

Dated 14 July 2009

THE FLEMISH COMMUNITY
Issuer

and

KBC BANK NV
Dealer
and

DEXIA BANK BELGIUM SA
Dealer

**DEALER AGREEMENT WITH RESPECT TO A SHORT TERM
PROGRAMME FOR THE ISSUE OF TREASURY NOTES
BY THE FLEMISH COMMUNITY**

**AGREEMENT WITH RESPECT TO A SHORT TERM PROGRAMME FOR THE ISSUE OF
TREASURY NOTES**

This Agreement is made on 14 July 2009 between:

ON THE ONE HAND

- (1) **The Flemish Community**, Koning Albert II- laan 19 bus 6, 1210 Brussels, represented by Mr. Hedwig Van der Borcht, secretary-general of the department of finance and budget (hereinafter referred to as the "**Issuer**");

AND

ON THE OTHER HAND

- (2) **KBC BANK NV**, with registered office at Havenlaan 2, 1080 Brussels represented by Mr. Dirk Van Damme and Mr. Pierre Deheegher (hereinafter referred to as "**KBC Bank**"),
- (3) **Dexia Bank Belgium SA** ("*Dexia Financial Markets*") with registered office at Boulevard Pachéco, 44, 1000 Brussels, represented by Mr. Frank Persyn and Mrs. Chris Jennes (hereinafter referred to as "**Dexia Bank**"),

WHEREAS:

- (1) The Issuer wishes from time to time to issue treasury notes, in dematerialised form within the meaning of the Law of 22 July 1991 concerning treasury notes and deposit receipts (*Wet betreffende de thesauriebewijzen en de depositobewijzen*), as amended from time to time, and denominated in EUR ("**Notes**"), up to a maximum aggregate amount of EUR 1,500,000,000 (as defined hereafter) under the Flemish Community Short Term Treasury Notes Programme (the "**Programme**").
- (2) The Issuer wishes to appoint KBC Bank as arranger for the Programme and to appoint KBC Bank and Dexia Bank to act as dealers for the Notes to be issued under the Programme (hereinafter together, in their capacity as dealer, referred to as the "**Dealers**", and individually as a "**Dealer**").

IT IS AGREED AS FOLLOWS:

1. Definitions

Except where the context otherwise requires, the following expressions shall have the meaning set out hereunder. All other terms used in this Agreement and referred to in the Information Memorandum shall have the meaning as set out in the Information Memorandum (attached as Annex 1 hereto):

Clearing Agreement	means the agreement for clearing between the Clearer, the Issuer and the Domiciliary Agent;
Clearing System	means the clearing system established by article 3 to 12 of the law of 2 January 1991 on the market of public debt securities and the monetary policy instruments (<i>wet betreffende de markt van de effecten van de overheidsschuld en het monetair beleidsinstrumentarium</i>), as amended;
Custodian Bank	means each of the institutions approved by the Belgian Ministry of Finance and being participants in the Clearing System organised by the Clearer;
EUR	means the lawful currency of the participating member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Communities, as amended by the Treaty on the European Union;
Information Memorandum	the information memorandum regarding the Single Issuer Short Term Treasury Notes Programme, which needs to comply with STEP Market Convention (as set out on www.stepmarket.org) as referred to under clause 8 (a) of this Agreement and attached as Annex 1;
Programme	means the programme for the issue of Notes, the terms and conditions of which are set out herein;
Programme Amount	means the maximum amount of the Programme being EUR 1,500,000,000
Tenor	means in relation to any Note the period from the Issue Date up to but excluding the Maturity Date;
Trade Date	has the meaning as set out in Clause 5 (a).

2. Appointment of the Arranger

The Issuer hereby appoints KBC Bank as arranger of the Programme, which will be implemented as follows:

- 2.1 KBC Bank will be responsible for the preparation of this Agreement, the Domiciliary Agency Agreement and the Information Memorandum which needs to comply with STEP Market Convention (as set out on www.stepmarket.org) under the responsibility of, and on the basis of the information provided by, the Issuer and will submit the Programme to the Clearer for acceptance in the Clearing System;
- 2.2 KBC Bank will submit the Programme to the STEP Market Committee and the STEP Secretariat to obtain the STEP label, and will together with the Issuer take care of the updates of the Information Memorandum and other agreements relating to the Programme;
- 2.3 KBC Bank will act as Domiciliary Agent for the Notes to be issued under the Programme. For that purpose, a Clearing Agreement will be signed between the Issuer, the Domiciliary Agent and the Nationale Bank van België N.V. / S.A. Banque Nationale de Belgique and a Domiciliary Agency Agreement between the Issuer and the Domiciliary Agent.

