holds interests in ING, the Dutch-based international banking and insurance group following the sale of the Group's shareholding in BBL for a consideration of cash, shares and warrants in ING and AXA-UAP, the French-based international insurance and investment management group following the sale of GBL's 25.1 per cent. shareholding in Royal Vendôme to AXA-UAP, see ``Recent Developments''.

Unquoted Investments

GBL also has a number of smaller unquoted investments which shareholdings include: a 47.6 per cent. interest in Transcor, a Belgian company which trades energy products; a 50 per cent. interest in Groupe Jean Dupuis, a Belgian publishing and printing company; a 38 per cent. interest in Distripar/Belgian Sky Shops, which operates duty free outlets and boutiques in airports and town-centre perfume and cosmetic stores; a 6.6 per cent. interest in Brussels Airport Terminal Company, which manages Brussels airport; and a 46.5 per cent. interest in Gillam an industrial group which develops and markets telecommunications products and has a French cable TV investment.

For further detailed information in respect of GBL's unquoted investments, see ``The Annual Report - Management Report of the Board of Directors''.

Treasury Operations

Treasury operations for the Group are mainly undertaken by a wholly-owned subsidiary of GBL, GBL Coordination Center. The treasury operations were reorganised in late 1994 and currently focus on two activities, asset management and trading. The treasury operations are not involved in decisions concerning major investments made by GBL, see ``Investment Strategy'' below.

The asset management operations centre on GBL's, Electrafina's and Audiofina's cash balances. Certain parameters for investments have been established by GBL's Board of Directors in order to seek to reduce credit risk, for example by the use of counterparties rated single ``A'' and above. The trading operations concentrate on equity and foreign exchange trading for GBL only. The Board of Directors fixes an

annual profit target for trading and, as with asset management, certain rules have been set with respect to trading. For example, equity trading is only permitted in respect of listed securities, unless prior approval of the Board of Directors has been obtained.

GBL's management receive a daily report of the treasury operations. In addition, a monthly report is prepared for the Executive Committee.

Investment Strategy

GBL operates as an investment holding company for a few large strategic investments over which it exerts considerable influence. Management attempt to increase the Estimated Value per Share and to deliver increasing dividends to its shareholders by building the value of its investments. The key elements to achieving this strategy are:

- The Group generally invests in significant stakes in a small number of medium to large companies. These investments are usually long-term in nature (that is the interest is expected to be held for a period greater than five years), and the Group will often increase its initial stake in an invested company where management believe that doing so will bring further value to the investment.
- Paramount to GBL's investment decisions is a belief that the Group can add value to the invested company. Investments will typically be made in consolidating industries and companies the Group discerns have unrealised potential. Value is generally delivered by providing on-going advice to management, through board representation and other regular contact.
- The involvement of the Group in the management of its operating companies includes the provision of advice on strategic direction, management appointments, investments and divestitures and performance improvement. As such the Group considers itself to be a ``professional investor''.
- Companies invested in tend to be located in physical proximity to GBL's existing operations and in sectors in which the Group has existing investments.
- Whilst the bulk of investments comprise stakes in established companies, the Group has also participated in start-up ventures in areas in which it has particular knowledge and experience. Limits on management resources dictate that the proportion of smaller and early-stage investments is not expected to increase in the near future.
- Management attempt to keep overhead costs low, to maximise the efficiency of its tax structure and return on its treasury operations, thereby seeking to minimise overheads and the discount to its Estimated Value.

The Group's strategy has evolved over the past 10 years from making investments in a mix of mostly financial services and industrial companies to holding a more focused portfolio of purely industrial businesses. Following the sale of its stake in Royale Belge S.A. (``Royale Belge''), the Company is no longer active in the financial services market, and currently focuses its resources across four key investments in a range of active and consolidating markets. As an example of the opportunities available to GBL's operating investments, CLT recently combined its assets with those of UFA to create Europe's largest terrestrial broadcaster. The drive towards focused investment has been a key element towards simplifying the nature of the Group, with, for example, a reduction in the number of intermediate holding companies across the Group, evidenced by the merger of Parfinance with Im etal.

Recent Developments

Pursuant to the rationalisation of the Group's holdings which commenced in early 1997, a number of further significant developments occurred during the first half of 1998, as follows:

Electrafina

Since 31st December, 1997, GBL has increased its interest in Electrafina from 48.35 per cent. to its current level of 75.83 per cent. on a fully diluted basis. This was achieved by the acquisition of further shares and bonds redeemable into shares in Electrafina at a total cost of approximately BEF 47.7 billion. These interests were acquired from a number of different parties with the majority (representing 24.4 per cent. of Electrafina's share capital, at a cost of BEF 43.5 billion) being bought from the French group Vivendi (formerly Compagnie Générale Des Eaux) on 5th June, 1998.

