BELGIAN DEBT AGENCY

** POST MORTEM **

Kingdom of Belgium new €4bn 30-year OLO71 benchmark

Final bond terms

♦ Issuer	The Kingdom of Belgium
♦ Rating	Aa3 (neg) /AA (neg) / AA (stable)
♦ Size	EUR 4 billion
♦ Lead managers	Barclays, BNP Paribas, J.P. Morgan, Societe Generale CIB
♦ Trade date	10 September 2013
♦ Settlement date	17 September 2013
♦ Maturity date	22 June 2045
♦ Coupon	3.750% (p.a.)
♦ Re-offer spread	Mid-swaps +113 bps (equivalent to Bund Jul-44 +115.5 bps).
♦ Re-offer price	96.377%
♦ Re-offer yield	3.953%

Deal Background

- The Kingdom of Belgium, rated Aa3 (neg) /AA (neg) / AA (stable), issued a new 30-year benchmark this week, the €4bn OLO71, due June 2045. This was the third syndicated benchmark from Belgium in 2013 (after a €4bn 10-year in January and a €5bn 5-year in February). The longer maturity establishes on-the-run status for an extended period, lengthening the Belgian curve by 4 years while adding a more recent coupon.
- This is Belgium's first new 30-year deal since the OLO60 (due March 2041), executed in 2010. Including this transaction, the BDA has completed now 95% of their overall funding of the year, with a target of €40bn total of OLO issuance. Apart from this well funded position it is further notable that Belgium will continue to increase the average life of the debt portfolio which was already at an all-time high of 7.5 years ahead of this new benchmark.

Pricing and Execution

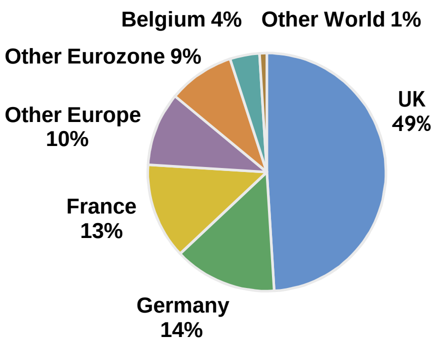
- The Euro market had shown good resilience throughout the summer with spreads to Germany performing well despite general market volatility and unsettling headlines. Given a jump higher in yields led by the tapering debate in the US, in general stronger economic figures, coupled with reported good buying interest in the long end, the Kingdom started to follow markets closely for their strategic 30-year project.
- After monitoring the market on Monday 09th September, and with a good open on Tuesday 10th, the Belgian Debt Agency decided to announce the new ultra long benchmark in the early morning, at 08.45 am CET, 07.45 am BST. Immediate response to the new OLO mandate was very encouraging, and the performance of outstanding bonds, combined with positive reverse enquiries post announcement led to the IPT stage at m/s +115 area shortly thereafter (equating to 5-6 NIP).
- With IPT interest growing quickly, books were opened at guidance of m/s+113/+115 bps after 11.00 am CET, 10.00 am BST and built rapidly in the opening stages. Lead books surpassed €3bn within 30 minutes (excluding lead manager interest).

- Due to high quality of the book and a total interest exceeding €5bn (excluding lead manager interest) the price guidance was revised to the tighter end of the range, m/s+113 bps. After a very swift allocation process the new benchmark subsequently priced just past 15.00pm CET, 14.00 pm BST at m/s +113 bps (+115.5 bps) for a €4bn deal, increased from the Kingdom's initial €3bn target.

<u>Distribution</u>

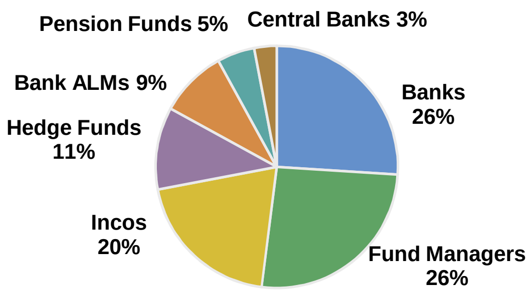
- Nearly 110 investors contributed orders to the transaction, with an average order size of €65mn. This was the most non-domestic distributed OLO syndication of 2013. The combination of high non-domestic interest as well as high real-money participation are testimony of the Kingdom's strong standing in the international capital markets.
- The bulk of the transaction (63%) was distributed to real money accounts, essentially Fund Managers (26%) and Insurance Companies (20%). Nearly half of the bonds were distributed to UK accounts the rest being well spread over different Eurozone countries, in particular France (13%) and Germany (14%).

By Investor Region



UK	49%
Germany	14%
France	13%
Other Europe	10%
Other Eurozone	9%
Belgium	4%
Other World	1%

By Investor Type



Banks	26%
Fund Managers	26%
Insurance Companies	20%
Hedge Funds	11%
Bank ALMs	9%
Pension Funds	5%
Central Banks	3%