3. Appointment of Dealers and issue of Notes

3.1 Appointment of the Dealers

The Issuer hereby appoints KBC Bank and Dexia Bank, who accept, to act for it as dealers for the sale and purchase of Treasury Notes under the Programme.

3.2 Appointment of New Dealers

3.2.1 The Flemish Community may at any time appoint one or more new dealers for the duration of the Programme or, with regard to a particular issue of Notes, one or more New Dealers for the purposes of that issue, in either case upon the terms of this Agreement (hereinafter each referred to as a "New Dealer").

3.2.2 Any appointment shall be made by:

- the delivery by the New Dealer to the Issuer of an appropriate dealer accession letter; and
- the delivery by the Flemish Community to the New Dealer of an appropriate confirmation letter.

3.2.3 Upon receipt of the relevant confirmation letter each New Dealer shall, subject to the terms of the relevant dealer accession letter, become a party to this Agreement, vested with all authority, rights, powers, duties and obligations of a Dealer as if originally named as a Dealer under this Agreement provided that, except in the case of the appointment of a New Dealer for the duration of the Programme, following the Issue Date of the relevant issue, the relevant New Dealer shall have no further such authority, rights, powers, duties or obligations except for any which have accrued or been incurred prior to, or in connection with, the issue of the relevant issue.

3.2.4 The Flemish Community shall promptly notify the other Dealers and the Domiciliary Agent of any appointment of a New Dealer for the duration of the Programme by supplying to them a copy of any dealer accession letter and confirmation letter. Such notice shall be required to be given in the case of an appointment of a New Dealer for a particular issue of Notes to the Domiciliary Agent only.

3.3 Issue of Notes

3.3.1 The Issuer may from time to time ask the Dealers to bid for Notes and the Dealers may from time to time bid for Notes, provided that the Issuer shall have no obligation to sell Notes to the Dealers, except as and when agreed, and the Dealers shall have no obligation to purchase Notes from the Issuer, except as and when agreed.

3.3.2 If any of the Dealers makes a bid that is accepted by the Issuer and subsequently confirmed by such Dealer to the Issuer and/or the investor (substantially in the form of Annexes 2 and 3 attached hereto), then the Issuer will be obliged to issue and the relevant Dealer will be obliged to purchase the Notes and the Issuer shall cause such Notes to be issued and delivered in accordance with the terms of the Domiciliary Agency Agreement.

3.3.3 The Issuer acknowledges that the Dealers may resell Notes purchased by the Dealers, in accordance with Clause 11 below.

4. Procedure for issue of Notes

4.1 Whenever the Issuer wishes to issue Notes, the Issuer shall contact the Arranger or the Dealers directly by telephone at the latest two Business days prior to the Issue Date of the Notes (hereinafter referred to as the "Trade Date"), to indicate the Tenor(s), the amount(s) it requests and the Issue Date, if possible together with the financial terms and conditions.

The Notes will be allocated between the Dealers on a fair and equivalent basis. If any of the Dealers cannot successfully place all or part of its allocation, the other Dealers shall have the right but not the obligation to place such amount. Nothing shall prevent the Issuer and the Dealers from agreeing orally upon a different issuing procedure in the future without any need to amend the Dealer Agreement. For the avoidance of doubt, if a Dealer would have undertaken an underwriting commitment towards the Issuer, that Dealer will have the obligation to underwrite that part of the allocation that could not be placed successfully by the Dealers, in accordance with the terms and conditions of such commitment.

- 4.2 The Dealers shall identify potential investors and invite them:
- 4.2.1 to bid for the purchase of the Notes up to the amount and for the period requested by the Issuer;
 - 4.2.2 to purchase the Notes at the financial conditions and following the terms fixed by the Issuer.
- 4.3 As soon as possible but in any event on or before 12:00 a.m. (Brussels time) on the Trade Date, the Dealers shall inform the Issuer of the result of their placing effort or of the financial conditions at which it would be possible to raise all or part of the requested amounts. In the latter case, the Dealer(s) shall immediately inform the investor(s) of the acceptance or refusal of its (their) bid.
- 4.4 The Dealer who has arranged to purchase the Notes from the Issuer will:
- 4.4.1 request the ISIN code from the Domiciliary Agent;
 - 4.4.2 give to the Domiciliary Agent at the latest on Trade Date or such later time or date as may subsequently be agreed between the Dealer and the Domiciliary Agent), details of the Notes to be issued;
 - 4.4.3 send by facsimile transmission to the Issuer an "Issuer Confirmation Form" (in the form of Annex 2) and to the investor an "Investor Confirmation Form" (in the form of Annex 3) indicating the terms of the transaction.

