



## **Fluxys Belgium SA/NV**

*(Incorporated as a limited liability company (naamloze vennootschap/société anonyme) in Belgium)*

EUR 250,000,000 2.750 per cent fixed rate bonds due 27 November 2029

Gross actuarial yield: 2.806 per cent. (on an annual basis)

Issue Price: 99.322 per cent. - ISIN Code: BE0002218841 - Common Code: 114471917

(the “**15Y Bonds**”)

EUR 100,000,000 3.250 per cent fixed rate bonds due 27 November 2034

Gross actuarial yield: 3.29 per cent. (on an annual basis)

Issue Price: 99.421 per cent. - ISIN Code: BE0002219856 - Common Code: 114472310

(the “**20Y Bonds**”,

and, together with the 15Y Bonds, the “**Bonds**” and each a “**Series**”)

*(Eligible Investors, as defined below, are, subject to certain conditions, entitled to the gross actuarial yield.*

*Payments of interest to Non-Eligible Investors, as defined below, are subject to the 25 per cent. withholding tax, i.e. the net actuarial yield. Please see Part X (Taxation) for more information on the Belgian tax regime)*

Application has been made for the Bonds to be admitted to trading on the regulated market of Euronext Brussels

Issue Date: 27 November 2014

Potential investors are invited to read the Prospectus and in particular Part II (*Risk Factors*) on page 11 to 26 of the Prospectus. Copies of the Prospectus can be obtained at the registered seat of the Issuer, the registered seat of each of the Joint Bookrunners and on the website of the Issuer ([www.fluxys.com/Belgium](http://www.fluxys.com/Belgium)).

An investment in the Bonds involves risks. By subscribing to the Bonds, investors lend money to the Issuer who undertakes to pay interest on an annual basis and to reimburse the nominal amount on the Maturity Date. In case of bankruptcy of or default by the Issuer, investors may not recover the amounts they are entitled to and risk losing their investment partially or entirely.

### **Joint Coordinators**

**BNP PARIBAS**

**ING**

### **Joint Bookrunners**

**BELFIUS BANK**

**BNP PARIBAS**

**Crédit Agricole CIB**

**ING**

Fluxys Belgium SA/NV, a limited liability company (*naamloze vennootschap/société anonyme*) incorporated under Belgian law, having its registered office at avenue des Arts 31, 1000 Brussels, Belgium registered with the Crossroads Bank for Enterprises under number 0402.954.628, commercial court of Brussels (the “**Issuer**”) intends to issue the Bonds for an aggregate principal amount of €350,000,000. The 15Y Bonds will bear interest at the rate of 2.750 per cent. per annum and the 20Y Bonds will bear interest at the rate of 3.250 per cent. per annum (each an “**Interest**”). Interest on the Bonds is payable annually in arrear on the Interest Payment Dates (as defined below) falling on, or nearest to 27 November in each year. The first payment of Interest will occur on 27 November 2015. The 15Y Bonds will mature on 27 November 2029 and the 20Y Bonds will mature on 27 November 2034 (each a “**Maturity Date**”). All references in this Prospectus to “**Issuer Group**” refer to the Issuer together with its subsidiaries (within the meaning of Article 6 of the Belgian Companies Code). All references to “**Fluxys Group**” refer to Fluxys SA/NV together with its subsidiaries (within the meaning of Article 6 of the Belgian Companies Code).

BNP Paribas, London Branch (having its registered office at 10 Harewood Avenue, London NW 1 6AA, United Kingdom) (“**BNP**”) and ING Bank N.V., Belgian Branch (having its registered office at avenue Marnix 24, 1000 Brussels, Belgium) (“**ING**”) are acting as joint coordinators (together the “**Joint Coordinators**” and each a “**Joint Coordinator**”) and Belfius Bank SA/NV (having its registered office at boulevard Pachéco 44, 1000 Brussels, Belgium), Crédit Agricole Corporate and Investment Bank (having its registered office at 9, Quai du Président Paul Doumer, 92920 Paris La Défense Cedex, France), ING and BNP are acting as joint bookrunners (together the “**Joint Bookrunners**” and each a “**Joint Bookrunner**”) for the purpose of the offer of the Bonds (the “**Offer**”).

The denomination of the Bonds shall be €100,000 and integral multiples thereof (the “**Denomination**”). The Issuer and the Bonds do not have a credit rating.

This listing prospectus dated 21 November 2014 (the “**Prospectus**”) was approved on 21 November 2014 by the Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten/Autorité des services et marchés financiers*) (the “**FSMA**”) in its capacity as competent authority under Article 23 of the Belgian Law dated 16 June 2006 concerning the public offer of investment securities and the admission of investment securities to trading on a regulated market, as amended (the “**Prospectus Law**”). The approval cannot be considered as a judgment as to the opportunity or the quality of the transaction, nor on the situation of the Issuer and the FSMA gives no undertaking as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer, in line with the provisions of Article 23 of the Prospectus Law. References in this Prospectus to the Bonds being “listed” (and all related references) shall mean that the Bonds will be listed and admitted to trading on the regulated market of Euronext Brussels. The regulated market of Euronext Brussels is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on market in financial instruments, as amended. Prior to the Offer referred to in this Prospectus, there has been no public market for the Bonds.

The Prospectus is a prospectus for the purposes of Article 5(3) of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as amended from time to time (the “**Prospectus Directive**”) and the Prospectus Law. This Prospectus has been prepared in accordance with the Prospectus Law and Commission Regulation (EC) 809/2004 of 29 April 2004 implementing the Prospectus Directive, as amended from time to time (the “**Prospectus Regulation**”).

The Prospectus intends to provide the information with regard to the Issuer and the Bonds, which according to the particular nature of the Issuer and the Bonds, is necessary to enable investors to make an informed assessment of the rights attaching to the Bonds and of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Bonds will be issued in dematerialised form (*gedematerialiseerd/dématérialisé*) in accordance with Article 468 of the Belgian Companies Code (*Wetboek van Vennootschappen/Code des Sociétés*) (the “**Belgian Companies Code**”) and cannot be physically delivered. The Bonds will be represented exclusively by book-entries in the records of the securities settlement system operated by the National Bank of Belgium (the “**NBB**”) or any successor thereto (the “**Securities Settlement System**”). Access to the Securities Settlement System is available through those of its Securities Settlement System participants whose membership extends to securities such as the Bonds. Securities Settlement System participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, *société anonyme*, Luxembourg (“**Clearstream, Luxembourg**”). Accordingly, the Bonds will be eligible for clearance through and will therefore be accepted by Euroclear and Clearstream, Luxembourg. Investors, who are not Securities Settlement System participants, can hold their Bonds within securities accounts in Euroclear and Clearstream, Luxembourg.

Unless otherwise stated, capitalised terms used in this Prospectus have the meanings set forth in this Prospectus. Where reference is made to the “**Terms and conditions of the Bonds**” or to the “**Conditions**”, reference is made to the Terms and Conditions of the Bonds as set out in Part IV (*Terms and conditions of the Bonds*).

An investment in the Bonds involves risks. Potential investors should take note of Part II (*Risk Factors*) on page 11 to 26 of the Prospectus to understand which factors may affect the Issuer’s ability to fulfil its obligations under the Bonds.

## **RESPONSIBLE PERSON**

The Issuer, having its registered office at avenue des Arts, 31, 1040 Brussels, Belgium, (the “**Responsible Person**”) accepts responsibility for the Prospectus and any supplements of the Prospectus.

To the best of the knowledge and belief of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect its import.

## **OFFER OF THE BONDS**

This Prospectus has been prepared in connection with the listing and admission to trading of the Bonds on the regulated market of Euronext Brussels.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. The Issuer and the Joint Bookrunners do not represent that this Prospectus may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Bookrunners which is intended to permit a public offering of the Bonds or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Bonds.

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see Part III (*Documents Incorporated by Reference*) of the Prospectus) and each supplement. This Prospectus shall be read and construed on the basis that such documents are incorporated in and form part of the Prospectus.

For a description of further restrictions on offers and sales of Bonds and distribution of this Prospectus see Part XI (*Subscription and Sale*) of the Prospectus.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus and any information or representation not so contained or inconsistent with this Prospectus or any other information supplied in connection with the Bonds and, if given or made, such information must not be relied upon as having been authorised by or on behalf of the Issuer or the Joint Bookrunners. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that:

- the information contained in this Prospectus is true subsequent to the date of the Prospectus or otherwise that there has been no change in the affairs of the Issuer or its subsidiaries since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented;
- that there has been no adverse change, or any event likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or its subsidiaries since the date hereof or, if later, the date upon which this Prospectus has been most recently amended or supplemented; or
- that the information contained in it or any other information supplied in connection with the Bonds is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Upon the occurrence of any event set out in Article 34, §1 of the Prospectus Law, the Issuer will publish a supplement to the Prospectus (please refer to “Warning” on p. 5 of the Prospectus for more information with respect to the publication of supplements to the Prospectus).

Market data and other statistical information used in the Prospectus have been extracted from a number of sources, including independent industry publications, government publications, reports by market research firms or other independent publications. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, it is able to ascertain from information published by the relevant independent source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Joint Bookrunners and the Issuer expressly do not undertake to review the condition (financial or otherwise) of the Issuer and its subsidiaries during the life of the Bonds.

Neither this Prospectus nor any other information supplied in connection with the offering of the Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Joint Bookrunners that any recipient of this Prospectus or any other information supplied in connection with the offering of the Bonds should purchase any Bonds. Each investor contemplating a purchase of the Bonds should make its own independent investigation of the financial conditions and affairs, and its own appraisal of the creditworthiness of the Issuer.

Neither this prospectus nor any other information supplied in connection with the offering of the Bonds constitutes an offer or invitation by or on behalf of the Issuer or the Joint Bookrunners to any person to subscribe for or purchase any Bonds.

Neither the Joint Bookrunners nor any of their affiliates have authorised the whole or any part of the Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in the Prospectus. To the fullest extent permitted by law, the Joint Bookrunners accept no responsibility whatsoever for the contents of this Prospectus or for any other statement, made or purported to be made by the Joint Bookrunners or on their behalf in connection with the Issuer or the issue, listing and private placement of the Bonds. The Joint Bookrunners accordingly disclaim all liability, whether arising in tort or in contract or in any other event, in relation to the information contained or incorporated by reference in this Prospectus or any other information in connection with the Issuer, the offering of the Bonds or the distribution of the Bonds.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state or other jurisdiction of the United States. The Bonds are being offered and sold solely outside the United States to non-U.S. persons in reliance on *Regulation S* under the Securities Act (“**Regulation S**”). Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S). For a further description of certain restrictions on the offering and sale of the Bonds and on the distribution of this document, please refer to Part XI (*Subscription and Sale*) of the Prospectus.

All references in this document to “euro”, “EUR” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

This Prospectus contains various amounts and percentages which are rounded and, as a result, when these amounts and percentages are added up, they may not total.

## WARNING

The Prospectus has been prepared to provide information on the listing of the Bonds on Euronext Brussels. When potential investors make a decision to invest in the Bonds, they should base this decision on their own research of the Issuer and the terms and conditions of the Bonds set out in Part IV (*Terms and Conditions of the Bonds*) of the Prospectus, including, but not limited to, the associated benefits and risks. The investors must themselves assess, with their own advisors if necessary, whether the Bonds are suitable for them, considering their personal income and financial situation. In case of any doubt about the risk involved in purchasing the Bonds, investors should abstain from investing in the Bonds.

The summaries and descriptions of legal provisions, taxation, accounting principles or comparisons of such principles, legal company forms or contractual relationships reported in the Prospectus may in no circumstances be interpreted as investment, legal or tax advice for potential investors. Potential investors are urged to consult their own advisor, accountant or other advisors concerning the legal, tax, economic, financial and other aspects associated with the subscription to the Bonds.

Pursuant to Article 34 of the Prospectus Law, the Issuer will, in the event of important new developments, material errors or inaccuracies that could affect the assessment of the Bonds, and which occur or are identified between the time of the approval of the Prospectus and the time at which trading on the regulated market of Euronext Brussels commences, have to publish a supplement to the Prospectus containing this information. This supplement will (i) need to be approved by the FSMA and (ii) be published in compliance with at least the same conditions applicable to the Prospectus, and will be published on the websites of the Issuer, the Joint Bookrunners and the website of the FSMA. The Issuer must ensure that any such supplement is published as soon as possible after the occurrence of such new significant factor.

## **FURTHER INFORMATION**

For more information about the Issuer, please contact:

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## PART I – OVERVIEW

The following overview refers to certain provisions of the Terms of Conditions of the Bonds and is qualified by the more detailed information contained elsewhere in this Prospectus. Capitalised terms used therein have the meaning giving to them in the Terms of Conditions of the Bonds.

<b>Issuer:</b>	Fluxys Belgium SA/NV
<b>Business of the Issuer:</b>	The Issuer operates the natural gas transmission grid and storage infrastructure in Belgium and the Zeebrugge liquefied natural gas terminal.
<b>Bonds</b>	EUR 250,000,000 2.750 per cent. fixed rate bonds due 27 November 2029 (the “ <b>15Y Bonds</b> ”) and EUR 100,000,000 3.250 per cent. fixed rate bonds due 27 November 2034 (the “ <b>20Y Bonds</b> ”, and together with the 15Y Bonds, the “ <b>Bonds</b> ” and each “ <b>a Series</b> ”).
<b>Joint Coordinators:</b>	BNP Paribas, London Branch and ING Bank N.V., Belgian Branch.
<b>Joint Bookrunners:</b>	BNP Paribas, London Branch, ING Bank N.V., Belgian Branch, Belfius Bank SA/NV and Crédit Agricole Corporate and Investment Bank.
<b>Agent:</b>	Belfius Banks SA/NV
<b>Issue Date:</b>	27 November 2014
<b>Issue Price:</b>	99.322 per cent. in respect of the 15Y Bonds and 99.421 per cent. in respect of the 20Y Bonds.
<b>Form of Notes:</b>	The Bonds will be issued in dematerialised form ( <i>gedematerialiseerd/dématérialisé</i> ) in accordance with Article 468 of the Belgian Companies Code ( <i>Wetboek van Vennootschappen/Code des Sociétés</i> ) (the “ <b>Belgian Companies Code</b> ”) and cannot be physically delivered. The Bonds will be represented exclusively by book-entries in the records of the securities settlement system operated by the National Bank of Belgium (the “ <b>NBB</b> ”) or any successor thereto (the “ <b>Securities Settlement System</b> ”).
<b>Denomination:</b>	EUR 100,000 and integral multiples thereof.
<b>Status of the Bonds:</b>	The Bonds will constitute direct, unsecured and unsubordinated obligations of the Issuer and rank <i>pari passu</i> and without any preference among themselves. See Part IV ( <i>Terms and Conditions of the Bonds</i> ).
<b>Distribution:</b>	Distribution by way of private placement.
<b>Currency:</b>	The Bonds will be denominated in euro. Interest amounts and any amount payable on redemption will be in euro.
<b>Maturity date:</b>	The 15Y Bonds will mature on 27 November 2029. The 20Y Bonds will mature on 27 November 2034.
<b>Interest:</b>	Each 15Y Bond bears interest from and including the Issue Date per annum at the rate of 2.750 per cent. Each 20Y Bond bears interest from and including the Issue Date per annum at the rate of 3.250 per cent.