Parfinance

Parfinance was one of GBL's intermediate holding companies, its principal holding being a 54.4 per cent. interest in the French industrial company Imétal. The shareholders of Parfinance and Imétal agreed on a merger of the two companies, with effect from 1st July, 1998. As a prelude to this, in March 1998, Parfinance sold its entire interest in shares of Paribas, realising a capital gain of FF 443 million. In addition, Parfinance sold its entire interest in AXA-UAP shares, realising a capital gain of FF 530 million. GBL's share of these capital gains is estimated to be approximately BEF 2.4 billion.

Prior to the merger, Parfinance made a final distribution to its shareholders, of which GBL received BEF 6.4 billion. GBL now holds a direct 23.4 per cent. interest in Imétal. Pargesa also holds a direct 27.3 per cent. interest, with the balance held by the public.

Royale Vendôme

In May 1998, GBL sold its 25.1 per cent. interest in Royale Vendôme to AXA-UAP. Royale Vendôme is a holding company through which GBL and the AXA-UAP and its affiliates (the ``AXA Group'') exercised their joint control over Royale Belge, a Belgian insurance company. In return for the sale of its shares in Royale Vendôme, GBL received a mixture of shares and put warrants over shares in AXA-UAP, under the same terms as a concurrent public offer for shares in Royale Belge by AXA-UAP together with cash of BEF 15.8 billion. GBL realised a capital gain of BEF 17.7 billion from the sale of this stake. The Estimated Value of GBL's remaining interest in AXA-UAP is BEF 14.8 billion.

Suez Lyonnaise

Electrafina increased its stake in Suez Lyonnaise from 11.2 per cent. as at 31st December, 1997 to 11.5 per cent. in May 1998. Following the public exchange offer in June 1998 by Suez Lyonnaise for the shares of Société Générale de Belgique and the resulting issue of new shares in Suez Lyonnaise, Electrafina's shareholding as of 30th June, 1998, amounts to 11.0 per cent.

ING

In December 1997, GBL accepted ING's takeover offer for BBL receiving, in exchange for its shares in BBL, shares, and warrants over shares, together with BEF 745 million in cash. GBL consequently realised a capital gain of BEF 15.4 billion. During the first half of 1998, GBL sold two-thirds of its shares in ING. GBL consequently realised a capital gain of approximately BEF 5.5 billion on this subsequent sale. The Estimated Value of GBL's remaining interest in ING is BEF 15 billion.

Bernheim-Comofi

On 10th June, 1998, GBL and two other shareholders in Bernheim-Comofi, who together controlled more than 80 per cent. of the issued share capital of Bernheim-Comofi, sold their combined interests to Security Capital Global Realty Inc. of the US. GBL realised a capital gain of BEF 2.3 billion for the sale of its 40.5 per cent. interest.

Banque Artesia

On 18th February, 1998, GBL sold its entire shareholding in Banque Artesia (formerly Banque Paribas Belgique) to BACOB Savings Bank s.c. for approximately BEF 0.9 billion, thereby realising a capital gain of BEF 0.8 billion.

Financière Groupe Dewaay

On 2nd March, 1998, GBL sold its entire 49 per cent. interest in Financière Groupe Dewaay to Crédit Commercial de France. GBL realised a capital gain of approximately BEF 0.9 billion on the sale of this interest.

Acquisition of GBL Shares

On 12th June, 1998, GBL bought back 2,391,348 GBL Shares from AXA-UAP at a price of BEF 6,297 per Share. These Shares bought back by GBL enabled it to deliver existing Shares to holders of warrants being exercised during June 1998 (see below) and to have the requisite Shares available for delivery on conversion of the Bonds.

Exercise of Warrants

GBL issued 758,340 Shares in February, 1994 with three warrants attached per Share. Every three warrants entitle the holder to purchase a Share at a price of BEF 4,400. As at 31st May, 1998, 1,483,638 warrants had not been exercised. Between 1st June and 20th June, 1998, 586,355 GBL warrants were exercised at a price of BEF 4,400 per warrant, resulting in total proceeds to GBL of BEF 2.6 billion. Following the amendment to the exercise conditions of the warrants, which permitted the delivery of existing and/or new Shares on exercise of the warrants during June 1998, 1,438 new Shares were issued with the balance being satisfied by the delivery of existing Shares, thereby limiting the dilution of existing Shareholders.

Fibelpar

On 31st March, 1998, Electrafina disposed of its entire stake in Fibelpar to the Frère Bourgeois group, one of the joint controlling shareholders of Pargesa, itself a 49.1 per cent. shareholder of GBL. Electrafina realised a capital gain of approximately BEF 0.9 billion on this sale giving GBL a capital gain of approximately BEF 0.4 billion.

Monument

In April 1998, Electrafina took up in full its rights pursuant to a one-for-four rights issue by Monument. In addition, Electrafina subscribed some further shares of Monument with the result that Electrafina's aggregate shareholding in Monument increased from 25.63 per cent. to 26.2 per cent., reflecting the acquisition of 50.1 million new shares, representing a total investment by Electrafina of BEF 1.7 billion.