The transaction shall be executed according to the terms on the confirmation form, unless the Issuer and/or the Investor contacts the Dealer concerned, at the latest at 4:00 p.m. (Brussels time) on the second Business Day preceding the Issue Date, to indicate any error or discrepancy.

If at any time, an investor looking for Notes of the Issuer takes the initiative to approach a Dealer, that Dealer shall inform the Issuer of such demand. The Issuer shall have the right but not the obligation to issue Notes.

5. Terms of the Notes

Any Notes under the Programme shall only be issued in accordance with the Terms and Conditions of the Notes as set out in the Information Memorandum (the "Terms and Conditions"), and said Terms and Conditions are hereby incorporated by reference.

The parties hereto confirm their agreement to and acceptance of the Terms and Conditions.

6. Conditions of issue

6.1 First issue

Before the Issuer makes its first request to the Dealers to bid for Notes, the Dealers should have received following documents:

- 6.1.1 this Agreement, duly signed by the Issuer;

- 6.1.2 certified extract copy of the Decision of the Issuer establishing the Single Issuer Short Term Treasury Notes Programme and approving the issue of the Notes;
- 6.1.3 the Clearing Agreement duly executed by the parties thereto;
- 6.1.4 authorised signatory list of persons entitled to take action on behalf of the Issuer;
- 6.1.5 the Information Memorandum.

6.2 **Each issue**

The Dealers' obligation to purchase Notes, after a bid has been accepted in accordance with Clause 3.3, is conditional upon

- 6.2.1 the Issuer's representations and warranties as set out in Clause 8 hereof, being true, correct and complied with on the proposed Issue Date with respect to the facts and circumstances existing at each such date;
- 6.2.2 no event of default or potential event of default as set out in Clause 9 having occurred and being continued; and
- 6.2.3 the total amount of Notes outstanding on the proposed Issue Date not exceeding the Programme Amount.

6.3 **Periodical information**

Financial Information on the Issuer can be found on www.ccrek.be/NL/PublicatiesVlaamseGemeenschap.htm and www.fin.vlaanderen.be.

7. **Representations and warranties of the Issuer**

The Issuer warrants and agrees that at the date of this Agreement and at the date of each issue of Notes (as the case may be):

- 7.1 **Information Memorandum**: the Information Memorandum contains all necessary information on the Issuer, the Programme and the rights attached to and the terms and conditions of the Notes. The Information Memorandum will be revised and updated from time to time.
- 7.2 **Information to Purchasers**: The Dealers are authorised by the Issuer to provide actual and potential purchasers of Notes copies of the Information Memorandum, as from time to time updated or revised.
- 7.3 **Validity**: the Issuer's obligations under the Terms and Conditions, this Agreement, the Domiciliary Agency Agreement and the Clearing Agreement will at all times be valid, binding and enforceable in accordance with their terms, and the Issuer will at all times ensure that all necessary action is taken and conditions are fulfilled (including the obtaining of any necessary consents) so that it may lawfully comply with its obligations under the Notes, this Agreement and all other connected agreements, as appropriate.
- 7.4 **No Events of Default**: the Issuer warrants, represents and guarantees that no Event of Default exists.

8. **Events of default**

If:

- 8.1 the Issuer fails to pay in part or in full any sum under any Treasury Note as and when such sum becomes due and payable either at Maturity Date or Interest Payment Date, upon redemption or otherwise, and such failure is continuing for 5 Business Days after the date on which such sum was due, except where such non-payment or late payment is due to any (in)action of the Domiciliary Agent or disfunctioning of the Clearing System ; or

- 8.2 the Issuer fails to duly observe or perform any other of the material undertakings contained herein and such failure is continuing for 15 Business Days after the date on which written notice of such failure requiring the Issuer to remedy the same shall have been addressed to the Domiciliary Agent and/or the Issuer by holders of any Treasury Notes at that time outstanding; or
- 8.3 the Issuer defaults in the due payment of any other indebtedness having a minimum aggregate amount of Euro five hundred million (EUR 500,000,000) (or in any other Selected Currency or Currencies), or assumed or guaranteed by, the Issuer unless the relevant payment is contested in good faith by the Issuer and by appropriate proceedings, and provided any such default has not been cured within the period contractually agreed upon or subsequently agreed upon for such payment, or in the event that any such indebtedness shall have become repayable before the due date thereof as a result of acceleration of maturity by reason of the occurrence of any event of default there under; or
- 8.4 any representation, warranty or statement made by the Issuer in connection with the Information Memorandum (or any amendments thereto) or incorporated in the Agreements or the Treasury Notes is proved to have been incorrect in any material respect; or
- 8.5 it becomes unlawful for the Issuer to perform any of its obligations under the Treasury Notes or any of its obligations ceases to be valid, binding or enforceable;

then, in each and every such case, each Dealer, acting in its own name, on its own behalf and for itself, may, by written notice by registered letter to the Issuer and the Domiciliary Agent, declare this Agreement immediately terminated between itself and the other parties to this Agreement.