<b>Early Redemption for Taxation Reasons:</b>	Each Series of Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time if the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 ( <i>Taxation</i> ) as a result of any change in, or amendment to, the laws or regulations of Belgium or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment, application or interpretation becomes effective on or after the date on which agreement is reached to issue the Series of Bonds and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, subject to certain exemptions set out in Part IV ( <i>Terms and Conditions of the Bonds</i> ).
<b>Early Redemption following a Change of Control:</b>	<p>If an Early Redemption Event occurs, the holder of each Bond of a Series will have the option to require the Issuer to redeem all or any part of their Bonds of that Series on the Put Settlement Date at the Put Redemption Amount, subject to the conditions set out in Condition 4 c.</p> <p>If, as a result of this Condition 4 c, holders of Bonds of a Series submit Put Option Notices in respect of at least 85 per cent. of the aggregate nominal amount of the Bonds of that Series for the time being outstanding, the Issuer may, subject to the Conditions, redeem all (but not some only) of the Bonds of that Series then outstanding at the Put Redemption Amount.</p>
<b>Early Redemption during the Early Redemption Period:</b>	The Issuer may, at its option, from and including 3 months before the Maturity Date to but excluding the Maturity Date, subject to having given not more than 30 nor less than 15 calendar days prior notice to the Bondholders (which notice shall be irrevocable), redeem the outstanding Bonds, in whole but not in part, at their nominal amount plus accrued interest up to but excluding the date fixed for redemption.
<b>Cross Acceleration:</b>	See Condition 8 ( <i>Events of Default</i> ) in Part IV ( <i>Terms and Conditions of the Bonds</i> ).
<b>Negative Pledge:</b>	See Condition 2 ( <i>Negative Pledge</i> ) in Part IV ( <i>Terms and Conditions of the Bonds</i> ).
<b>Taxation:</b>	All payments of principal and interest in respect of the Bonds will be made free and clear of withholding taxes of Belgium unless the withholding is required by law. In such event, the Issuer shall, subject to customary exceptions (including the ICMA Standard EU Tax exemption Tax Language), pay such additional amounts as shall result in receipt by the Bondholder of such amounts as would have been received by it had no such withholding been required, all as described in Condition 6 ( <i>Taxation</i> ) in Part IV ( <i>Terms and Conditions of the Bonds</i> ).
<b>Governing law:</b>	The Bonds and any non-contractual obligations arising out of or in connection with the Bonds will be governed by, and shall be construed in accordance with Belgian law.
<b>Rating:</b>	The Bonds will not be rated.
<b>Settlement system</b>	The Bonds will be accepted for settlement through the Securities

<b>Listing and admission to trading:</b>	Settlement System, and are accordingly subject to the applicable Belgian clearing regulations and the rules of the Securities Settlement System. Application has been made to Euronext Brussels for the Bonds to be admitted to trading on the regulated market of Euronext Brussels.
<b>Selling restrictions:</b>	There are restrictions on the offer, sale and transfer of Bonds in the United States, the Public Offer Selling Restriction under the Prospectus Directive and the United Kingdom. See Part XI ( <i>Subscription and Sale</i> ).
<b>Risk Factors:</b>	Prospective investors should carefully consider the information set out in Part II ( <i>Risk Factors</i> ) in conjunction with the other information contained or incorporated by reference in this Prospectus.
<b>Use of proceeds:</b>	The net proceeds from the issue of Bonds will be applied by the Issuer for general corporate purposes, including the repayment of the Issuer's retail bond maturing in December 2015.
<b>ISIN:</b>	BE0002218841 in respect of the 15Y Bonds and BE0002219856 in respect of the 20Y Bonds.
<b>Common Code:</b>	114471917 in respect of the 15Y Bonds and 114472310 in respect of the 20Y Bonds.

## PART II– RISK FACTORS

*The Issuer believes that the risks described below may affect the Issuer's ability to fulfil its respective obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for purposes of assessing the market risks associated with the Bonds are described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Bonds may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. The sequence in which the risk factors are listed is not an indication of their likelihood to occur or of the extent of their commercial consequences. Prospective investors should also read the detailed information set out elsewhere in this Prospectus or incorporated by reference in this Prospectus and reach their own views prior to making any investment decision and consult with their own professional advisors if they consider it necessary.*

*Terms defined in the Conditions shall have the same meaning where used below.*

### **RISK FACTORS IN RELATION TO THE ISSUER**

#### **The Issuer faces market uncertainties.**

Future political and governmental instability and/or international political conflicts may result in important changes in the European gas industry. In addition, the economic crisis, the climate policy and the drop in coal prices have resulted in an unclear evolution of the demand for European gas in the medium term. Natural gas will continue to play a key role in the energy mix, even after 2020, but the slow economic growth and the future climate and energy policies (in particular de-carbonisation of power generation and the limitation of dependence on natural gas) will reduce the increase in the global demand for European gas. A decrease in demand may in turn have a material adverse effect on the business operations, the results and the financial position of the Issuer.

The following evolutions are particularly relevant:

- (i) The end of the production of Dutch low-calorific gas (“**L-gas**”) by 2030, involving a decline of such production as from 2024, will imply the end of L-gas transit flows through Belgium and may not be compensated by new high-calorific gas (“**H-gas**”) transit flows. The end of L-gas in Belgium as well as in France and Germany could result in a loss of market share for gas and a shift towards alternative energy sources. The switch from L- to H-gas in Germany can however also be an opportunity for the delivery of more LNG to Europe, via Zeebrugge, and may thus further increase transit flows through Belgium.
- (ii) The Issuer is facing competition from various players in the energy market. Natural gas-fired power stations face competition from alternative energy producers, such as renewable energy and coal, whilst the prices for CO<sup>2</sup> certificates are too low and thus unable to restore the competition by charging a dissuasive price for more polluting energy sources. As a result, a number of existing power stations are being temporarily, and in some cases permanently, shut down and new power plant projects are being postponed. Further, gas storage activity is also facing competition for annual contracts due to an increased offer of storage and other flexibility services in Europe. This is due in part to rather low differences between summer and winter gas prices. The Issuer is taking all reasonable measures to adapt its services to the changing needs of the shippers and to keep its tariffs competitive. However, it

cannot be excluded that this competition from other energy players will have a material adverse impact on the Issuer's business operations, results and financial position.

- (iii) The Issuer is facing a decline in long-term commitments in its transmission and storage activities. Shippers are increasingly booking short-term, rather than long-term, capacity contracts which are more aligned to their trading activities or for opportunistic reasons. This will lead to increased volatility in the turnover of the Issuer. For the same reasons, it will become increasingly difficult for the Issuer to secure investments through long-term "ship-or-pay" contracts. By monitoring the market closely and organising targeted marketing campaigns on the one hand, and offering competitive tariffs on the other hand, the Issuer is attempting to reduce this risk, but the decline in long-term commitments may have an adverse impact on the Issuer's business operations, results and financial position.

**The Belgian gas transmission grid has been designed and dimensioned for transit but can be circumvented by competing transmission system operators.**

One of the principal risks facing the Issuer is a risk of stranded assets if the current long-term transit contracts cannot be renewed or replaced by sufficient short term bookings because of market conditions and existing competition in transit activity. The transit income is at risk after 2019 when most existing long-term transit agreements terminate. This may have a material adverse impact on the Issuer's business operations, results and financial position.

**The Issuer operates in a highly regulated sector.**

As described in the part VI (*Description of the Issuer*), the transmission, storage and LNG terminal activities of the Issuer are regulated by the Federal Act of 12 April 1965 concerning the transmission of gaseous and other products by pipelines (the "**Gas Act**"). The Gas Act provides for a system of regulated access to the transmission (border-to-border and domestic) and storage of natural gas and to the LNG terminal's activities. The regulated activities are supervised by the federal regulator, the Commission for Electricity and Gas Regulation ("**CREG**"). The CREG determines the tariff methodology for the natural gas transmission system, the natural gas storage facilities and the LNG terminal operators and approves the Issuer's tariffs proposal for such activities.

The Gas Act also contains a certification procedure for operators of the transmission system, natural gas storage facilities and LNG terminalling facilities in order to verify compliance by the operators with ownership unbundling requirements, i.e. the separation of operators from energy suppliers and producers. For more information on the certification process and the unbundling requirements, please refer to Part VI (*Description of the Issuer*).

The Issuer is certified as a full ownership unbundled transmission system operator by the CREG (following a positive opinion from the European Commission).

- (a) ***The regulatory framework includes a number of features that may adversely affect the Issuer's ability to meet its debt service obligations.***

The following features are in particular highlighted:

- (i) Pursuant to Article 8, §4ter of the Gas Act, the CREG monitors the continuing compliance of the natural gas transmission system operator ("**TSO**") with the general unbundling requirements as laid down in Articles 8/3 to 8/6 and 15/1§2 of the Gas Act. The CREG may open a certification procedure when it becomes aware that certain changes are planned in rights or influences on the TSO, which may lead to a breach of the above mentioned general unbundling requirements, or where it has reasons to believe that such a breach may have occurred, e.g. in case of a change of control of the TSO.

- (ii) Pursuant to Article 8, §7 of the Gas Act, after deliberation of the Council of Ministers and after having received an opinion from the European Commission, the Ministry of Energy may revoke the appointment of the Issuer as a certified TSO when (i) the TSO substantially fails to comply with its obligations under the Gas Act or implementing decrees, or (ii) in case of non compliance with the general unbundling requirements under (i), or (iii) in case of significant changes in the shareholding of the TSO that may jeopardise its independency.
- (iii) The tariff methodology as established in accordance with the provisions of the Gas Act, is based on a “cost plus” model allowing the Issuer to cover its costs and to generate a return. The CREG could nevertheless reject some of the Issuer’s expenditure. The Issuer is remunerated for its regulated activities on the basis of a return on invested capital. The CREG controls the Issuer’s regulated activities by means of *ex-ante* decisions (approval of budgets and tariffs) and *ex-post* decisions (approval of variances and their purpose). If the CREG would reject the Issuer’s expenditure, this could have a negative impact on the Issuer’s financial situation and results.
- (iv) Changes in the tariffs following *ex-post* deviations from reference amounts could impact the Issuer’s profitability. The tariffs approved by the CREG are based, amongst other, on an estimate of the capacity quantities that the Issuer expects to sell to grid users. When more quantities are sold than originally estimated, a regulatory liability will need to be accounted for. If, on the contrary, according to the tariff methodology applied by the CREG, less quantities are sold than originally estimated, the difference will be accounted for as reduction in the aforementioned regulatory liability or in a regulatory asset and could have an impact on the fair profit margin of the Issuer for cumulated negative variances until the end of 2015 (the “**risk volume**”). As from 2016, under the new tariff methodology regime, the risk volume will no longer directly affect the fair profit margin of the Issuer. However, if regulatory assets are booked, this should be reflected in an increase of tariffs. This may be difficult under certain market conditions and thus could have a negative impact on the financial situation and the results of the Issuer.
- (v) The regulation model of Fluxys LNG is different from the transmission business in so far as it is partially based on a fair rate of return granted on the extension investments only. Historical investments are regulated on the traditional cost plus regulatory principle. Fluxys LNG’s fair return and financial situation is exposed to the evolution of the future market demand. However this should not impact the debt servicing capacity of the Issuer. The revenues servicing the debt of the Issuer are generated by the Issuer through the regulated transmission and storage tariffs and are not secured through the fair return of Fluxys LNG through its terminalling tariffs. The terminalling tariffs are designed to serve the debt and fairly remunerate the equity of Fluxys LNG only.

**(b) Any modification of the regulatory framework applicable to the Issuer could have a material impact on the Issuer’s business operations, results and financial position.**

The following developments are particularly highlighted:

- (i) Earlier this year, the CREG has prepared a draft new tariff methodology for transmission, storage and LNG terminal activities (see also Part VI (*Description of the Issuer*)). The new tariff methodology is expected to be approved by the end of this year and should apply as from the next regulatory period starting on 1 January 2016 and ending on 31 December 2019.

According to the new tariff methodology, the revaluation surpluses included in the regulated asset base can no longer be recovered through the tariffs when assets are decommissioned. This risk is however mitigated by the fact that the Issuer depreciates the asset value including the revaluation.

- (ii) The Issuer's financial situation and results may be impacted by the introduction of a legal mechanism which would weaken its contractual position. One example is the introduction of a system of "One-off reset capacity". This is currently only in a discussion phase and has potentially yet to be adopted in the draft Tariffs Network Code prepared by the European Network of Transmission System Operators ("ENTSOG"), based on the Agency for the Cooperation of Energy Regulators' guidelines, within the framework of the EU's comitology procedure. These mechanisms would allow the Issuer's clients to terminate their long-term contracts.
- (iii) The issuer publishes its financial statements under the international accounting standards within the meaning of the IAS Regulation 1606/2002 ("IFRS"). The financial statements are based on the current IFRS standards. Future changes in the accounting treatment could impact the financial statements. This should however not alter the debt servicing capacity of the Issuer.

**Infrastructure development and expansion requirements may adversely affect the financial position of the Issuer.**

As a transmission system operator, the Issuer is obliged to maintain and develop its network in order to continuously ensure the capability of the network to satisfy demand for the transmission of gas. In addition, in order to preserve and further expand its market position, the Issuer is from time to time involved in substantial projects.

The projects could face delays resulting in increased costs for the Issuer. Besides completion risks, further unexpected risks or liabilities may materialise, which have not been and/or could not have been identified in a due diligence investigation usually conducted in the context of such projects and which may generate further additional costs. Budget overruns on projects may be considered to be an inefficient investment by the CREG, which may lead to rejected capital expenditures. Any delays, prefunding requirements or other issues arising throughout the process may have a material adverse effect on the business operations, the results and the financial position of the Issuer.