Havas

During the first quarter of 1998, Audiofina sold its 3.3 per cent. stake in Havas, generating a capital gain for Audiofina of approximately BEF 1.5 billion and giving GBL a capital gain of approximately BEF 0.4 billion.

Board of Directors, Management and Employees

Board of Directors and Management

The following are the Directors of the Company as at 30th June, 1998 :

Chairman, Managing Director :	Baron Frère
Vice-Chairman, Director :	Paul Desmarais
Managing Directors :	Didier Bellens Gérald Frère Thierry de Rudder
Directors :	Michel Berthezene Paul Desmarais Jr. André Desmarais Aimery Langlois-Meurinne Jean Peyrelevade Michel Plessis-Belair Fahad Al-Rajaan Gilles Samyn Pierre Scohier Amaury-Daniel de Seze Sheikh Abdulaziz Abdullah Al-Sulaiman Aldo Vastapane
Executive Committee	Gérald Frère (Chairman) Didier Bellens Paul Desmarais Paul Desmarais Jr. Baron Frère Thierry de Rudder Gilles Samyn Pierre Scohier

For detailed information in respect of the Board of Directors and the management of GBL, see ``The Annual Report -- Directors and Managers in 1997''.

Employees

As at 1st July, 1998, GBL employed 12 people and GBL, together with its wholly-owned subsidiaries, employed 34 people.

DESCRIPTION OF THE SHARES

Set forth below is a general summary of the rights attached to the Shares, based on certain provisions contained in the Articles of Association ('`statuts'') and certain provisions of the Belgian co-ordinated laws on commercial companies (the ``Belgian Company Law'') and certain other Belgian laws applicable to the formation, organisation and operation of the Company.

Formation, objects and articles of association

The Company was formed as a société anonyme under Belgian law by a notarial deed received by Me Albert Raucq, notary in Brussels and Me René Van Beneden, notary in Schaerbeek on 6th July, 1953, published in the Appendices of the Moniteur belge of 27th-28th July, 1953, under number 19.461. The formation deed includes the Articles of Association of the Company.

The Articles of Association have been amended on several occasions, most recently pursuant to a resolution of the general meeting of Shareholders of the Company recorded in a deed received by Me Gilberte Raucq, notary in Brussels on 26th May, 1998 and published in the Moniteur belge of 30th June, 1998.

The objects of the Company consist of financial and real estate transactions, transport transactions (including by railway), trade transactions in commodities and equipment (including renting of transport equipment and industrial equipment generally), as well as studies and advice in these matters and in other financial and economic matters. The Company may act for its own account or for the account of third parties. It can also take part in any undertaking or transactions directly or indirectly connected with or supporting its objects.

To the extent capable of furthering its objects, the Company may, inter alia, purchase, buy, rent, manage any moveable or immoveable goods, and take an interest in any syndicates and companies, inter alia, by way of contribution, transfer or merger.

Share capital

General

The equity share capital of the Company, which currently amounts to BEF 24,301,378,000 is represented by 24,301,378 Shares without nominal value. All of the Shares currently in issue are fully paid up. There is currently only one class of Shares. The Shares are in registered form until they are fully paid up. Once they are paid up, each Shareholder may choose between registered form or bearer form.

Title to a registered Share is established by an entry in the name of its holder in the register of Shareholders maintained by the Company. A nominative certificate may be issued to confirm the entry in the register of Shareholders. The Company undertakes all financial services in respect of these Shares.

A transfer of registered Shares is effected either by a declaration of transfer by the transferor and the transferee (or their respective authorised representatives) entered in the register of Shareholders, or in accordance with the general rules relating to the transfer of claims not incorporated in negotiable documents, or by an acknowledgement by the Company of the transfer supported by any document to that effect.

Bearer Shares may be represented by bearer certificates.

Bearer Shares may be deposited in a securities account with a financial intermediary who is a member of the Belgian clearing house for securities ('`Caisse interprofessionnelle de dépôts et de virements de titres'') (the ``C.I.K.''). Title

to bearer Shares deposited with a C.I.K. member or with the C.I.K. itself on a fungible basis is represented by the corresponding entry in the securities account of the holder.

A transfer of bearer Shares may be effected by delivery of the relevant bearer certificate (if any) or through book entry transfers in the C.I.K. or amongst C.I.K. members. Trades on the Brussels Stock Exchange must be settled by way of book entry transfer.

Changes in share capital

Changes in the share capital of Belgian companies can be made by a resolution of the shareholders at a shareholders' meeting, or by a decision of the Board of Directors to the extent authorised by the Articles of Association. The Articles of Association of the Company authorise the Board of Directors to increase the share capital by a maximum amount of BEF 10,000,000,000 within a period expiring on, and including, 24th June, 2001.