9. Undertakings

- 9.1 The Notes shall represent direct, unconditional, unsubordinated and unsecured obligations of the Issuer. At all times they shall rank *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer for funds borrowed or guaranteed by the Issuer.
- 9.2 The Issuer undertakes to inform the Dealers of any Material Information promptly upon becoming aware of such information and at least at such time as such information would be published by the Issuer in any form whatsoever, such as, but not limited to, a press release or any other similar publication on any relevant screen pages (of Reuters, Bloomberg and/or any other provider of financial and business information).
- For the purpose hereof, "Material Information" means any information or facts regarding the financial condition, business or operations of the Issuer which may influence the obligations of the Issuer under the Programme or the Notes and/or the decision of the investors in relation to the Notes, and as may be known by the Issuer and/or set out in form or document of the Issuer such as a draft of press release, including but not limited to information in relation to a downgrading or upgrading of any rating of the Issuer, any merger, take-over or other transfer of a substantial part of the assets of the Issuer,
- 9.3 The Issuer will on demand indemnify the Dealers against any cost, loss, expense or liability (including but not limited to legal fees) sustained or incurred by it as a result of (i) the Issuer's failure to make due payment under the Notes, (ii) any breach or alleged breach of any of the Issuer's warranties,

agreements or obligations in this Agreement, the Notes or any other connected agreement or (iii) any untrue or inaccurate statement, furnished or approved by the Issuer, contained in the Information Memorandum or arising out of omission by the Issuer that could alter the content of the Information Memorandum.

10. Selling restrictions

The distribution of the Information Memorandum and the offering of the Treasury Notes in certain jurisdictions may be restricted by law; persons into whose possession the Information Memorandum comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions.

The Information Memorandum does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorized. Persons into whose hands the Information Memorandum comes are required by the Issuer to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver the Treasury Notes or have in their possession or distribute such offering material in all cases at their own expense.

No action had been or will be taken by the Issuer or any of the Dealers that would permit a public offering of any of the Treasury Notes in any country or jurisdiction where action for that purpose is required. Accordingly, each of the Issuer and the Dealers has undertaken that it will not, directly or indirectly, offer or sell any Treasury Notes or distribute or publish this Information Memorandum or any part thereof, any advertisement or other document or information in any country or jurisdiction except under circumstances that such Issuer or Dealer believes in good faith, on reasonable grounds after making all reasonable investigations, result in compliance with any applicable laws and regulations.

Potential investors shall be responsible for complying with applicable legislation in said other jurisdictions. In particular, they shall comply with the restrictions involving the United States of America and the United Kingdom, as set out hereunder.

(a) The United States of America

The Treasury Notes have not been and shall not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered, sold or delivered within the United States or to U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the said Securities Act.

(b) The United Kingdom

Treasury Notes having a maturity of one year or more may not be offered or sold, prior to the expiry of the period of six months from the issue date of the Treasury Notes, to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended), and subject to compliance with all applicable provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") with respect to anything done in relation to the Certificates in, from or otherwise involving the United Kingdom. Any information likely to lead to the purchase of Treasury Notes may only be or caused to be communicated as an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any Treasury Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer. Treasury Notes having a maturity of less than one year may only be issued to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business and any such Treasury Notes may not be offered or sold by such persons other than to persons: (1) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or (2) who it is reasonable to expect will acquire, hold, manage or

dispose of investments (as principal or agent) for the purposes of their businesses, where the issue of the Treasury Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer.

The terms and conditions that shall apply to each issue of Treasury Notes under the Programme, may contain additional selling restrictions as agreed between the Issuer and the Dealer(s) for such issue or may amend the above selling restrictions as they apply to such issue.

11. Termination

11.1 Resignation by a Dealer

A Dealer may resign as dealer at any time by sending at least 60 calendar days' written notice to the Issuer provided that such resignation may not take place earlier than 30 June 2010.

11.2 Termination by the Issuer

The Issuer may terminate the appointment of the Dealer under this Agreement, provided that it gives the Dealer not less than 60 calendar days' written notice of termination at the Dealer's principal office.

12. Benefit of Agreement

This Agreement shall be binding upon and inure to the benefit of each party hereto and the parties may not assign or transfer all or any of their rights, benefits and obligations hereunder.