**The Issuer may incur significant costs to manage accidents at the Issuer's facilities.**

Gas is an inflammable substance which may cause severe accidents. Given the nature of the substance the Issuer transports, the Issuer is subject to a number of operational risks:

- (a) **Risks linked to the operation of Seveso sites.** The Issuer operates two Seveso sites: the LNG terminal in Zeebrugge and the underground storage facility in Loenhout. The industrial activity performed on the sites involves a dangerous substance and specific legislation is applicable to mitigate the risks. In accordance with the Seveso legislation, the Issuer pursues a proactive risk-management policy covering well-being at work, industrial safety and the environment. The Issuer can however not fully exclude that accidents on its sites happen in the future.
- (b) **Damage to infrastructure caused by third parties.** Serious pipeline incidents arise mainly from damage caused by third parties. To avoid such damage, anyone planning or wanting to carry out work in the vicinity of the natural gas transmission infrastructure is legally obliged to notify the Issuer in advance. The Issuer then confirms whether any natural gas transmission infrastructure is located in the vicinity of the works. If this is the case, the applicant receives all relevant information and details on further procedures to be followed to carry out the work safely. The Issuer also plays an active role in

initiatives to keep the notification requirement threshold as low as possible. The Issuer can however not assure that notifications will always be made.

- (c) **Damage to infrastructure caused by the Issuer's works.** Damage can also be caused while the Issuer is carrying out works to commission or repair infrastructure. All incidents or near-incidents are investigated thoroughly and remedial action is taken in a timely manner to prevent such incidents from recurring. Notwithstanding these measures, the Issuer cannot assure that the infrastructure will not be damaged by future works.
- (d) **Corrosion.** The pipeline network of the Issuer is subject to natural corrosion. Corrosion is combatted in different ways. The Issuer's pipelines are covered with an external coating to prevent corrosion. The Issuer also uses a cathodic protection system in the coating to provide additional electrical protection in case of faults. In addition, where possible the pipelines are systematically inspected internally using intelligent pipeline integrity gauges and externally using electrical measurements.
- (e) **Environmental impact.** The Issuer's transmission infrastructure has a minimal impact on the environment compared to other methods of transport of gas. The Issuer's environmental policy focuses on systematically reducing that minimal impact further. Although the Issuer takes all reasonable efforts to reduce the environmental risks, the Issuer cannot exclude that its infrastructure would have an impact on the environment in the future.

The Issuer takes a number of measures to mitigate the risks in relation to the exploitation of its infrastructure. Despite all measures taken, one or more risks may nevertheless materialise. The Issuer may for instance be exposed to potential claims resulting in significant liabilities, may be required to obtain additional permits to exercise its activities or may suffer severe reputation damage. It cannot be excluded that a serious accident could have adverse negative consequences on the financial situation of the Issuer

**The Issuer's insurance coverage may not prevent it from incurring liabilities.**

The Issuer assesses the likelihood of the main risks that are inherent to its activities and estimates the potential financial impact such risks could have in case those risks would materialise. Depending on the different options available and market conditions, the Issuer mainly covers these risks via the insurance market.

The comprehensive insurance cover is at the very least in line with European best practices in the field and covers the Issuer's risk in a variety of areas.

In some cases, risks are partially reinsured by Flux Re, a wholly-owned subsidiary of the Issuer, or are partially self-retained, for example by applying appropriate deductibles.

The fact that Flux Re is fully consolidated in the Issuer's accounts means that the costs engendered by any incidents occurring and covered by the Issuer's insurance policy are booked to the Issuer's consolidated result. If any risk materialises that is reinsured through Flux Re, this may have a significant impact on the consolidated financial statements of the Issuer.

Furthermore, in some cases, insurance may not be available for certain risks such as losses because of terrorism, crime or damage due to certain natural disasters.

Any uninsured financial loss or claim could have a material adverse effect on the business operations, results and financial position of the Issuer.

**Dependence on licenses and authorisations**

The Issuer and its subsidiaries, participations and joint ventures are dependent on licences, authorisations, exemptions and/or dispensations in order to operate their business. These licences, authorisations, exemptions

and/or dispensations may be subject to amendments and/or additional conditions being imposed on the Issuer and its subsidiaries, participations and joint ventures. The imposing of additional conditions and/or revoking of licences, etc. may cause operational problems and delays in ongoing projects and operations which could, in turn, have a material adverse effect on the business operations, the results and the financial position of the Issuer.

**Disruptions, fluctuations or a breakdown of the transmission and IT systems may negatively impact the operations and the financial results of the Issuer.**

Shortcomings in transmission systems and IT systems used to manage the gas network may give rise to malfunctions in the natural gas transmission. The systems may fail due to events outside the Issuer's control such as natural disasters, terrorist attacks, new computer viruses, attempted hacking and other IT security issues. The Issuer has taken all reasonable measures to ensure that its main computer systems and the infrastructure management systems remain up and running. As such, several systems have back-up facilities which automatically kick in to ensure the continued operation when a serious problem occurs. The Issuer has also included limitation of liability clauses in its transmission contracts, which may limit the exposure to liability claims and litigation, except in the event of fraud or gross negligence. However, it is impossible to rule out all eventualities. Transmission disruption or breakdowns may be caused by operational hazard or unforeseen events resulting in a disruption of gas transmission services for which the Issuer could be held responsible. This may in turn affect the Issuer's operations and financial results.

**The Issuer may not be able to refinance its existing financial indebtedness or at unfavourable conditions.**

The Issuer is subject to a refinancing risk. Disruptions in the capital and/or credit markets or in the Issuer's financial condition or business could adversely affect the Issuer's ability to draw on its existing bank credit facilities, enter into new bank credit facilities, access other funding sources or to refinance any maturing indebtedness.

The non-availability of funding which could (i) hinder the Issuer in funding contemplated projects, (ii) delay the completion of its projects and (iii) increase the cost of debt due to higher bank margins, may have an impact on its results and cash flows in case the Issuer would not be allowed to (fully) include the cost increases in and recuperate them through the regulated tariffs, but also, on the contrary, if such increases can be recovered, as this may deteriorate the competitiveness of the tariffs.

**Retirement benefits schemes may be underfunded.**

The Issuer's employees benefit either from a defined benefit pension scheme or from a defined-contribution pension scheme.

For the defined-benefit pension scheme, the level of benefits is determined by several factors such as duration of career, salary and working arrangements. The amount of the contributions for financing the capital is determined based on a number of actuarial assumptions such as the forecast performance of the pension fund, long-term rates, life expectancy and staff turnover. There may be potential shortfalls in the funding of the Issuer's retirement schemes. If, at a given year-end, the market value of a defined-benefit pension scheme's assets is less than the pension liabilities (determined on the basis of actuarial scenarios), the Issuer runs the risk of under-financing, which could result in it being required to submit a recovery plan to the Belgian Financial Services and Markets Authority or to fund additional contributions. This risk is currently covered via provisions booked in the Issuer's consolidated accounts. The Issuer has decided to align its financing policy with the expected defined benefit obligations so that the risk of a recovery plan or additional funding is reduced. This way, the impact of pension funding on the Issuer's financial situation will be more limited in future.



For defined contribution pension plans, the law requires that, for payments made after 1 January 2004, an average annual return over the career of at least 3.25% for employer's contributions and at least 3.75% for employees' contributions, with any deficit being covered by the employer. At the moment, the profitability is superior to the minimum return percentage, which means there is currently no risk of under-financing. However, if in the future the situation would change, additional provision(s) would need to be provided to cover the under-financing risk.

Notwithstanding the efforts from the Issuer to mitigate the risk of under-financing, changes in the applicable regulations, the valuation of the assets, the amount of pension liabilities, or a lower than expected return, may require the Issuer to increase its pension funding, which in turn may have a negative impact on the financial results of the Issuer.

**Internal controls may not be effective.**

A system of internal control of financial reporting has been set up to prevent fraud and to ensure that the Issuer's financial reports are as accurate as possible. The Issuer regularly assesses the quality and effectiveness of these internal control procedures. However, internal controls may not prevent or detect all inaccuracies due to the inherent limitations of the system, such as the possibility of human error, circumvention or avoidance of checks, or fraud. Internal controls can provide only a reasonable level of assurance that financial statements have been prepared and presented accurately. Failure to pick up shortcomings or inaccuracies through internal controls may impact the Issuer's operations and financial results and may result in the Issuer failing to comply with its on-going disclosure obligations.

**Legal proceedings may result in increased financial liabilities for the Issuer.**

In the normal course of its activities, the Issuer is involved in a number of disputes with third parties. Where necessary, legal proceedings are pursued. The Issuer also has an insurance cover for any civil liability obligations vis-à-vis third parties and where necessary, provisions are accounted for in the books of the Issuer. However, it cannot be excluded that future litigations may have adverse consequences on the financial situation of the Issuer. For more information on material litigation, please refer to Part VI (*Description of the Issuer*), Section 12 (*Governmental, legal and arbitration proceedings*).

**Counterparty defaults may negatively affect the Issuer.**

The Issuer enters into agreements with multiple parties, such as suppliers, partners, investors, contractors, financial institutions but also with other members of the Fluxys Group. The counterparties of the Issuer may experience credit or other financial difficulties that could result in their overall inability or a delay in their ability to supply or pay the necessary goods and services. This counterparty default risk is however mitigated in several ways.

In line with its policy, the Issuer demands guarantees from its counterparties on a contractual basis. Such guarantees can take the form of either a bank guarantee or a cash deposit. The Issuer closely monitors the commercial debts owed to it and systematically assesses the financial capacity of its counterparties.

Further, since the restructuring of the Fluxys Group in 2010, cash surpluses belonging to the Issuer are being deposited with Fluxys Finance NV ("**Fluxys Finance**") within the framework of cash pooling agreements. Fluxys Finance invests the cash surplus either with prominent financial institutions or in financial instruments issued by companies with high ratings or strong listings, or in financial instruments issued by companies that have a creditworthy authority as majority shareholder or which are guaranteed by a creditworthy EU Member State. The risk that a default of any member of the Fluxys Group would affect the Issuer is therefore limited.

The counterparty default risk can not be ruled out completely. In case such risk would materialise, this could have a negative impact on the Issuer's financial situation.

## **RISK FACTORS IN RELATION TO THE BONDS**

### **The Bonds may not be a suitable investment for all investors.**

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact the investment will have on the potential investor's overall investment portfolio.

Furthermore, each prospective investor in the Bonds must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Bonds is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Bonds.

### **The Bonds are unsecured obligations of the Issuer and the Issuer may incur additional indebtedness.**

The right of the holders of the Bonds (the “**Bondholders**” to receive payment on the Bonds is unsecured. In the event of liquidation, dissolution, reorganisation, bankruptcy or similar procedure affecting the Issuer, the holders of secured indebtedness will be repaid first with the proceeds from the enforcement of such security.

The Bonds do not limit the amount of indebtedness which the Issuer or its subsidiaries may incur, except that if a guarantee or security is provided by the Issuer or its subsidiaries in respect of any Relevant Debt of the Issuer, the Issuer will be required to grant the same or similar guarantees or security for the benefit of the Bondholders pursuant to Condition 2 (*Negative Pledge*).

### **The Bonds may be early redeemed.**

Upon the occurrence of an Event of Default (as defined in Condition 8 (*Events of Default*)), pursuant to certain changes in tax law or regulations set out in Condition 4 b. (*Redemption for taxation reasons*), upon the occurrence of an Early Redemption Event as set out in Condition 4 (c) (*Redemption at the option of the Bondholders following a Change of Control*) or, at the option of the Issuer during the Early Redemption Period as set out in Condition 4 (d) (*Redemption at the option of the Issuer during the Early Redemption Period*), the Bonds may be redeemed prior to maturity at their nominal amount together with interest accrued

until the date fixed for redemption. In such circumstances, an investor may not be able to reinvest the repayment proceeds (if any) at a yield comparable to that of the Bonds.

**The Conditions may be modified and defaults may be waived by the defined majorities of the meetings of Bondholders.**

Condition 9 (*Meeting of Bondholders and Modifications*) contains provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

**The Issuer may not be able to repay the Bonds.**

The Issuer may not be able to repay the Bonds at their maturity. The Issuer's ability to repay the Bonds will depend on his respective financial condition at the time of the requested repayment, and may be limited by law, by the terms of its indebtedness and by the agreements that the Issuer may have entered into on or before such date, which may replace, supplement or amend its existing or future indebtedness. The Issuer's failure to repay the Bonds may result in an event of default under the terms of other outstanding indebtedness. The Issuer may also be required to repay all or part of the Bonds upon the occurrence of an Event of Default (as defined in Condition 8 (*Events of Default*)). If the Bondholders were to request repayment of their Bonds upon the occurrence of an Event of Default (as defined in Condition 8 (*Events of Default*)), the Issuer cannot assure that he will be able to pay the required amount in full.

**The Issuer and the Bonds do not have a credit rating.**

The Issuer and the Bonds do not have a credit rating at the time of the Offer. The Issuer currently does not intend to request a credit rating for itself or the Bonds at a later date. This may impact the trading price of the Bonds. There is no guarantee that the price of the Bonds and the other Conditions at the time of the Offer, or at a later date, will cover the credit risk related to the Bonds and the Issuer.

**The transfer of the Bonds, any payments made in respect of the Bonds and all communications with the Issuer will occur through the Securities Settlement System.**

The Bonds will be issued in dematerialised form under the Belgian Companies Code and cannot be physically delivered. The Bonds will be represented exclusively by book-entries in the records of the Securities Settlement System. Access to the Securities Settlement System is available through its Securities Settlement System participants whose membership extends to securities such as the Bonds. Securities Settlement System participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*) and Euroclear and Clearstream, Luxembourg. Transfers of the Bonds will be effected between the Securities Settlement System participants in accordance with the rules and operating procedures of the Securities Settlement System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Securities Settlement System participants through which they hold their Bonds. The Issuer and Belfius Bank SA/NV as domiciliary, paying, calculation and listing agent (the "**Agent**") will have no responsibility for the proper performance by the Securities Settlement System or the Securities Settlement System participants of their obligations under their respective rules and operating procedures.

A Bondholder must rely on the procedures of the Securities Settlement System to receive payment under the Bonds. The Issuer will have no responsibility or liability for the records relating to, or payments made in respect of, the Bonds within the Securities Settlement System.

**The Agent is not required to segregate amount due in respect of the Bonds.**

The Conditions of the Bonds and the Agency Agreement provide that the Agent will debit the relevant account of the Issuer to pay the Bondholders. The Agent will, simultaneously upon receipt of the relevant

amounts into its account, pay any amounts due and payable in respect of the relevant Bonds to the Bondholders directly or through the Securities Settlement System. The Agent is not required to segregate any such amounts received in respect of the Bonds from its other assets. In the event that the Agent would be subject to insolvency proceedings at any time when it held any such amounts, Bondholders would no longer have a claim against the Issuer because the Conditions provide that the payment obligations of the Issuer will be discharged by payment of the amount due and payable to the Agent. The Bondholders would be required to claim such amounts from the Agent in accordance with applicable Belgian insolvency laws.