Pursuant to Belgian law, on the occasion of any issue of Shares for cash, existing Shareholders have a preferential right, proportionate to their holding, to subscribe for the new Shares during a minimum period of 15 days, subject to (i) any resolution by the General Meeting of the Shareholders to eliminate or limit such right or to shorten the minimum period on the basis of a three-quarters majority of the votes cast if the General Meeting considers such elimination or limitation to be in the general interests of the Company, or (ii) in the case of an issue of Shares authorised by the Board of Directors, a decision of the Board of Directors to eliminate or limit such right adopted by the Board of Directors if the Board considers it to be in the general interests of the Company.

In the event of a notification of a take-over bid by the Belgian Banking and Finance Commission to the Company, the Articles of Association authorise the Board of Directors to increase the Company's capital provided that the number of Shares so issued may not exceed 10 per cent. of the issued share capital prior to the new issue.

Subject to the mandatory requirements of the Belgian Company Law, the Company may only acquire its own Shares pursuant to a resolution of the Shareholders of the Company passed in General Meeting. Notwithstanding the foregoing, the Company may, in certain circumstances, acquire its own Shares if the Board of Directors considers that the acquisition of the Company's Shares is necessary to prevent serious and imminent damage to the Company. In such circumstances a Shareholders' resolution is not required.

In addition, certain provisions of the Belgian Company Law and certain other provisions of Belgian law apply to the Company which may make hostile tender offers, mergers or other changes in control of the Company difficult.

VVPR Strips

All Shares of the Company publicly issued after 1st January, 1994 may, at the option of the Company, be subject to a reduced rate of dividend withholding tax (currently 15 per cent., whereas the normal rate is currently 25 per cent.).

In order to make all Shares of the Company fungible, the benefit of the reduced rate of withholding tax is stripped from the Shares issued by the Company after 1st January, 1994 and represented by a separate instrument known as a ``VVPR Strip''. After stripping, all Shares are subject to the normal rate of withholding tax (subject to exemption or deduction -- see ``Belgian Taxation''). The reduced rate of dividend withholding tax only applies upon presentation of a dividend coupon together with a VVPR Strip.

VVPR Strips are listed separately from the shares on the Brussels Stock Exchange.

There will be no VVPR Strip attached to the Shares to be delivered upon conversion of the Bonds.

Other securities

The Company may issue securities other than the ordinary Shares described above which carry some of, or substantially the same rights as, the rights attaching to ordinary Shares, including non-voting preferred shares and bonus shares ('`parts bénéficiaires'') (which do not represent the statutory share capital but may carry voting, dividend or liquidation rights). The Company may also issue instruments that carry the right to acquire Shares or the other securities described above, including warrants and convertible bonds.

Apart from the warrants described in this document the Company has not issued any such other securities or instruments.

Shareholders' Meetings and Voting Rights

Annual General Meetings of Shareholders are held at the principal office of the Company or at such other location in the Brussels Region as may be determined by the Board of Directors on the last Tuesday of the month of May at 5pm. The Board of Directors submits the audited accounts of the Company for approval, together with the proposed allocation of profits or losses, a proposal for the discharge of directors' and statutory auditor's liability, and, if necessary, the election or dismissal of directors and the statutory auditors. The Board of Directors also submits a management report describing the activities of the Company over the past financial year.

An Extraordinary General Meeting of Shareholders may be convened by the Board of Directors or by the statutory auditors. Such a meeting must be convened if holders of shares representing at least one-fifth of the Company's share capital so request.

All notices of General Meetings must contain the agenda of the meeting. Notification by post is sent no later than eight days prior to such meeting to registered shareholders, although there is no requirement to prove such notification. Notices are also published twice in Belgian financial newspapers.

All Shareholders have the right to attend and vote at General Meetings. Any Shareholders, corporate or individual, may be represented at a General Meeting by a special proxy, who is also a Shareholder admitted to attend the General Meeting.

To be admitted at any General Meeting, holders of registered Shares must be registered at least three working days before the meeting; holders of Shares in bearer form must deposit their Shares (or, where the Shares are held in a securities account with a participant in the C.I.K., a certificate representing the Shares, issued by the C.I.K.) at the registered office or at such other place stated in the notice convening the meeting at least three working days before it takes place.

General Meetings are presided over by the Chairman of the Board of Directors or, if he is unavailable, by a Vice-Chairman or, if both are unavailable, by another Director. The Chairman appoints the Secretary and, among the Shareholders or their representatives, two scrutineers. The two scrutineers, the Secretary and the other members of the Board together constitute the Secretariat ('`bureau'').

Pursuant to the Articles of Association of the Company and in accordance with the Belgian Company Law, the Board of Directors may, during the meeting, postpone any General Meeting by a maximum of three weeks. Any such postponement cancels any resolution which would have been adopted at the postponed meeting.

Each Share entitles its holder to one vote, without prejudice to specific restrictions on the Shareholders' voting rights under the Belgian Company Law, including restrictions for non-voting Shares, the suspension or cancellation of voting rights for Shares which have not been fully paid up at the request of the Board of Directors, and the suspension of voting rights due to a breach of requirements as to disclosure of significant shareholdings. Except as described below, all resolutions at a General Meeting are adopted by a simple majority of the votes cast irrespective of the number of Shares represented at the meeting.