13. Notices

Notices to the holders of Notes shall be validly given by fax or letter addressed to the holders of Notes having a securities account or to the Custodian Bank holding the securities with the Clearer or by notice through the intermediary of the Clearer.

All notices shall be in writing or by facsimile. Each notice shall be made to the relevant party at the address or facsimile number as set out in the Information Memorandum.

A notice shall be deemed received (if in writing) when delivered and (if by facsimile) when despatched.

Any notice by telephone or facsimile shall be promptly confirmed in writing. Telephonic notices may be recorded. To that end, each party consents to the recording of such telephone conversations in connection with this Agreement and the Programme and agrees to obtain any necessary consent of, and give notice of such recording to, any of its personnel.

14. Governing Law and Jurisdiction

This Agreement shall be governed by and interpreted in accordance with the laws of Belgium and will be subject to the exclusive jurisdiction of the courts of Brussels. Legal proceedings will be held in the Dutch language.

In witness whereof, the parties hereto have executed this Agreement in 4 original copies as of the day and year first above written.

THE ISSUER

THE FLEMISH COMMUNITY

By: ~~_____~~ **Hedwig Van der Borgh**
Secretaris-generaal

THE DEALERS

KBC BANK NV

~~Dirk VAN DAMME~~
~~By: _____~~
Head Issues

Pierre Deheegher
Chief Dealer
Treasury & Capital Markets

DEXIA BANK BELGIUM SA

~~By: _____~~
Dirk VAN DAMME

Pierre Deheegher
Chief Dealer
Treasury & Capital Markets

Dirk VAN DAMME
Head Issues



Annex 1

Annex 2

ISSUER'S CONFIRMATION

Brussels, [.....]

To: [Issuer]

Att.

Re: Programme for the issue of Treasury Notes – Certificates of Deposit.

1. We refer to the Agreement between you and us with respect to the Flemish Community Short Term Treasury Notes Programme for the issue of Treasury Notes (the "Notes") dd. 14 July 2009 (the "**Agreement**").

All capitalised terms not otherwise defined herein shall have the same definition as used in the Agreement.

We hereby confirm, subject to the terms and conditions of the Agreement, your issue of Notes with the following terms:

Currency:

Nominal Amount:

Issue Date:

Maturity Date:

Interest:

Denominator: 360 or 365 (fixed) *

[Interest Payment Dates]:

Issue Price:

2. Value the Issue Date your account with [.....] (n°) will be credited with the Issue Price of the above Notes and value the Maturity Date.
4. The Terms and Conditions of the Notes set out in the Agreement are hereby incorporated by reference and shall govern each Note.

Please return a duly signed copy of this letter to [name and address of the relevant Dealer], att. [.....], fax. [.....], as confirmation of your agreement with the above.

Yours sincerely,

[.....]

* Delete where appropriate

INVESTOR'S CONFIRMATION

Brussels, [.....]

Re: Programme for the issue of Treasury Notes – Certificates of Deposit.

1. Further to our discussions, we hereby confirm your purchase of Treasury Notes (the "Notes") issued by the Flemish Community

Currency:
 Nominal Amount:
 Issue Price:
 Issue Date:
 Maturity Date:
 Interest:
 [Interest Payment Dates]:
 ISIN code:
 Dealer:
 Domiciliary Agent:
 Your Custodian Bank:

2. Value the Issue Date, (i) the Domiciliary Agent will instruct the Nationale Bank van België N.V. / S.A. Banque Nationale de Belgique ("**NBB/BNB**") to credit your Custodian Bank's security account and will confirm the transaction to your Custodian Bank and (ii) your Custodian Bank will instruct NBB/BNB to credit the Domiciliary Agent's cash account with the Issue Price.
- [3. On each Interest Payment Date your Custodian Bank's cash account will be credited with the amount of the relevant interest payment]*.
4. Value the Maturity Date, (i) the Domiciliary Agent will instruct NBB/BNB to credit your Custodian Bank's cash account with the Nominal Amount [plus accrued interest] of the Notes purchased by you and (ii) your Custodian Bank will instruct NBB/BNB to credit the Domiciliary Agent's security account for the amount of matured Notes.

The investor acknowledges that, in making its decision to invest in the Notes, it has not relied, and does not rely, upon any information or advice provided, or any appraisal of, or investigation into the financial condition, the creditworthiness, affairs, status or nature of the issuer, by [name of the relevant Dealer] as dealer.

Please return a duly signed copy of this letter to [name and address of the relevant Dealer], att. [.....], fax [.....], as confirmation of your agreement concerning the above points.

Yours sincerely,

[.....]

* Delete where appropriate