**Potential conflicts of interest - The Issuer, the Agent and the Joint Bookrunners may engage in transactions adversely affecting the interests of the Bondholders.**

The Agent and the Joint Bookrunners may have conflicts of interests which could have an adverse effect on the interests of the Bondholders. Potential investors should be aware that the Issuer is involved in a general business relationship or/and in specific transactions with the Agent, or/and each of the Joint Bookrunners and that they might have conflicts of interests which could have an adverse effect to the interests of the Bondholders. Potential investors should also be aware that the Agent and each of the Joint Bookrunners may hold from time to time debt securities or/and other financial instruments of the Issuer.

Within the framework of normal business relationship with its banks, the Issuer or any subsidiary could enter into or has entered into loan agreements and other facilities with any of the Joint Bookrunners (via bilateral transactions or/and syndicated loans together with other banks). The terms and conditions of these debt financings may differ from the Conditions and certain terms and conditions of such debt financings could be or are more restrictive than the Conditions of the Bonds. The terms and conditions of such debt financings may contain financial covenants, different from or not included in the Conditions of the Bonds. In addition, as part of these debt financings, the lenders may have or have the benefit of certain guarantees or security, whereas the Bondholders will not have the benefit from similar guarantees. This may result in the Bondholders being subordinated to the lenders under such debt financings.

The Bondholders should be aware of the fact that the Agent and the Joint Bookrunners, when they act as lenders to the Issuer or the Issuer Group (or when they act in any other capacity whatsoever), have no fiduciary duties or other duties of any nature whatsoever vis-à-vis the Bondholders and that they are under no obligation to take into account the interests of the Bondholders.

The Joint Bookrunners and their affiliates have engaged in, or may engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates. They have received, or may receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Joint Bookrunners and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Joint Bookrunners and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

These diverging interests may manifest themselves amongst other things in case of an event of default for any of the credit facilities granted by the Joint Bookrunners before the maturity of the Bonds or in case of a mandatory early repayment and may have a negative impact on the repayment capacity of the Issuer. It is not excluded that these credit facilities will be repaid before the maturity of the Bonds. The Joint Bookrunners do not have any obligation to take into account the interests of the Bondholders when exercising their rights as lender under the aforementioned credit facilities. Any full or partial repayment of credit facilities granted by

the Joint Bookrunners will, at that time, have a favourable impact on the exposure of the Joint Bookrunners vis-à-vis the Issuer.

**The Bonds may be redeemed prior to maturity during the Early Redemption Period**

The Issuer may, subject to the Conditions, redeem all, but not part, of the Bonds outstanding from and including 3 months before the Maturity Date to but excluding the Maturity Date (the “**Early Redemption Period**”). During the Early Redemption Period, the market value of the Bonds outstanding generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to the Early Redemption Period. Potential investors should consider reinvestment risk in light of other investments available at that time.

**The Bonds may be redeemed prior to maturity in the event of a Change of Control**

Each Bondholder of a Series will have the right to require the Issuer to repurchase all or any part of such holder’s Bonds of a Series at their nominal amount together with, if applicable, interest accrued to (but excluding) the Put Settlement Date upon the occurrence of an Early Redemption Event (each term as defined in the Conditions) in accordance with the Conditions (the “**Change of Control Put**”).

The Change of Control Put is subject to the approval of the Issuer’s shareholders. In the event that the shareholders of the Issuer do not approve the Change of Control Put, the Change of Control Put will be ineffective.

In the event that the Change of Control Put right is exercised by holders of Bonds a Series of at least 85% of the aggregate nominal amount of the Bonds of that Series, the Issuer may, at its option, redeem all (but not less than all) of the Bonds of that Series then outstanding pursuant to Condition 4 (c). However, Bondholders should be aware that, in the event that (i) holders of 85% or more of the aggregate nominal amount of the Bonds of a Series exercise their option under Condition 4 (c), but the Issuer does not elect to redeem the remaining outstanding Bonds of that Series, or (ii) holders of a significant proportion, but less than 85% of the aggregate nominal amount of the Bonds of that Series exercise their option under Condition 4 (c), Bonds of that Series in respect of which the Change of Control Put is not exercised may be illiquid and difficult to trade.

Potential investors should be aware that the Change of Control Put can only be exercised upon the occurrence of an Early Redemption Event as defined in the Conditions, which may not cover all situations where a change of control may occur or where successive changes of control occur in relation to the Issuer. Bondholders deciding to exercise the Change of Control shall have to do this through the bank or other financial intermediary through which the Bondholder holds the Bonds (the “**Financial Intermediary**”) and are advised to check when such Financial Intermediary requires to receive instructions and Put Option Notices (as defined in the Conditions) from Bondholders in order to meet the deadlines and for such exercise to be effective. The fees and/or costs, if any, of the relevant Financial Intermediary shall be borne by the relevant Bondholders.

**Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Bonds are legal investments for it, (ii) Bonds can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of any Bonds. The investors should consult their legal advisers to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

**There may be no active trading market for the Bonds.**

The only manner for the holder of the Bonds to convert his or her investment in the Bonds into cash before their maturity date is to sell them at the applicable market price at that moment. The price can be less than the nominal value of the Bonds. The Bonds are new securities that may not be widely traded and for which there is currently no active trading market. The Issuer has filed an application to have the Bonds listed on the regulated market of Euronext Brussels. If the Bonds are admitted to trading after their issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. There is no assurance that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Bonds. Therefore, investors may not be able to sell their Bonds easily or at all, or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Bonds. Furthermore, it cannot be guaranteed that the listing once approved will be maintained.

**The Bonds are exposed to market interest rate risk.**

The Bonds provide a fixed interest rate until the Maturity Date. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. The longer the maturity of bonds, the more exposed the bonds are to fluctuations in market interest rates. An increase in the market interest rates can result in the Bonds trading at prices lower than their nominal amount.

The market value of the Bonds may be affected by the creditworthiness of the Issuer and a number of additional factors, such as market interest, exchange rates and yield rates and the time remaining to the maturity date and more generally all economic, financial and political events in any country, including factors affecting capital markets generally and the stock exchanges on which the Bonds are traded. The price at which a Bondholder will be able to sell the Bonds prior to maturity may be at a discount, which could be substantially lower than the issue price or the purchase price paid by such investor.

**The Bonds may be exposed to exchange rate risks and exchange controls.**

The Issuer will pay principal and interest on the Bonds in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than euro. Exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Bonds and (3) the Investor's Currency equivalent market value of the Bonds.

Government and monetary authorities may impose exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

**The Bonds are exposed to an inflation risk.**

The inflation risk is the risk of future value of money. The actual yield of an investment in the Bonds will be reduced by inflation. The higher the rate of inflation, the lower the actual yield of a Bond will be. If the rate of inflation is equal to or higher than the nominal rate of the Bonds, then the actual output is equal to zero, or the actual yield could even be negative.

**Changes in governing law and practices could modify certain Conditions.**

The Conditions are based on the laws of Belgium and interpretations thereof and the practices in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or

change to the laws, the official application, interpretation or the administrative practice after the date of this Prospectus.

**The implementation of the EU savings directive may impact payments made under the Bonds.**

EC Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”) requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident or certain other types of entity established, in that other EU Member State (hereinafter “**Disclosure of Information Method**”), except that Austria and Luxembourg will instead impose a withholding system (“**Source Tax**”) for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise.

The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015. The Austrian Government has announced its intention to abolish the withholding system but no effective date has been announced. A number of non-EU countries and territories including Switzerland have adopted similar measures (in the case of Switzerland a withholding system or exchange of information if the individual resident in the Member State agrees to such exchange or information).

On 24 March 2014, the Council of the European Union adopted a Directive amending the Savings Directive (the “**Amending Directive**”), which, when implemented, will amend and broaden the scope of the requirements described above. In particular, the Amending Directive will broaden the circumstances in which information must be provided or tax withheld pursuant to the Savings Directive, and will require additional steps to be taken in certain circumstances to identify the beneficial owner of interest (and other income) payments. EU Member States have until 1 January 2016 to adopt national legislation necessary to comply with this Amending Directive, which legislation must apply from 1 January 2017.

If a payment were to be made or collected through a paying agent established in any other state which applies the withholding tax system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor the paying agent nor any other person would be obliged to pay additional amounts to the Bondholders or to otherwise compensate Bondholders for the reductions in the amounts that they will receive as a result of the imposition of such withholding tax.

**The payments made under the Bonds may be subject to withholding tax.**

If the Issuer or any other person is required to make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatever nature in respect of any payment in respect of the Bonds, the Issuer or that other person shall make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted.

Potential investors should be aware that neither the Issuer, the NBB nor any other person will be liable for or otherwise obliged to pay, and the relevant Bondholders will be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of the Bonds, except as provided for in Condition 6 (*Taxation*).

**Belgian insolvency laws may adversely affect a recovery by the holders of amounts payable under the Bonds**

Belgian insolvency laws which should be applicable because the main residence and corporate seat of the Issuer are located in Belgium may adversely affect a recovery by the holders of amounts payable under the

Notes. There are two types of insolvency procedures under Belgian law: (i) the judicial reorganisation (*reorganisation judiciaire/gerechtelijke reorganisatie*) procedure and (ii) bankruptcy (*faillite/faillissement*), each of which is described below.

The main purpose of a **judicial restructuring** procedure under Belgian law is to preserve the continuity of the business. This procedure initiated by the debtor will grant the debtor a suspension of payments for a specific period of time and will then impose a stay on unsecured creditors and certain secured creditors. Moreover, the debtor cannot be dissolved or declared bankrupt during the judicial restructuring procedure and any provision providing that an agreement would be terminated because the debtor entered into a judicial restructuring procedure will be ineffective, subject to certain limited exceptions set out in the Belgian Act of 15 December 2004 on financial collateral. A judicial restructuring procedure will be opened if the continuation of the debtor's business is, either immediately or in the future, at risk. The continuation of the debtor's business is in any event deemed to be at risk if, as a result of losses, the debtor's net assets have declined to less than 50 per cent. of the debtor's share capital. At the beginning of a judicial restructuring procedure, the court will set the duration of the initial suspension period. The initial suspension period has a maximum duration of six months. Upon the debtor's request, the initial suspension period can be extended. However, the total duration of the suspension period cannot exceed twelve months as from the court's ruling to open the judicial restructuring procedure. In exceptional circumstances (size of the company, complexity, maintenance of employment) and if it is in the creditors' interest, an additional extension of six months will be granted. The judicial restructuring procedure can be terminated if it becomes manifestly clear that the debtor will not be able to assure the continuity of a part or the whole of its business. Following early termination of the procedure, the debtor can be dissolved or declared bankrupt. During the suspension of payments, the debtor has three options: (i) agree a restructuring with some of its creditors; (ii) present a reorganisation plan to its creditors, which must subsequently be approved by these creditors with a double majority of 50% in number of creditors and 50% in value of the claims; and (iii) a court supervised transfer of (parts of) its business. The reorganisation plan may involve the rescheduling or the reduction of certain claims. This may impact the recovery of bondholders. The reduction may however not exceed 85% of the claim. In case of a court supervised transfer of (part of) the business of the Issuer the rights of the bondholders will extend to the proceeds of the transfer. In certain circumstances, this may impact the recovery of the bondholders.

As a rule, creditors cannot enforce their rights against the debtor's assets during the period of preliminary suspension of payments, except in the following circumstances: (i) right of set-off in certain circumstances, (ii) failure by the debtor to pay any new debts (e.g. debts which have arisen after the date of the opening of a judicial restructuring procedure), or (iii) enforcement by a creditor of a pledge over receivables (other than cash and bank accounts except in case of default) or over financial instruments (or certain contractual set-off arrangements) pursuant to the Belgian Act of 15 December 2004 on financial collateral.

A company which, on a sustained basis, has ceased to make payments and whose credit is impaired will be deemed to be in a **state of bankruptcy**. The company must file for bankruptcy within one month after the cessation of payments. Following the court's decision to declare the company bankrupt, all the debt of the company that has not yet become due, will become immediately due. In general, the date on which the company sustainably ceased to make payments will coincide with the date of the court's decision to declare the company bankrupt. However, under certain conditions, the bankruptcy judgment can determine that the date on which the company ceased to make payments occurred already prior to the judgement. The court can in principle fix the date maximum six months prior to its bankruptcy judgment (the "suspect period") (*période suspecte/verdachte periode*), unless a decision to dissolve the company was made more than six months before the date of the bankruptcy judgment, in which case the date could be set on the date of the company's decision for dissolution. Payments made or other transactions executed (as listed below) by the company during the suspect period can be voided for the benefit of the bankrupt estate. The transactions which can or must be voided are (i) any transaction entered into by a bankrupt company during the suspect period if the



value of the assets given by the company significantly exceeded the value of the assets that the company received in consideration, (ii) any payment made of due debt or any transaction entered into by a company during the suspect period if the counterparty to the payment or transaction was aware of the suspension of payments, (iii) security interests granted during the suspect period if they intend to secure a debt incurred prior to the suspect period, (iv) any payments (in whatever form), of any debt which was not yet due, as well as all payments other than money or monetary instruments (i.e. checks, promissory notes, etc.) of any due debt, and (v) any transaction or payment effected with fraudulent intent irrespective of its date. Following a judgment commencing a bankruptcy proceeding, enforcement rights of individual creditors are suspended (subject to exceptions set forth in the Belgian Act of 15 December 2004 on financial collateral). Creditors secured by rights *in rem* over movable assets, such as share pledges, will regain their ability to enforce their rights *in rem* only after the bankruptcy trustee has verified the creditors' claims.

### PART III – DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus shall be read and construed in conjunction with the annual report and audited consolidated financial statements of the Issuer for the years ended 31 December 2013 and 31 December 2012 (consolidated in accordance with IFRS, together with the audit reports thereon, as well as the unaudited consolidated financial statements for the first six months ended 30 June 2014, together with the limited review report thereon.

Such documents shall, in accordance with Article 30 §1 of the Prospectus Law, be incorporated in, and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the registered offices of the Issuer and the website of the Issuer ([www.fluxys.com/belgium](http://www.fluxys.com/belgium)). The Issuer confirms that it has obtained the approval from its auditors to incorporate the consolidated financial statements and the auditors' reports thereon for the financial years ended 31 December 2013 and 31 December 2012 and the first six months ended 30 June 2014 in this Prospectus.

The tables below include references to the relevant pages of the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2013 and 31 December 2012, as set out in the annual reports of the Issuer, and the consolidated financial statements of the Issuer for the first six months ended 30 June 2014 as set out in the half-yearly financial report of the Issuer.