The Shareholders have the sole authority to make determinations regarding matters such as: (i) the approval of the Company's annual accounts, (ii) the election or termination of appointment of directors and the statutory auditor, (iii) the discharge of liability of the directors and the statutory auditor to the Company, (iv) the determination of the directors' and statutory auditor's remuneration, (v) dissolution, merger and certain other reorganisations of the Company and (vi) any amendment to the Articles of Association.

Increases of the Company's share capital that are not decided by the Board of Directors, resolutions for the dissolution, merger and certain other reorganisations of the Company, the amendment of the Articles of Association (other than the amendment of the Company's objects) and certain other matters provided by the Belgian Company Law require (i) the presence or representation of a quorum of at least 50 per cent. of the Company's outstanding share capital and (ii) the approval of at least 75 per cent. of the share capital represented at the meeting. A change to the Company's objects requires (a) the presence or representation of a quorum of at least 50 per cent. of the Company's outstanding share capital and 50 per cent. of other securities not representing capital, and (b) the approval of at least 80 per cent. of the share capital represented at the meeting. If a quorum is not achieved at a meeting, a second meeting, requiring no quorum, may be called in accordance with the standard procedures of the Belgian Company Law at which the shareholders may validly take decisions regardless of the number of shares present or represented by proxy.

Voting takes place either by a show of hands or by polling, unless otherwise decided by the majority at the General Meeting.

The minutes of a General Meeting are signed by the members of the Secretariat and by those shareholders who elect to.

Dividends

Under the Belgian Company Law, the Shareholders decide on the distribution of profits at the Annual General Meeting based on the latest annual audited accounts of the Company. Dividends may be paid either in cash or in kind. However, Shareholders may not declare a dividend if the Company has not first reserved at least five per cent. of its profits for the financial year until such reserve has reached an amount equal to 10 per cent. of its share capital (the ``Non-Distributable Reserves'') or, if following any such dividend, the level of the net assets of the Company (subject to certain adjustments) falls below the aggregate amount of the Company's share capital actually paid up and of its Non-Distributable Reserves. The Board of Directors may declare an interim dividend, provided certain conditions set forth in the Belgian Company Law are met.

Transfer of Shares

Shares of the Company are freely transferable, provided they are fully paid up.

Distribution on Winding Up

On a voluntary liquidation of the Company, the net proceeds of the sale (or other disposal) of the assets, after settlement of all liabilities, liquidation expenses

and taxes are required to be distributed pro rata to Shareholders in proportion to the number of Shares held, subject to preference rights of securities having preferred liquidation rights. The Company has not issued any securities having preferred liquidation rights.

Principal Shareholders

The following table sets forth the principal Shareholders of GBL as at 1st July, 1998:

<i>Shareholders</i>	<i>Number of Shares</i>	<i>of Percentage</i>	<i>Number of Warrants</i>	<i>of Total</i>	<i>Percentage</i>
Pargesa	11,942,686	49.14	-	11,942,686	47.39
Royale Belge	1,367,736	5.63	-	1,367,736	5.43
Sagerpar (1)	999,927	4.11	-	999,927	3.97
GBL	796,504	3.28	-	796,504	3.16
Axa Group	126,795	0.52	265,901	392,696	1.56
Others	9,067,730	37.31	631,382	9,699,112	38.49
Total	24,301,378	100.00	897,283	25,198,661	100.00

Note:

(1)Sagerpar is a wholly-owned subsidiary of GBL.

Changes In Issued Share Capital

The following table sets forth changes in the issued share capital of GBL since 28th June, 1994 :

<i>Date</i>	<i>Type of Issue</i>	<i>Number of Shares Issued</i>	<i>Number of Outstanding Shares After Issuance</i>
28 th June, 1994	Exercise of warrants	42	23,508,600
15 th January, 1996	Exercise of warrants	7	23,508,607
27 th June, 1996	Exercise of warrants	144	23,508,751
17 th January, 1997	Exercise of warrants	8	23,508,759
24 th June, 1997	Exercise of warrants	788,881	24,297,640
29 th December, 1997	Exercise of warrants	2,300	24,299,940
30 th June, 1998	Exercise of warrants	1,438	24,301,378

DIVIDENDS

The following table sets forth the aggregate number of outstanding Shares entitled to dividends, as well as the gross cash dividend paid during each of the years indicated. The gross cash dividend per share represents dividends paid in the fiscal year in respect of Shares outstanding on the applicable date for payment of such dividends.

	<i>Aggregate of Outstanding Payment Date</i>	<i>Number Shares on (BEF)</i>	<i>Gross Dividend Per Share</i>	<i>Cash</i>
1993	22,750,218		195.29	
1994	23,508,600		195.29	
1995	23,508,607		195.33	
1996	23,508,759		200.00	
1997 (1)	24,299,940		210.00	

Note:

- (1) The BEF 210 gross cash dividend per Share was approved at the Annual General Meeting of GBL on 26th May, 1998 and was distributed on 11th June, 1998. (A VVPR strip, which is presented at the same time as the corresponding coupon attached to a Share, entitles the holder to a reduced level of withholding tax at a rate of 15 per cent. instead of the normal rate of 25 per cent., see ``Description of the Shares'' and ``Belgian Taxation'').