#### **Audited IFRS consolidated financial statements of the Issuer, audit report and explanatory notes of the Issuer for the financial year ended 31 December 2012.**

Consolidated balance sheet	p. 159-160
Consolidated income statement	p. 161
Consolidated statement of comprehensive income	p. 162
Consolidated statement of changes in equity	p. 163
Consolidated statement of cash flows	p. 164-165
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#### **Audited IFRS consolidated financial statements of the Issuer, audit report and explanatory notes of the Issuer for the financial year ended 31 December 2013.**

Consolidated balance sheet	p. 153-154
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Statutory auditor's report

p. 249-251

**IFRS consolidated financial statements of the Issuer, audit report and explanatory notes of the Issuer for the first six months ended 30 June 2014.**

Consolidated condensed balance sheet	p. 34-35
Consolidated condensed income statement	p. 36
Consolidated condensed statement of comprehensive income	p. 37
Consolidated condensed statement of changes in equity	p. 38-39
Consolidated condensed statement of cash flows	p. 40-42
Notes	p. 43-88
Auditor's report of the consolidated interim financial information	p. 89-90

## PART IV – TERMS AND CONDITIONS OF THE BONDS

*The following is the text of the terms and conditions (the “Conditions”) applying to the Bonds, save for the paragraphs in italics that shall be read as complementary information.*

*The issue of the 2.750 per cent. fixed rate bonds due 27 November 2029 for an amount of EUR 250,000,000 (the “15Y Bonds”) and the 3.250 per cent. fixed rate bonds due 27 November 2034 for an amount of EUR 100,000,000 (the “20Y Bonds”, and together with 15Y Bonds, the “Bonds”, and each a “Series”, which expression shall, in these Conditions unless otherwise indicated, include any further 15Y Bonds or 20Y Bonds (as the case may be) issued pursuant to Condition 10 and consolidated and forming a single series with the then outstanding 15Y Bonds or 20Y Bonds (as the case may be) (the “Further Bonds”)) was (save in respect of any Further Bonds) authorised by the resolutions of the board of directors of Fluxys Belgium SA/NV (the “Issuer”) passed on 24 September 2014 and 19 November 2014. The Bonds are issued subject to and with the benefit of an agency agreement dated on or about 24 November 2014 entered into between the Issuer and Belfius Bank SA/NV acting as agent (the “Agent”), which expression shall include any successor as Agent under the Agency Agreement) (such agreement as amended and/or supplemented and/or restated from time to time, the “Agency Agreement”) and a “convention de services relatifs à l’émission d’obligations dématérialisées” entered into on or about 24 November 2014 between the Issuer, the National Bank of Belgium (the “NBB”) and the Agent (such agreement as amended and/or supplemented and/or restated from time to time from time to time, the “Clearing Services Agreement”). The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement. Copies of the Agency Agreement and the Clearing Services Agreement are available for inspection during normal business hours at the specified office of the Agent. The specified office of the Agent is at boulevard Pachéco 44, 1000 Brussels, Belgium. The holders of the Bonds are bound by and deemed to have notice of all the provisions of the Agency Agreement and the Clearing Services Agreement applicable to them.*

### 1 Form, Denomination and Title

#### (a) Form, Denomination and Title

The Bonds are issued in dematerialised form in accordance with Articles 468 et seq. of the Belgian Companies Code (*Code des sociétés/Wetboek van vennootschappen*) and cannot be physically delivered. The Bonds are accepted for settlement through the securities settlement system operated by the NBB or any successor thereto (the “Securities Settlement System”), and are accordingly subject to the applicable settlement regulations, including the Belgian law of 6 August 1993 on transactions in certain securities, its implementing Belgian Royal Decrees of 26 May 1994 and 14 June 1994 and the rules of the clearing and its annexes, as issued or modified by the NBB from time to time (the laws, decrees and rules mentioned in this Condition being referred to herein as the “Securities Settlement System Regulations”). The Bondholders will not be entitled to exchange the Bonds into bonds in bearer form. No definitive bearer certificates will be delivered. The Bonds will be represented by book entries in the records of the Securities Settlement System itself or participants or sub-participants in such system approved by the Belgian Financial Services and Markets Authority. The Securities Settlement System maintains securities accounts in the name of authorised participants only. Such participants include Euroclear and Clearstream, Luxembourg. Bondholders, unless they are participants, will not hold Bonds directly with the operator of the Securities Settlement System but will hold them in a securities account through a financial institution which is a participant in the Securities Settlement System or which holds them through another financial institution which is such a participant.

The Bonds are in nominal amounts of EUR 100,000 and integral multiples thereof (the "**Specified Denomination**").

Title to the Bonds is evidenced by book entries in the Bondholder's securities account with the NBB or with an approved participant or sub-participant of the Securities Settlement System. The person who is for the time being shown in the records of the Securities Settlement System or of an approved participant or sub-participant of the Securities Settlement System as the holder of a particular nominal amount of Bonds shall for all purposes be treated by the Issuer and the Agent as the holder of such nominal amount of Bonds, and the expressions "Bondholders" and "holders of Bonds" and related expressions shall be construed accordingly.

If at any time, the Bonds are transferred to another securities settlement system, not operated or not exclusively operated by the NBB, these provisions shall apply *mutatis mutandis* to such successor securities settlement system and successor securities settlement system operator or any additional securities settlement system and additional securities settlement system operator (any such securities settlement system, an "**Alternative Securities Settlement System**").

(b) Status

The Bonds constitute direct, unconditional, unsubordinated and (without prejudice to the negative pledge clause) unsecured obligations of the Issuer and rank and will at all times rank *pari passu*, without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

## 2 Negative Pledge

(a) **Restriction:** So long as any Bond remains outstanding, the Issuer will not, and will ensure that none of its Material Subsidiaries will, create or have outstanding any mortgage, charge, lien, pledge or other security interest (each, a "**Security Interest**") (other than a Permitted Security Interest), upon or with respect to the whole or any part of its present and future business, undertaking, assets or revenues to secure any Relevant Debt of the Issuer or its Material Subsidiaries, without at the same time or prior thereto according to the Bonds either (i) the same or substantially the same security as is created or subsisting to secure any such Relevant Debt, or (ii) such other security as shall be approved by an extraordinary resolution of the Bondholders.

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

"**Consolidated EBITDA**" means, at any time, the consolidated profits of the Issuer from ordinary activities and before Consolidated Net Interest Payable (without double counting):

- (a) before taxation (including but not limited to corporate income taxes and deferred taxes);
- (b) before deducting the depreciation of tangible fixed assets;
- (c) before taking into account any items treated as exceptional or extraordinary items, (including, among others, gains and losses on disposals and restructuring costs) according to GAAP;
- (d) adding the dividends received from non-consolidated companies and income from equity affiliates;

- (e) before taking into account any unrealised exchange gains and losses (incurred in the ordinary course of business and not for speculative purposes) which are reported through the income statement;
- (f) before taking into account amortisation (or impairment) of good-will, intangible fixed assets and other amortising assets (including stock and trade receivables);
- (g) before taking into account provisions (both increases and decreases);
- (h) before taking into account any effect of purchase accounting (for example in case of business combination leading to allocation of goodwill to reflect fair value of the assets),

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining profits of the Group from ordinary activities before taxation.

“**Consolidated Interest Payable**” means, at any time, all interest and other financing charges (whether, in each case, paid or payable) incurred and payable by the Group.

“**Consolidated Interest Receivable**” means, at any time, all interest and other financing charges receivable by the Group.

“**Consolidated Net Interest Payable**” means Consolidated Interest Payable less Consolidated Interest Receivable.

“**EBITDA**” means, at any time, the profits of a member of the Group from ordinary activities and before Net Interest Payable (without double counting):

- (a) before taxation (including but not limited to corporate income taxes and deferred taxes);
- (b) before deducting the depreciation of tangible fixed assets;
- (c) before taking into account any items treated as exceptional or extraordinary items, (including, among others, gains and losses on disposals and restructuring costs) according to GAAP;
- (d) adding the dividends received from non-consolidated companies;
- (e) before taking into account any unrealised exchange gains and losses (incurred in the ordinary course of business and not for speculative purposes) which are reported through the income statement;
- (f) before taking into account amortisation (or impairment) of good-will, intangible fixed assets and other amortising assets (including stock and trade receivables);
- (g) before taking into account provisions (both increases and decreases);
- (h) before taking into account any effect of purchase accounting (for example in case of business combination leading to allocation of goodwill to reflect fair value of the assets),

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining profits of the relevant member of the Group from ordinary activities before taxation.

“**GAAP**” means the generally accepted accounting principles in Belgium including international accounting standards within the meaning of the IAS Regulation 1606/2002 (“**IFRS**”).

“**Group**” means the Issuer and its Subsidiaries from time to time.

“**Interest Payable**” means, at any time, all interest and other financing charges (whether, in each case, paid or payable) incurred and payable by the relevant member of the Group.

“**Interest Receivable**” means, at any time, all interest and other financing charges receivable by the relevant member of the Group.

“**Net Interest Payable**” means Interest Payable less Interest Receivable.

“**Material Subsidiary**” means a Subsidiary of the Issuer:

- (i) having EBITDA equal to at least 10 per cent of the Consolidated EBITDA; or
- (ii) whose assets are at least equal to 10 per cent. of the consolidated assets of the Issuer, as calculated by reference to the latest audited consolidated financial statements of the Issuer

“**Non-Group Entity**” means any investment or entity (which is not itself a member of the Group in which any member of the Group has an ownership interest).

“**Permitted Security Interest**” means any Security Interest granted by a member of the Group other than the Issuer securing any Relevant Debt issued by a member of the Group other than the Issuer for the purpose of financing all or part of the costs of the acquisition, construction or development of any project if the person or persons providing such financing expressly agree to limit their recourse to the project financed and the revenues derived from such project as the sole source of repayment for such Relevant Debt.

“**Relevant Debt**” means any present or future indebtedness (whether being principal, premium, interest or other amounts), in the form of or evidenced by notes, bonds, debentures, loan stock, treasury notes, commercial paper or other transferable debt securities (*titres de créance négociables sur le marché des capitaux/schuldinstrumenten die op de kapitaalmarkt verhandelbaar zijn* in the sense of Article 2, 31°, b) of the Belgian law of 2 August 2002 on the supervision of the financial sector and on the financial services), whether issued for cash or in whole or in part for a consideration other than cash, and which are, or are capable of being, quoted, listed or ordinarily dealt in or traded on any stockexchange, over-the-counter or other securities market.

“**Subsidiary**” means, at any particular time, a subsidiary within the meaning of Article 6 of the Belgian Companies Code.

### 3 Interest

Each Bond bears interest on its outstanding nominal amount from (and including) the date on which the Bonds have been issued (the “**Issue Date**”). The 15Y Bonds bear interest at the rate of 2.750 per cent. per annum and the 20Y Bonds bear interest at the rate of 3.250 per cent. per annum (each an “**Interest Rate**”).

Interest on the Bonds is payable annually in arrear on 27 November each year (each an “**Interest Payment Date**”), commencing with the Interest Payment Date falling on 27 November 2015.

Interest shall be calculated for the first period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and for each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date (each an “**Interest Period**”).

The interest payable for each Bond for any Interest Period shall be equal to the product of (A) the Interest Rate, (B) the outstanding nominal amount of the Bond and (C) the actual number of days in the Interest Period divided by 365 (or if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365) (the “**Day Count Fraction**”).

When interest is required to be calculated in respect of any period which is shorter than an Interest Period, the Day Count Fraction shall be equal to (i) the actual number of days in the relevant period from (and including) the first day of such period to (but excluding) the date on which it falls due divided by (ii) by 365 (or if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365).

#### 4 Redemption and Purchase

- (a) **Final Redemption:** Unless previously purchased, cancelled or redeemed as provided below, each 15Y Bond shall be finally redeemed at its nominal amount on 27 November 2029 and each 20Y Bond shall be finally redeemed at its nominal amount on 27 November 2034 (each such date being a “**Maturity Date**” for the relevant Bond) in each case together with interest accrued to the relevant Maturity Date (the “**Final Redemption Amount**”). The Bonds may only be redeemed prior to the Maturity Date in accordance with Condition 4 (b) (*Redemption for Taxation Reasons*), Condition 4 (c) (*Redemption at the option of the Bondholders following a Change of Control*) and Condition 4 (d) (*Redemption at the option of the Issuer during the Early Redemption Period*) below.
- (b) **Redemption for Taxation Reasons:** Each Series may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days’ notice to the Bondholders of that Series in accordance with Condition 11 (*Notices*) (which notice shall be irrevocable) with a copy to the Agent (the “**Tax Redemption Notice**”), if
- (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 (*Taxation*) as a result of (i) any change in, or amendment to, the laws or regulations of Belgium or any political subdivision or any authority thereof or therein having power to tax, or (ii) any change in the application or official interpretation of such laws or regulations, which change or amendment, application or interpretation becomes effective on or after the date on which agreement is reached to issue the Series, and
  - (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of that Series were then due. Prior to the giving of a Tax Redemption Notice, the Issuer shall deliver to the Agent a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing confirming that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

No failure to exercise, nor any delay in exercising, any right by the Issuer under this Condition 4 (b) (*Redemption for Taxation Reasons*) shall operate as a waiver.

Bonds redeemed pursuant to this Condition, will be redeemed at their nominal amount together with interest accrued to the date fixed for redemption specified in the Tax Redemption Notice.



- (c) **Redemption at the option of the Bondholders following a Change of Control:** If an Early Redemption Event occurs, the holder of each Bond of a Series will have the option to require the Issuer to redeem all or any part of their Bonds of that Series on the Put Settlement Date at the Put Redemption Amount.

If an Early Redemption Event occurs, promptly upon and in any event within 10 Business Days of the date of the occurrence of the Early Redemption Event, the Issuer shall give a Put Event Notice to the Bondholders.

In order to exercise the option contained in this Condition 4 (c), the holder of a Bond must during the Put Option Period, deliver to the Agent (with a copy to the Issuer) a Put Option Notice. A duly completed Put Option Notice is irrevocable and may not be withdrawn.

The Issuer shall redeem any Bond in respect of which a Put Option Notice was received on the Put Settlement Date at the Put Redemption Amount, unless previously redeemed or purchased. Payment in respect of any relevant Bond will be made to the euro bank account mentioned in the Put Option Notice as the account to which payment is to be made, on the Put Settlement Date.

If, as a result of this Condition 4 (c), holders of Bonds of a Series submit Put Option Notices in respect of at least 85 per cent. of the aggregate nominal amount of the Bonds of that Series for the time being outstanding, the Issuer may, within 15 Business Days of the end of the Put Option Period, by giving not less than 15 nor more than 30 days' notice to the Bondholders of that Series in accordance with Condition 11 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Bonds of that Series then outstanding at the Put Redemption Amount. Payment in respect of any such Bond of that Series shall be made as specified above.

The Issuer shall procure this Condition 4 (c) is approved by a resolution at its next annual shareholders' meeting and that an extract of such resolution is promptly filed with the clerk of the competent commercial court in accordance with Article 556 of the Belgian Companies Code, and shall forthwith provide the Agent with evidence thereof.

*The Bondholders should be aware that exercising the option stipulated in this Condition 4 (c) may only be effective under Belgian law if, prior to the earliest of (a) the Issuer being notified by the FSMA of a formal filing of a proposed offer to the shareholders of the Issuer or (b) the occurrence of a Change of Control, (i) the shareholders of the Issuer have approved this Condition 4 (c) in a general meeting and (ii) such resolutions have been filed with the clerk of the commercial court of Brussels. It is uncertain whether the shareholders of the Issuer will approve Condition 4 (c). If a Change of Control occurs prior to the approval of the shareholders and filing of the resolutions, Bondholders may not be entitled to exercise the option set out in Condition 4 (c).*

In this Condition 4 (c):

**"Change of Control"** means a situation where any of the public authorities of the Kingdom of Belgium (including, but not limited to, regions (*gewesten/régions*), the communities (*gemeenschappen/communautés*), provinces, municipalities as well as syndicates of provinces and municipalities) do not hold, directly or indirectly, the majority of the issued share capital of the Issuer UNLESS (i) any of the public authorities of the Kingdom of Belgium (including, but not limited to, regions (*gewesten/régions*), the communities (*gemeenschappen/communautés*), provinces, municipalities as well as syndicates of provinces and municipalities) exercises, directly or indirectly, sole or joint control (within the meaning of articles 5 to 9 (inclusive) of the Belgian Companies Code) over the Issuer and (ii) the Belgian State or a political subdivision thereof holds a golden share in the Issuer or benefits from any similar protective mechanism in relation to the strategic assets of the Issuer.

**"Early Redemption Event"** means:

- (i) the occurrence of a Change of Control when the Issuer is not rated;
- (ii) the occurrence of a Change of Control when the Issuer is Rated and, within the Rating Period, a Rating Downgrade (to a non-investment grade rating category) resulting from that Change of Control occurs.

“**Put Event Notice**” means a notice in accordance with Condition 11 (*Notices*) specifying the nature of the Early Redemption Event and the procedure for exercising the option contained in this Condition 4 (c).

“**Put Option Notice**” means a duly completed put option notice in the form obtainable from the Agent.

“**Put Option Period**” means, not less than 30 nor more than 60 days before the relevant Put Settlement Date.

“**Put Redemption Amount**” means, in respect of each Bond, 100 per cent. of the nominal amount of such Bond together with, if applicable, interest accrued to (but excluding) the Put Settlement Date.

“**Put Settlement Date**” means the 14th Business Day after the last day of the Put Option Period.

“**Rated**” means the Issuer having a credit rating assigned to it by a Rating Agency and such credit rating is not lower than investment grade (being rating (BBB-/Baa3, or their respective equivalents for the time being (and “**investment grade rating**”)).

“**Rating Agency**” means Standard & Poor's Credit Market Services Europe Limited and its successors, Moody's Investor Service Ltd. and its successors and Fitch Ratings Ltd. and its successors or any other rating agency of comparable international standing registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

A “**Rating Downgrade**” shall be deemed to have occurred in relation to the Issuer if the rating assigned 15 days prior to the Rating Period (the “**Applicable Time**”) to the Issuer by a Rating Agency is (i) withdrawn from having been an investment grade at the Applicable Time and is not within the Put Option Period reinstated to an investment grade rating by such Rating Agency or (ii) reduced from an investment grade rating to a non-investment grade rating (BB+/Ba1 or their respective equivalents for the time being or lower) at the Applicable Time and is not within the Put Option Period upgraded to an investment grade rating by such Rating Agency.

“**Rating Period**” means the period commencing on the date of a Change of Control, and ending 90 days after the date of the Change of Control (which period shall be extended following a Change of Control for so long as any Rating Agency has publicly announced within the period ending 90 days after the Change of Control that it is considering a possible Rating Downgrade, provided that the Rating Period shall not extend more than 90 days after the public announcement of such consideration).

- (d) **Redemption at the option of the Issuer during the Early Redemption Period:** The Issuer may, at its option, from and including 3 months before the Maturity Date to but excluding the Maturity Date (the “**Early Redemption Period**”), subject to having given not more than 30 nor less than 15 calendar days prior notice to the Bondholders (which notice shall be irrevocable), redeem the outstanding Bonds, in whole but not in part, at their nominal amount plus accrued interest up to but excluding the date fixed for redemption.
- (e) **Purchases:** The Issuer or any of its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price.
- (f) **Cancellation:** All Bonds redeemed will be cancelled and may not be reissued or resold. Bonds purchased by or on behalf of the Issuer or its Subsidiaries may be cancelled, held or resold at the option of the Issuer or the relevant subsidiary.

## 5 Payments

- (a) **Principal and interest:** Without prejudice to Article 474 of the Belgian Companies Code, all payments of principal or interest in respect of the Bonds shall be made through the Agent and the Securities Settlement System in accordance with the Securities Settlement System Regulations and the Clearing Services Agreement. The payment obligations of the Issuer under the Bonds will be discharged by payment to the NBB in respect of each amount so paid.
- (b) **Payments:** Each payment in respect of the Bonds pursuant to Condition 5 (a) (*Principal and Interest*) will be made by transfer to a euro account maintained by the payee with a bank in a city where banks have access to the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET 2) System, or any successor thereto (the “**TARGET System**”).
- (c) **Payment subject to fiscal laws :** All payments in respect of the Bonds will be subject in all cases to (i) any applicable fiscal or other laws and regulations, without prejudice to the provisions of Condition 6 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 6 (*Taxation*)) any law implementing an intergovernmental approach thereto.
- (d) **No charges:** No commissions or expenses shall be charged by the Agent to the Bondholders in respect of any payments in respect of the Bonds.
- (e) **Appointment of Agents:** The Agent acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency with any of the Bondholders. The Issuer reserves the right at any time to vary or terminate the appointment of the Agent and to appoint additional or other Agents, provided however, that the Issuer shall at all times maintain (i) a paying agent and (ii) a domiciliary agent which will at all times be a participant in the Securities Settlement System. Notice of any such change or any change of any specified office shall promptly be given to the Bondholders.
- (f) **Fractions:** When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded up to the nearest unit if equal to or above 0.5 and rounded down to the nearest unit if below 0.5.
- (g) **Non-Business Days:** If any date for payment in respect of any Bond is not a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in Brussels and on which the TARGET System is open for the settlement of payments in euro (a “**Business Day**”),

the holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment. For the purpose of calculating the interest payable under the Bonds, the Interest Payment Date shall not be adjusted.

## 6 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of any Series shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Kingdom of Belgium (including any political subdivision or any authority therein or thereof having power to tax (the “**Taxes**”), unless such withholding or deduction of Taxes is required by law in respect of a Series. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Bondholders of that Series after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Bond:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such Taxes, in respect of such Bond by reason of his having some connection with the Kingdom of Belgium other than by reason of (a) the mere holding of or (b) the receipt of principal, interest or other amount in respect of the Bond; or
- (b) **Lawful avoidance of withholding:** to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non residence or other similar claim for exemption to any tax authority in the place where the relevant Bond is presented for payment; or
- (c) **Payment to non Eligible Investors:** to, or to a third party on behalf of, a holder who on the date of acquisition of a Bond, was not an Eligible Investor or who was an Eligible Investor on the date of acquisition of such Bond but, for reasons within the Bondholder’s control, either ceased to be an Eligible Investor or, at any relevant time on or after the date of acquisition of such Bond, otherwise failed to meet any other condition for the exemption of Belgian withholding tax pursuant to the law of 6 August 1993 relating to certain securities; or
- (d) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC (as amended from time to time) or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced as a result of or in order to conform to, such Directive or any agreement between the EU and any other country or territory providing for similar measures,
- (e) **Conversion into registered securities:** to a Bondholder who is liable to such Taxes because the Bonds were upon his/her request converted into registered Bonds and could no longer be cleared through the Securities Settlement System.

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

References in these Conditions to (i) “**principal**” shall be deemed to include any principal payable in respect of the Bonds, all Final Redemption Amounts, Optional Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 and 8 or any amendment or supplement to it, (ii)

“**interest**” shall be deemed to include all interest amounts and all other amounts payable pursuant to Condition 3 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition.

## 7 Prescription

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within ten (10) years (in the case of principal (or any other amount (other than interest) payable in respect of the Bonds)) or five (5) years (in the case of interest) from the appropriate Relevant Date in respect of them.

For purposes of this Condition, “**Relevant Date**” means, in respect of any Bond, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further presentation of the Bond being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

## 8 Events of Default

If any of the following events (each an “**Event of Default**”) occurs and is continuing, then any Bond may, by notice in writing given by the Bondholder to the Issuer at its registered office and to the Agent at its specified office, be declared immediately due and repayable at its nominal amount together with accrued interest (if any) to the date of payment, without further formality unless such event shall have been remedied prior to the receipt of such notice by the Agent:

- (a) **Non-payment:** the Issuer fails to pay the principal of or interest on any of the Bonds when due and such failure continues for a period of 5 Business Days; or
- (b) **Breach of other Covenants, agreements or undertakings:** the Issuer does not perform or comply with any one or more of its other covenants, obligations, agreements or undertakings under the Bonds or the Agency Agreement (other than any payment obligation set out in (a) above and any obligations set out in (d) below), which default is incapable of remedy or, if capable of remedy, is not remedied within 15 Business Days after notice of such default shall have been given by any Bondholder to the Issuer at its registered office; or
- (c) **Cross-acceleration:** any other present or future indebtedness of the Issuer or any Material Subsidiary for or in respect of moneys borrowed equal to or exceeding EUR 50,000,000 or its equivalent in aggregate, becomes due and payable prior to its stated maturity following the acceleration of an event of default (howsoever described) by the relevant creditors; or
- (d) **Suspension of trading or delisting:** the Bonds are delisted or suspended from trading on Euronext Brussels for a period of 30 consecutive Business Days for a reason attributable to the Issuer, unless the Issuer obtains an effective listing and admission to trading of the Bonds on another regulated market of the European Economic Area by the end of that period;
- (e) **Unsatisfied judgment:** one or more judgment(s) or order(s) from which no further appeal or judicial review is permissible under applicable law for the payment of an amount in excess of EUR 50,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Issuer or any of its Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or

- (f) **Insolvency or judicial reorganisation:** the Issuer or any Material Subsidiary (i) is judicially determined or formally admitted to be insolvent or bankrupt or (ii) is unable to pay its debts as they fall due, (iii) stops, suspends or announces its intention to stop or suspend payment of all or a material part of (or of a particular type of) such debts or (iv) makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) such debts (or any particular debt, in each case which it will or might otherwise be unable to pay when due), (v) proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or (vi) a moratorium is declared or comes into effect in respect of all or any part of (or of a particular type of) such debts of the Issuer or the relevant Material Subsidiary;
- (g) **Winding-up or dissolution:** an order is made or an effective resolution passed for the winding-up, liquidation or dissolution of the Issuer or any Material Subsidiary, except for the purpose of and followed by a Permitted Reorganisation;
- (h) **Change of business:** the Issuer formally announces that it will cease or ceases, to operate the Belgian natural gas transmission network, except for the purpose of and followed by a Permitted Reorganisation; or
- (i) **Illegality:** it becomes illegal or unlawful for the Issuer to perform its obligations under the Bonds.

For purposes of this Condition, a “**Permitted Reorganisation**” means an amalgamation, reorganisation, merger, demerger, consolidation, restructuring whilst solvent, contribution, sale or other transfer whereby the Issuer is the surviving entity or whereby all or substantially all of the assets and undertakings of the Issuer or the relevant Material Subsidiary are vested in an Affiliate of the Issuer, validly organised and existing under the laws of Belgium provided, in the case of a Permitted Reorganisation of the Issuer, such Affiliate assumes or maintains liability as principal debtor in respect of the Bonds and continues to carry on the same or substantially the same business of the Issuer.

In this Condition:

"**Affiliate**" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company; and

"**Holding Company**" means, in relation to a person, any other person in respect of which it is a Subsidiary.

## 9 Meeting of Bondholders and Modifications

### (a) Meetings of Bondholders:

The Agency Agreement contains provisions for convening meetings of holders of Bonds of a Series to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the Conditions applicable to a Series. For the avoidance of doubt, any such modification shall always be subject to the consent of the Issuer. An “**Extraordinary Resolution**” means a resolution passed at a meeting of Bondholders of a Series duly convened and held in accordance with these Conditions and the Belgian Companies Code by a majority of at least 75 per cent. of the votes cast of the Bondholders of the relevant Series in accordance with Article 574 of the Belgian Companies Code.

All meetings of holders of a Series will be held in accordance with the Belgian Companies Code with respect to bondholders meetings. Such a meeting may be convened by the board of directors of the Issuer or its auditors and shall be convened by the Issuer upon the request in writing of Bondholders of a Series holding not less than one fifth of the aggregate nominal amount of the outstanding Bonds of that Series. A meeting of Bondholders will be entitled to exercise the powers set out in Article 568 of

the Belgian Companies Code and generally (subject to the consent of the Issuer) to modify or waive any provision of the Conditions applicable to that Series (including any proposal (i) to modify the maturity of that Series or the dates on which interest is payable in respect of that Series, (ii) to reduce or cancel the nominal amount of, or interest on, that Series or (iii) to change the currency of payment of that Series or (iv) to modify the provisions concerning the quorum required) in accordance with the quorum and majority requirements set out in Article 574 of the Belgian Companies Code, and if required thereunder subject to validation by the court of appeal.

Resolutions duly passed by a meeting of Bondholders of a Series in accordance with these provisions shall be binding on all Bondholders of that Series, whether or not they are present at the meeting and whether or not they vote in favour of such a resolution.

Convening notices for meetings of Bondholders of a Series shall be made in accordance with Article 570 of the Belgian Companies Code, which currently requires an announcement to be published not less than fifteen days prior to the meeting in the Belgian Official Gazette (*Belgisch Staatsblad/Moniteur Belge*) and in a newspaper of national distribution in Belgium. Convening notices shall also be made in accordance with Condition 11 (*Notices*).

The Agency Agreement provides that, if authorised by the Issuer, a resolution in writing signed by or on behalf of holders of Bonds of a Series of not less than 75 per cent. of the aggregate nominal amount of the Bonds of that Series shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of holders of Bonds of that Series duly convened and held, provided that the terms of the proposed resolution have been notified in advance to those Bondholders through the relevant settlement system(s). Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more holders of Bonds of that Series.

- (b) **Modifications of the Agency Agreement:** The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement and/or the Clearing Services Agreement, either (i) if to do so could not reasonably be expected to be materially prejudicial to the interests of the relevant Bondholders or (ii) which in the Agent's opinion is of a formal, minor or technical nature or (iii) is made to correct a manifest error or (iv) to comply with mandatory provisions of law.

## 10 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as a Series (or the same in all respects save for the amount and date of the first payment of interest thereon) (so that, for the avoidance of doubt, references in the conditions of such bonds to "Issue Date" shall be to the first issue date of the Bonds of that Series) and so that the same shall be consolidated and form a single series with such Bonds of that Series, and references in these Conditions to "Bonds" or "Series" shall be construed accordingly.