The form, frequency and amount of future dividends, on the Shares will depend upon GBL's earnings, cash flow, financial condition and other factors.

MARKET PRICE INFORMATION

The Shares are traded on the Brussels Stock Exchange. The following table sets forth for the periods indicated the high and low closing prices of the Shares as reported on the Brussels Stock Exchange:

	<u>Closing Price</u>	
	<u>High (BEF)</u>	<u>Low (BEF)</u>
Year Ended 31 st December, 1993		
First Quarter-----	3,576	2,674
Second Quarter-----	3,694	3,170
Third Quarter-----	3,650	3,234
Fourth Quarter-----	3,982	3,313
Year Ended 31 st December, 1994		
First Quarter-----	4,535	3,977
Second Quarter-----	4,535	4,075
Third Quarter-----	4,480	3,905
Fourth Quarter-----	4,040	3,700
Year Ended 31 st December, 1995		
First Quarter-----	3,870	3,415
Second Quarter-----	4,030	3,450
Third Quarter-----	3,985	3,720
Fourth Quarter-----	4,100	3,730
Year Ended 31 st December, 1996		
First Quarter-----	4,280	3,820
Second Quarter-----	4,250	3,930
Third Quarter-----	4,000	3,750
Fourth Quarter-----	4,175	3,875
Year Ended 31 st December, 1997		
First Quarter-----	5,200	4,025
Second Quarter-----	6,090	4,960
Third Quarter-----	6,110	5,490
Fourth Quarter-----	5,870	5,090
Year Ended 31 st December, 1998		
First Quarter-----	6,590	5,280
Second Quarter-----	8,630	6,590

Source: Datastream.

The closing price of the Shares as reported on the Brussels Stock Exchange on 3rd July, 1998 was BEF'7,710 per Share.

BELGIAN TAXATION

The following is a summary of the principal Belgian tax consequences for investors of receiving interest or dividends in respect of, and converting or disposing of, Bonds or Shares and is of a general nature based on the Company's understanding of current law and practice. Except as otherwise indicated, this summary only addresses the position of investors who do not have any connection with Belgium other than the holding of Bonds or Shares. Investors should appreciate that as a result of changing law or practice, the tax consequences may be otherwise than as stated below. Investors should consult their professional advisers on the possible tax consequences of subscribing for, purchasing, holding, selling or converting Bonds or Shares under the laws of their countries of citizenship, residence, ordinary residence or domicile.

Withholding Tax

Bonds

All payments by or on behalf of the Company of principal and interest on the Bonds may be made without deduction of withholding tax in respect of Bonds only if they are held by certain eligible investors (the ``Eligible Investors'') in an exempt securities account (an ``Exempt Account'') with the clearing system of the National Bank of Belgium (the ``BNB system'') or with a participant in such clearing system (a ``Participant''). Euroclear and Cedel Bank are directly or indirectly Participants for this purpose. Otherwise withholding tax at a rate of 15 per cent. would normally be applicable.

Eligible Investors are those entities referred to in Article 4 of the Royal Decree of 26th May, 1994 which conduct Belgian Professional Activities (activities ``relatif à la perception et à la bonification du précompte mobilier'') which include (i) 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 Bonds through a Belgian establishment (``Etablissement belge'') within the meaning of Article 229 of the ``Code des Impôts sur les revenus 1992'' (Belgian income tax code 1992) (the ``Tax Code'') and do not conduct professional activities in Belgium as defined in Article 228, paragraph 2, sub-paragraph 4 of the Tax Code and (ii) Belgian resident corporate investors validly formed as separate legal entities.

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

Upon opening of an Exempt Account with the BNB System or with a Participant, an Eligible Investor is required to provide a statement of its eligible status on a form approved by the Minister of Finance. There is no ongoing declaration to the BNB system as to the eligible status of each investor for whom they hold Bonds in an Exempt Account.

An Exempt Account may be opened with a Participant by an intermediary (an ``Intermediary'') in respect of Bonds that the Intermediary holds for the account of its clients (the ``Beneficial Owners''), provided that each Beneficial Owner is an Eligible Investor. In such a case, the Intermediary must deliver to the Participant a statement on a form approved by the Minister of Finance confirming that (i) the Intermediary is itself an Eligible Investor, and (ii) the Beneficial Owners holding their Bonds through it are also Eligible Investors. A Beneficial Owner is also required to deliver a statement of its eligible status to the Intermediary.

These identification requirements do not apply however to non-resident Participants, Eligible Investors or Beneficial Owners who hold their Bonds in Euroclear.