## 11 Notices

- (a) **Notices to Bondholders:** Notices to be given to any Bondholder shall be valid if
- (i) published on the website of the Issuer, and
  - (ii) published through the usual newswires agency (or any of the usual newswires agencies) used by the Issuer to discharge its ongoing information duties pursuant to the Royal Decree of 14 November 2007, and

- (iii) delivered to the National Bank of Belgium for communication to the Bondholders via participants in the Securities Settlement System.

The Issuer shall also ensure that all notices are duly published in a manner which complies with all applicable laws and the rules and regulations of any stock exchange on which the Bonds are listed for the time being. Any notice shall be deemed to have been given on the date of the first publication.

In addition to the above communications and publications, with respect to notices for meetings of Bondholders, convening notices for such meetings shall be made in accordance with Article 570 of the Belgian Companies Code, which currently requires an announcement to be published not less than fifteen days prior to the meeting, in the Belgian Official Gazette (*Moniteur belge/Belgisch Staatsblad*) and in a newspaper with national distribution.

- (b) **Notices by Bondholders:** Notices to be given by any holder of the Bonds shall be given by registered mail with acknowledgement of receipt to the Issuer and the Agent. A notice will be deemed to be given on the date of receipt of the notice by the addressee.

## 12 Governing Law and Jurisdiction

- (a) **Governing Law:** The Bonds and any non-contractual obligations arising out of or in connection with the Bonds are governed by, and shall be construed in accordance with, Belgian law.
- (b) **Jurisdiction:** The courts of Brussels (Belgium) will have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and, accordingly, any legal action or proceedings arising out of or in connection with the Bonds (“**Proceedings**”) may be brought in such courts.



## PART V – CLEARING

The Bonds will be settled through the Securities Settlement System. The 15Y Bonds will have ISIN number BE0002218841 and Common Code 114471917 and the 20Y Bonds will have ISIN number BE0002219856 and Common Code 114472310. The Bonds will accordingly be subject to the Securities Settlement System regulations.

The number of each Series of Bonds in circulation at any time will be registered in the register of registered securities of the Issuer in the name of the NBB (National Bank of Belgium, Boulevard de Berlaimont 14, B-1000 Brussels).

Access to the Securities Settlement System is available through the Securities Settlement System participants whose membership extends to securities such as the Bonds.

Securities Settlement System participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), Euroclear and Clearstream, Luxembourg. Accordingly, the Bonds will be eligible for clearance through Euroclear and Clearstream, Luxembourg and investors can hold their Bonds within securities accounts in Euroclear and Clearstream, Luxembourg.

Transfers of interests in the Bonds will be effected between Securities Settlement System participants in accordance with the rules and operating procedures of the Securities Settlement System. Transfers between investors will be effected in accordance with the respective rules and operating procedures of the Securities Settlement System participants through which they hold their Bonds.

Belfius Bank SA/NV will perform the obligations of domiciliary agent included in the Agency Agreement and the clearing services agreement that will be entered into on or about 24 November 2014 by the NBB, the Issuer and the Agent (the “**Clearing Services Agreement**”). The Issuer and the Agent will not have any responsibility for the proper performance of the Securities Settlement System or the Securities Settlement System participants of their obligations under their respective rules and operating procedures.

## PART VI – DESCRIPTION OF THE ISSUER

### 1 General information

#### *Legal and commercial name*

The legal name of the Issuer is “Fluxys Belgium”. The Issuer operates under the commercial name “Fluxys Belgium”.

#### *Registered office and contact details*

The registered office of the Issuer is located at avenue des Arts 31, 1040 Brussels, Belgium. The Issuer can be contacted at the telephone number +32 2 282 11 11. Additional information on the Issuer and its business can be obtained on the Issuer’s website (www.fluxys.com/belgium).

#### *Incorporation, amendments to the articles of association and duration*

The Issuer was incorporated as “Distrigas NV” by deed of incorporation on 8 January 1929, published in the Annexes to the Belgian State Gazette on 30 January 1929 under number 1296. The articles of association have been amended several times and most recently on 14 May 2013. The articles of association can be consulted on the Issuer’s website (www.fluxys.com/belgium). The articles of association are supplemented by a governance charter which lays down the governance of the Issuer. The governance charter can also be consulted on the Issuer’s website.

The Issuer is incorporated for an unlimited duration.

#### *Crossroads Bank of Enterprises*

The Issuer is registered with the Crossroads Bank for Enterprises under number 0402.954.628, commercial court of Brussels.

#### *Legal form*

The Issuer was incorporated as a limited liability company (*naamloze vennootschap/société anonyme*) under Belgian law. As a result of the admission to trading on Euronext Brussels of 10.03 % of its shares (7,046,400 shares), the Issuer qualifies as a “company that will be or has made a public call on savings” in accordance with Article 438 of the Belgian Companies Code and a “listed company” in accordance with Article 4 of the Belgian Companies Code.

#### *Financial year*

The Issuer’s financial year begins on 1 January and ends on 31 December.

### 2 History and development

The Issuer was incorporated in 1929, under the name of Distrigas SA/NV. Distrigas was split in 2001 to create separate legal entities. The transport activities were kept within the Issuer and the trading activities were sold to a newly established company.

Following the demerger in 2001, the shareholder structure of the Issuer subsequently changed as follows:

- On 16 November 2004, Belgian Shell sold its 16.67 per cent. shareholding to the other three shareholders Suez-Tractebel (the successor company of the merger between Tractebel and *Société Générale de Belgique*), Publigas and Fluxhold, proportionally to their existing shareholding, following the exercise of their pre-emption right.

- On 26 April 2005, Fluxhold was demerged and absorbed by Suez-Tractebel and Publigas. Following this transaction, only Suez-Tractebel (57.25 per cent.) and Publigas (31.25 per cent.) remained as shareholders (besides the shares listed on Euronext and the Golden Share).
- On 19 September 2008, Publigas purchased a 12.50 per cent. stake from Suez-Tractebel as a result of the commitments made by Suez-Tractebel in the framework of the merger with Gaz de France in 2007. Publigas thus became the largest shareholder of Fluxys holding 45.22 per cent. (12.50 per cent from Suez-Tractebel and 1.47 per cent. of the listed shares), while Suez-Tractebel held 44.75 per cent. of the shares.
- On 27 May 2009, Publigas purchased a further 6.25 per cent. stake from Suez-Tractebel, thereby gaining a controlling stake of 51.47 per cent., while the stake held by Suez was reduced to 38.50 per cent.
- On 21 December 2009, Suez-Tractebel sold its entire stake of 38.50 per cent. to its parent company Electrabel, a wholly owned subsidiary of GDF Suez.
- On 5 May 2010, Electrabel transferred its entire stake to Publigas, following legislative changes that limited the shareholding for producers and suppliers to 24.99%.
- On 10 September 2010, Publigas sold its entire stake to Fluxys Holding, a newly incorporated and wholly owned subsidiary of Publigas (which subsequently changed its name into Fluxys G and thereafter Fluxys SA/NV). The Issuer became a 89.97 per cent. subsidiary of Fluxys SA/NV.

As at today, the direct shareholders of the Issuer are still the same. Fluxys SA/NV is still the controlling shareholder (see also Section 3 (*Major Shareholders*) below).

The indirect shareholders of the Issuer slightly changed. The *Caisse de dépôt et placement du Québec* became shareholder in 2010 for 10 per cent. and increased its stake in 2012 to 20 per cent. One year later, the Federal Holding and Investment Company (*Federale Participatie- en Investeringsmaatschappij/Société Fédérale de Participation et d'Investissement*) acquired 2.14% and the employees and management of the Fluxys Group participated for 0.02 per cent. in Fluxys SA/NV. As at today, these are still the indirect shareholders of the Issuer.

### **3 Major shareholders**

As at the date of the prospectus, the Issuer is directly controlled by Fluxys SA/NV, which owns 89.97 per cent. of the shares of the Issuer. The other shares are listed on the regulated market of Euronext Brussels. The Belgian State owns one (golden) share. This share grants a veto right to the Belgian State in case the Issuer would want to divest any strategic assets to the security of supply of Belgium.

The Issuer is indirectly controlled by Publigas (77.7 per cent.), the Belgian municipal holding company in the natural gas sector and was created in 1996 following the privatisation of the Federal Holding and Investment Company (*Société Nationale d'Investissement/Nationale Investeringsmaatschappij*).

Publigas brings together Belgium's intermunicipal energy companies:

- 55% of Publigas shares are held by the Flemish intermunicipal companies and Vlaamse Energieholding;
- 30% of Publigas shares are held by the Walloon intermunicipal companies and Socofe; and
- 15% of Publigas shares are held by the intermunicipal companies of Brussels-Capital Region.

The Publigas Board of Directors has 24 members, who represent the various intermunicipal companies. The Chairman of the Board is Daniel Termont.

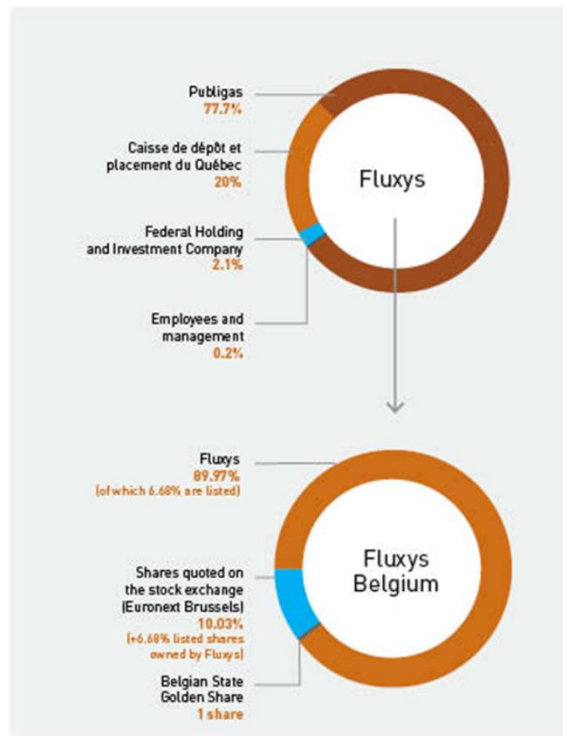


Figure 1 – Direct and indirect shareholders of the Issuer  
(Annual financial report of the Issuer 2013, p. 20)

As at the date of the Prospectus, the Issuer's share capital amounts to EUR 60,271,698.31, represented by 70,263,501 shares, each giving right to one vote. There are two categories of shares: 58,523,700 Category B shares, 11,739,800 Category D shares and 1 Golden Share.

#### 4 The Issuer's subsidiaries and participations

As at the date of this Prospectus, the Issuer has the following subsidiaries:

- (a) **Fluxys LNG SA** (consolidated subsidiary – Issuer stake 99.99 per cent. and Flux Re stake 0.01 per cent.): Fluxys LNG SA (“**Fluxys LNG**”) owns and operates the liquefied natural gas (“**LNG**”) terminal in Zeebrugge and sells terminalling capacity and related services. Fluxys LNG's equity was EUR 216.8 million at 31 December 2013, compared with EUR 225.9 million the previous year. The net profit of Fluxys LNG for financial year 2013 was EUR 13.9 million, compared to EUR 13.8 million in 2012.
- (b) **Flux Re SA** (consolidated subsidiary – Issuer stake 100 per cent.): Flux Re is a reinsurance company established under Luxembourg law in October 2007. Flux Re's equity was EUR 4.8 million at 31 December 2013, unchanged from 2012.

In addition, the Issuer has a participation in *Prisma GmbH* (non-consolidated company – Fluxys Belgium stake 9.73 per cent.). This shared capacity platform is bringing together the gas markets of ten countries in the heart of Europe and will work proactively using the capacity allocation measures set out in the future European network code.



*Figure 2 - The subsidiaries of the Issuer  
(Annual financial report of the Issuer 2013, p. 19)*

The Issuer's consolidated balance sheet amounts to EUR 2,846.0 million on 30 June 2014. The Issuer's contribution thereto amounts to EUR 2,289.1 million, Fluxys LNG's contribution amounts to EUR 403.7 mio and Flux Re's contribution amounts to EUR 153.3 million.

## **5 Legal framework**

### *5.1 Gas infrastructure regulation*

The Issuer develops and operates infrastructure for the transmission and storage of gas and (through its wholly-owned subsidiary Fluxys LNG) terminalling of LNG at the LNG terminal in Zeebrugge.

The activities of the Issuer, including the tariff aspects, are regulated by the Federal Act of 12 April 1965 concerning the transmission of gaseous and other products by pipelines (the "**Gas Act**"). The Gas Act lays down a system of regulated access to the transmission (border-to-border and domestic) and storage of natural gas and to the LNG terminal's activities. It has been implemented by royal and ministerial decrees, such as the Royal Decree of 23 December 2010 containing the Code of Conduct, which sets out detailed provisions in respect of the access to the grid.

The Gas Act has been modified on many occasions, also in order to implement the successive gas directives intended to liberalise the energy markets. The directive 2009/73/EC of the European

Parliament and of the Council of 13 July 2009 concerning the common rules for the internal market in natural gas and repealing Directive 2003/55/EC (the “**Gas Directive**”) was transposed into Belgian law by Act of 8 January 2012 (together with the Regulation (EC) No. 715/2009 on conditions for access to the natural gas transmission networks (the “**Gas Regulation**”) and the Regulation (EC) No. 713/2009 establishing an Agency for the Cooperation of Energy Regulators, the “**Third Energy Package**”).

The regulated activities are supervised by the federal regulator, the CREG. The CREG determines the tariff methodology for the natural gas transmission system, natural gas storage facilities and LNG terminal operators (see below Section 8 (*Regulated Tariffs*)).

The Gas Act provides for the appointment of a single operator for the natural gas transportation network, the natural gas storage installations and the LNG installations respectively (Article 8, § 1). The Belgian legislator has opted for the system of single operators in order to ensure a centralised management of the imbalances on the interconnected grid and to maintain the pooling of the variable access costs of the users via the application of a single unitary tariff everywhere in the country.

The Issuer was appointed on 23 February 2010 as operator of the natural gas transmission system and of the natural gas storage facility. Fluxys LNG was appointed as operator of the LNG facility. The CREG and the FSMA have in accordance with the Gas Act both issued a positive advice prior to the appointment.

The Gas Act also contains a certification procedure for gas infrastructure operators, in order to verify the compliance by the operators with the ownership unbundling requirements, i.e. the separation of the operators from energy suppliers and producers.

The Belgian legislator only transposed the ownership unbundling model of the Gas Directive. Since 2009, producers and suppliers were already prohibited to participate in the capital of the transmission system operator (“**TSO**”) for more than 24.99%, which led the Suez group to divest its remaining stake in the Issuer. The Issuer was thus already fully ownership unbundled prior to the transposition of the Gas Directive into the Gas Act. Therefore, the independent system operator and independent transmission operator models were not implemented into the Gas Act.