Shares

Generally, dividends paid by the Company on the Shares are under Belgian law subject to a withholding tax on dividends at source at the rate of 25 per cent. However, the following reduced rates or exemptions are available:

- (i) No withholding tax applies to dividends paid by the Company to another Belgian corporation provided that the recipient is an entity subject to Belgian corporation tax. In addition, the recipient must hold at least 25 per cent. of the share capital of the Company for an uninterrupted period of at least one year.
- (ii) No withholding tax applies to dividends paid by the Company to a parent company in another EC Member State which holds at least 25 per cent. of the capital of the Company provided that the relevant holding is held for an uninterrupted period of at least one year.
- (iii) The rate of withholding may be reduced to 5, 10 or 15 per cent., subject to and in accordance with the provisions of bilateral tax treaties.
- (iii) The rate of withholding may be reduced to 15 per cent. to shareholders who present a VVPR Strip together with the relevant dividend coupon, see ``Description of the Shares''.

Investors to whom (ii) or (iii) above apply will typically claim a refund of tax withheld from the Belgian authorities to the extent the withholding tax deducted exceeds the reduced rate of withholding tax specified in the tax treaty upon making the necessary claims. Subject to the availability of the necessary certificates, the reduction or exemption can also be applied at source.

Capital Gains and Income Tax

Bondholders and Shareholders who are not residents of Belgium for Belgian tax purposes and are not holding the Bonds or Shares 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, conversion or disposal of the Bonds or Shares or conversion of the Bonds into Shares, provided, in relation to such transactions affecting Bonds, that they hold their Bonds in an Exempt Account.

Transfer Tax

A tax on stock exchange transactions (``taxe sur les opérations de bourse'') at the rate of 0.07 per cent. (in relation to Bonds) or 0.17 per cent. (in relation to Shares) (subject to a maximum amount of BEF 10,000 per party and per transaction) will become due upon the sale and purchase or exchange of Bonds or Shares entered into or settled in Belgium in which a professional intermediary acts for either party, a separate tax is due from each of the seller and the purchaser, both collected by the professional intermediary.

A tax on repurchase transactions (``taxe sur les reports'') at the rate of 0.085 per cent. (subject to a maximum of BEF10,000 per party and per transaction) will be due from each party to any such transaction in which a stockbroker acts for either party.

However, neither of the taxes referred to above will be payable by exempt persons acting for their own account, including investors who are not Belgian residents and certain Belgian institutional investors, as defined in Article 126.28 of the code of taxes assimilated to stamp tax (``Code des taxes assimilées au timbre'').

Tax on the physical delivery of bearer securities

The physical delivery of bearer securities through an intermediary established in Belgium to Belgian residents other than certain institutional investors is subject to a tax at the rate of 0.2 per cent. of the value of such securities.

SUBSCRIPTION AND SALE

Schweizerischer Bankverein (Deutschland) AG and UBS AG, acting through its division Warburg Dillon Read (the ``Managers'') have pursuant to a Subscription Agreement (the ``Subscription Agreement'') dated 6th July, 1998 made between the Company and the Managers agreed with the Company, subject to the satisfaction of certain conditions, to subscribe and pay for the Bonds at the issue price of 100 per cent. of the principal amount thereof. The Company will pay to the Managers a combined underwriting and management commission of 1.0 per cent. of the principal amount of the Bonds and a selling concession of 1.5 per cent. of such principal amount. The Subscription Agreement may be terminated by the Managers in certain circumstances prior to payment for the Bonds. The Company has agreed to indemnify the Managers against certain liabilities in connection with the issue of the Bonds.

General

Each Manager has represented and agreed that it will observe all applicable laws and regulations in each jurisdiction in or from which it may acquire, offer, sell or deliver Bonds or have in its possession or distribute this Offering Circular or any other offering material and will not directly or indirectly offer, sell or deliver any Bonds or distribute or publish this Offering Circular or any other offering material in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Bonds by each Manager will be made on these terms. The Company shall have no responsibility for, and each Manager will obtain, any consent, approval or permission required by it for, the subscription, offer or sale by it of the Bonds or possession or distribution by it of this Offering Circular or any other offering material under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any such subscription, offer or sale.

United States

Neither the Bonds nor the Shares to be delivered on conversion of the Bonds have been or will be registered under the Securities Act and may not be offered or sold within the United States, except in certain transactions exempt from the registration requirements of the Securities Act. Each Manager has represented that it has not offered or sold and agreed that it will not offer or sell any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, each Manager has represented and agreed that neither it, nor any of its affiliates nor any person acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

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

United Kingdom

Each Manager has represented and agreed that (1) it has not offered or sold, and prior to the date six months after the date of issue of the Bonds will not offer or sell, any Bonds 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, (2) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom and (3) it has only issued or passed on, and will only issue or pass on, in the United Kingdom any document received by it in connection with the issue of the Bonds to a person who is of a kind described in Article 9(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom the document may otherwise lawfully be issued or passed on.

Belgium

Each Manager has represented and agreed that it has not taken and will not take any steps in relation to the Bonds, or any offering material in respect thereof, that would constitute or result in a public offer of the Bonds in Belgium under Belgian law, including, inter alia, the provisions of the Royal Decree of 9th January, 1991, as amended.

GENERAL INFORMATION

1. The Bonds have been accepted for clearance through the BNB System and indirectly through Euroclear and Cedel Bank through their participation directly or indirectly in the BNB System under Common Code No. 8817707. The ISIN for the Bonds is BE0116465650.
2. In connection with the application to list the Bonds on the Luxembourg Stock Exchange a legal notice relating to the issue of the Bonds and copies of the constitutional documents of the Company will be deposited with the Chief Registrar of the District Court in Luxembourg ('`Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg'') where such documents may be examined and copies obtained.
3. Application has been made to list the Bonds on the Luxembourg Stock Exchange. So long as any of the Bonds are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Company will maintain a paying and conversion agent in Luxembourg. Copies (and English translations where the documents in question are not in English) of the following documents may be obtained from or may be inspected during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of the Paying and Conversion Agent in Luxembourg so long as any of the Bonds are listed on the Luxembourg Stock Exchange:
 - (i) the Trust Deed, which includes the forms of the Global Bond, the definitive Bonds and the Coupons;
 - (ii) the Paying and Conversion Agency Agreement;
 - (iii) English translations of the authorisation referred to in item 6 below; and
 - (iv) the latest annual report and consolidated accounts of the Company and the latest unaudited interim semi-annual consolidated financial information of the Company.
4. The Company prepares but does not publish either annual non-consolidated accounts or interim semi-annual non-consolidated financial information.
5. All necessary consents, approvals and authorisations required by the Company in connection with the issue of, and performance of its obligations under, the Bonds have been obtained and are in full force and effect.
6. The issue of the Bonds was authorised by a resolution of the Board of Directors of the Company passed on 3rd June, 1998.
7. The Company is not involved in any litigation or arbitration proceedings relating to claims or amounts which are material in the context of the issue of the Bonds nor so far as the Company is aware is any such litigation or arbitration pending or threatened.
8. Except as disclosed in this document there has been no significant change in the financial or trading position of the Company or of the Group since 31st December, 1997 and no material adverse change in the financial position or prospects of the Company or of the Group since 31st December, 1997.
9. Deloitte & Touche, Independent Public Accountants, have audited, and rendered unqualified audit reports on, the consolidated accounts of the Company for the three years ended 31st December, 1997.

10. The Bonds may be held only by eligible investors ('`Eligible Investors'') in an exempt securities account with a qualifying clearing system, as defined in Article 1, 18 of the law of 6th August, 1993 ``relative aux opérations sur certaines valeurs mobilières''.

Eligible Investors are those entities referred to in Article 4 of the Royal Decree of 26th May, 1994 ``relatif È la perception et È la bonification du prÃcompte mobilier'' which include (i) 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 Bonds through a Belgian establishment ('`Etablissement belge'') within the meaning of Article 229 of the ``Code des Impôts sur les revenus 1992'' (Belgian income tax code 1992) Tax Code) and do not conduct professional activities in Belgium as defined in Article 228, paragraph 2, sub-paragraph 4 of the Tax Code and (ii) Belgian resident corporate investors validly formed as separate legal entities.

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

11. Belgian Company Law contains mandatory provisions on meetings of Bondholders which, if applied, would supersede the provisions of the Conditions and of the Trust Deed.

Under Article 93 of Belgian Company Law, a meeting of Bondholders may be convened to decide on certain matters, including modifying or suspending the date of maturity of the Bonds, postponing any day for payment of interest thereon, reducing the rate of interest applicable in respect of the Bonds, deciding urgent interim actions in the common interest of the Bondholders, accepting a security in favour of the Bondholders, accepting a transformation of Bonds into Shares on conditions proposed by the Company and appointing a special agent of the Bondholders to implement the resolutions of the meeting of the Bondholders.

A meeting of the Bondholders may be convened by the Board of Directors of the Company or by its statutory auditors and must be convened at the request of Bondholders representing at least 20 per cent. of the aggregate principal amount outstanding of the Bonds.

The quorum at any meeting of the Bondholders for passing a resolution is two or more persons holding or representing at least 50 per cent. of the aggregate principal amount outstanding of the Bonds or, at any adjourned meeting, two or more persons being or representing the Bondholders, whatever the aggregate principal amount outstanding of the Bonds so held or represented.

A resolution requires the approval of Bondholders holding or representing at least 75 per cent. of the aggregate principal amount outstanding of the Bonds present or represented at the meeting and taking part in the vote. If however a resolution is adopted by Bondholders holding or representing less than one third of the aggregate principal amount outstanding of the Bonds (whether present or represented at the meeting or not), such resolution is not binding unless approved by the Court of Appeal.

The above quorum and special majority requirements do not apply to resolutions relating to interim measures or to the appointment of a representative of the Bondholders.

REGISTERED AND HEAD OFFICE OF THE COMPANY

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