The ownership unbundling rule is set out under Article 8/3, §1/2 of the Gas Act, which is nearly identical to the corresponding provision in the Gas Directive and applies to both the Issuer and Fluxys LNG. According to this Article, “*the same person or persons are not entitled directly or indirectly to exercise control over an undertaking performing, directly or indirectly, any of the functions of production or supply of natural gas or electricity, and directly or indirectly to exercise control or exercise any right over the natural gas transmission system operator, the natural gas storage facility operator and/or the LNG facility operator*”. In addition, “*the same person or persons are not entitled directly or indirectly to exercise control over the natural gas transmission system operator, natural gas storage facility operator and/or LNG facility operator, and directly or indirectly exercise control or exercise any right over an undertaking performing, directly or indirectly, any of the functions of production or supply of natural gas or electricity.*”

Besides this provision, the Gas Act includes several other similar restrictions which are remnants of the unbundling steps taken prior to the transposition of the Third Energy Package (in particular Articles 8/3, §1, in fine, 8/3, §1/1; 15/1, §1, 8° and 15/1, §2 of the Gas Act).

On 17 February 2012, the Issuer applied for a certification as fully ownership unbundled transmission system operator. In July 2012, the CREG circulated a positive draft decision to the European Commission pursuant to Article 10 (6) of the Gas Directive, which was subject to the following conditions:

- (a) the Issuer will need to acquire one of the pipelines (i.e. the rTr pipeline) that it is currently leasing and for which it can invoke a contractual purchase option, in the course of 2015; and
- (b) it had to be clarified in the articles of association of the Issuer and Fluxys SA (formerly named “Fluxys holding”) that any non-independent board member may not exercise any right in any undertaking performing the function of production or supply, in order to avoid that such members would perform any activities (such as consultancy) for a producer or supplier

On 10 August 2012, the European Commission issued a positive opinion on the certification of the Issuer.

On 27 September 2012, the CREG confirmed that the Issuer was fully certified as fully ownership unbundled transmission system operator provided that the above conditions would be met. The Issuer amended its articles of association (Article 11, in fine) on 14 May 2013 as well as Fluxys SA (formerly “Fluxys Holding”).

Pursuant to Article 8, §4ter of the Gas Act, the CREG monitors the continuing compliance of the natural gas TSO with the general unbundling requirements as laid down in the Gas Act under articles 8/3 to 8/6 and 15/1§2.

The Issuer is required to notify the CREG prior to any transaction that could require a reassessment of the compliance with the general unbundling rules. The contemplated transaction may only go ahead following a prior certification.

The CREG can also open a certification procedure where it becomes aware that certain changes are planned in rights or influences on the TSO, which may lead to a breach of the general unbundling rules, or where it has reasons to believe that such a breach may have occurred.

Pursuant to Article 8, §7 of the Gas Act, after deliberation of the Council of Ministers and after having received an opinion from the European Commission, the Ministry of Energy may revoke the appointment of the Issuer as a certified TSO when (i) the TSO substantially fails to comply with its obligations under the Gas Act or implementing decrees or (ii) in case of non-compliance with the general unbundling requirements under (i) or (iii) in case of significant changes in the shareholding of the TSO that may jeopardise its independency.

In addition, Article 8/3, §5, 3. of the Gas Act requires the Corporate Governance Committee of the Issuer and Fluxys LNG to assess the effectiveness of the application of 8/3 article of the Gas Act as regards the objectives of independence and impartiality of TSO’s as defined in the Code of Conduct introduced by the Royal Decree of 23 December 2010 and to submit an annual report on this matter to the CREG.

In parallel with the Third Energy Package, the European legislator has also reformed the European rules on security of supply by adopting the Regulation (EU) No. 994/2010 of the European Parliament and of the Council of 20 October 2010 concerning measures to safeguard security of gas supply and repealing Council Directive 2004/67/EC (the “**SOS Regulation**”). The SOS Regulation introduces a common framework to assess the risks of disruptions and to identify measures to prevent and to establish plans to manage potential disruptions. It also directly addresses the Issuer by requiring TSOs to enable permanent bi-directional capacity on all cross-border interconnections.

The Gas Regulation provides that European wide network codes need to be drafted for the access and operation of the European natural gas infrastructure. ENTSOG has been established in accordance with Article 5 of the Gas Regulation and is required to establish the network codes on the basis of the framework guidelines adopted by the Agency for the Cooperation of Energy Regulators (“**ACER**”).

The Issuer is one of the founding members of ENTSOG. ENTSOG is an international non-profit organisation incorporated to comply with the requirements of the Gas Regulation. The role of ENTSOG is to facilitate and enhance cooperation between national gas transmission system operators across Europe in order to ensure the development of a pan-European transmission system in line with European Union energy goals. ENTSOG is based in Brussels.

The following European network codes have or are in the process of being adopted:

- *Network Code Capacity Allocation mechanism (“NC CAM”)*: The NC CAM has been adopted by the Commission Regulation (EU) No. 984/2013 of 14 October 2013 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and supplementing Regulation (EC) No. 715/2009 of the European Parliament and of the Council. The NC CAM introduces rules on how capacity can be offered and allocated, including standard cross-border capacity products and auction rules. Adjacent TSOs are required to jointly offer bundled capacity products to the market at interconnection points (underpinned by individual contracts within the relevant contractual framework of the respective TSOs). TSOs will make these products available via a joint web-based platform and network users may participate in auctions. TSOs may also, if applicable, offer unbundled capacity and interruptible capacity. The NC CAM specifies the auction timing, frequency and methodology, ensuring consistency and ease of securing capacity rights across the EU. Meanwhile, ENTSOG has been requested by ACER to develop an incremental proposal to the NC CAM regarding incremental and new capacity, which is currently under debate.
- *Network Code Balancing (“NC BAL”)*: The NC BAL has been adopted by Commission Regulation (EU) No. 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks. The NC BAL sets out harmonised rules on balancing to give grid users greater flexibility and greater certainty in relation to their balancing positions across adjacent balancing zones. The rules aim to financially incentivise grid users to balance their portfolios, via cost-reflective balancing charges, facilitated by trading platforms established by the TSOs. Any residual balancing action required within the balancing zone will be undertaken by the TSO or an agent, normally via the sale and purchase of short-term standardised products. The NC BAL specifies minimum requirements for information provisions to network users and TSOs alike, with the aim of supporting the balancing regime and allowing all parties to better manage risks and opportunities in a cost efficient manner.
- *Network Code Interoperability (“NC INT”)*: The NC INT is aimed at harmonising operational rules among TSOs to facilitate the efficient exchange of gas between different transmission networks. The NC INT has been established by ENTSOG and submitted to ACER, that has recommended its adoption to the European Commission.
- *Tariff Network Code (“TAR NC”)*: On 19 December 2013, the European Commission invited ENTSOG to draft a network code on rules regarding harmonised transmission tariff structures for gas and to submit it to ACER by the 31st of December 2014. The TAR NC will be based on the relevant Framework Guidelines published by ACER on the 30th of November 2013.

Next to the network codes, the European Commission has also directly intervened in the congestion management of the European gas networks. It has established congestion management procedures that should apply in the event of contractual congestion and are aimed at resolving those events by bringing unused capacity back to the market to be reallocated in the course of the regular allocation processes. These procedures are described in Annex 1 of the Gas Regulation.



## 5.2 Corporate requirements

Pursuant to Article 8/2 of the Gas Act, the TSO must be formed as a public limited company having its headquarters and central administration in a country that is a member of the European Economic Area. It must meet all conditions laid down in (i) the Act of 2 August 2002 amending the Belgian Companies' Code and (ii) the Act of 2 March 1989 concerning the disclosure of large shareholdings in companies listed on the stockexchange and regulating public takeover bids.

The composition of the board of directors is governed by Article 8/3, §1 of the Gas Act. Article 8/3, §§ 2 to 5 of the Gas Act also provides for the setting up of an audit committee, remuneration committee and a corporate governance committee (see hereafter Part VII (*Management and Corporate Governance*)).

## 6 Strategy and development

### 6.1 Vision

Europe needs natural gas. Natural gas will remain a core component of the energy mix in tomorrow's low-carbon economy. As a natural gas infrastructure group for Europe, the Fluxys Group aims to build bridges between markets so that suppliers can transmit natural gas flexibly between gas trading points and from any border to their customers. In accordance with this long-term vision, the Belgian gas grid owned and operated by the Issuer has been designed and dimensioned for transit and has been developed into a hub for cross-border flows on the major North/South and East/West transmission routes, to enhance security of supply and the good operation of the market.

In the future, the Issuer also expects the EU virtual gas hubs to concentrate step by step into only a few integrated regional cross border markets. In the long run, a North/West EU integrated market could emerge including the Belgian market. Market integration projects should lead to an increased efficiency of these activities than if they were carried out by each TSO independently and can only happen through partnering between TSOs

The Issuer has analysed and developed plans for several market integration projects such as for example the market integration in the Belux market. In May 2014, the Issuer and the Luxembourg TSO, Creos Luxembourg, in coordination with the Belgian and Luxembourg national regulatory authorities (the CREG and the *Institut Luxembourgeois de Régulation*), signed a collaboration agreement with a view to combining the gas markets of the two countries into one borderless market.

With a combined consumer market of nearly 20 billion cubic metres per annum, both liquidity and the price signal role of the gas market Zeebrugge Trading Point will be strengthened on top of the firm convergence with the other European markets that is already in place today, thanks to extensive interconnections of the Belgian network.

The Issuer and Creos Luxembourg want to merge their national gas markets in 2015 subject to the approval of the national regulatory authorities regarding the implementation terms of the integrated Belux market.

Apart from the market integration of Belgium and Luxembourg, the Issuer, the neighbouring TSOs and national regulatory authorities are also investigating the feasibility of other alternatives to connect the Belgian market stronger into the neighbouring markets. These project are still in the phase of mapping out possibilities and scenarios. At this stage, details are not yet available.

### 6.2 Investments programme

The Issuer continues to fully implement its strategy on the basis of an indicative investment programme of around EUR 870 million for the period 2014-2023 for its regulated activities in Belgium.

Taking into account the current economic climate and future import flows, the Issuer has optimised its indicative investment programme with a view to invest as efficiently as possible. Following a period of record investments, spending levels are returning back to normal.

In particular in 2014, the Issuer plans to invest EUR 95 million in infrastructure projects of which a total of EUR 39.4 million have already been invested during the first half of the year. The three main projects for 2014 are:

- (i) the construction of a second jetty is at the LNG terminal for both loading and unloading LNG carriers and the development of small scale LNG;
- (ii) preparatory works for the construction of the pipeline between Alveringem and Maldegem in 2015.
- (iii) in and around Ghent, the restructuring and upgrading of its pipeline network with a view to efficiently continue supplying the region.

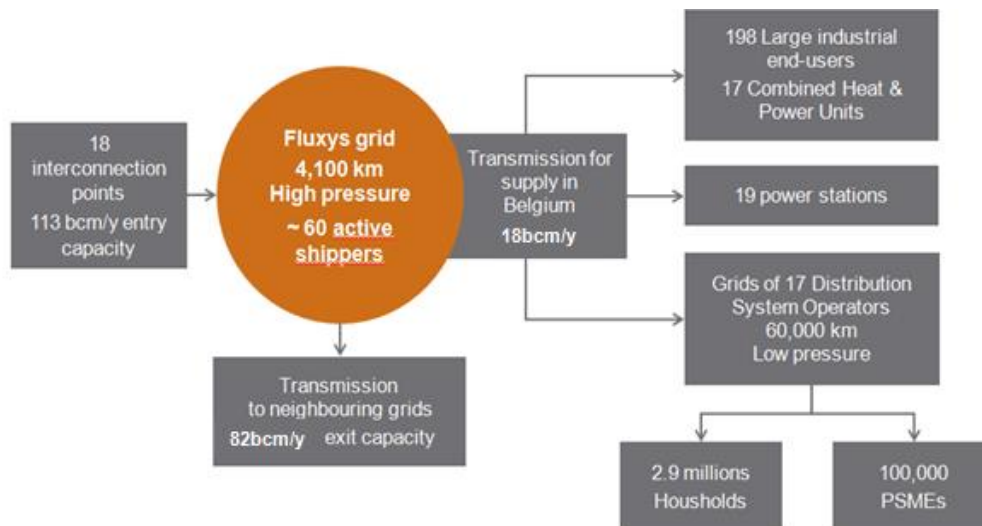
## **7 Business description**

### *7.1 Transmission activities*

The Issuer sells capacity to its customers under take-or-pay contracts to transmit natural gas to distribution system operators, power stations and major industrial end-users in Belgium and to move natural gas to a border point for transmission to other end-user markets in Europe.

The Issuer's top 10 clients contribute to 81.5% of total transmission sales at Belgium level, have an average explicit or implied credit quality corresponding to investment grade and an average contract duration of 15 years which includes a prolongation option of 10 years.

The transmission grid in Belgium has a pipeline length of approximately 4,100 kilometres and receives natural gas flows from the United Kingdom, Norway, the Netherlands, Russia and all LNG producing countries. The Issuer's grid also serves as the crossroads for natural gas transit to the Netherlands, Germany, Luxemburg, France, the United Kingdom and Southern Europe.



*Figure 3 – Transmission business  
(Information prepared by the Issuer)*

Two different types of natural gas are transported within the Fluxys Belgium grid:

- high-calorific natural gas (“**H-gas**” or “rich gas”); and
- low-calorific natural gas (“**L-gas**” or “Slochteren gas”).

Each type of natural gas is transported via dedicated interconnection points and through specific subgrids (that are a dedicated part of the Issuer’s grid), which are operated independently. They are interconnected by quality conversion facilities where gas can be transferred from one subgrid to the other, once the gas quality has been adjusted via quality conversion services such as mixing or nitrogen blending.

The transmission grid is also connected to other facilities operated by the Issuer (or its subsidiaries), namely:

- the Loenhout underground storage facility; and
- the LNG terminal located in Zeebrugge.

In addition, there are eighteen interconnection points with the following neighbouring grid operators:

- The Netherlands: Gasunie Transport Services; Zebra Gasnetwerk;
- Germany: Open Grid Europe, Thyssengas, Fluxys TENP and Gascade;
- Luxembourg: Creos Luxembourg;
- France: GRTgaz;
- United Kingdom: Interconnector UK; and
- Norway: Gassco.

The model under which the Issuer offers transmission services to the grid users is an entry/exit model. Through this model, natural gas enters the Issuer’s grid at an interconnection point, and can leave the transmission grid either at another interconnection point (transit) or a domestic exit point (domestic consumption or storage), or be traded within the grid.

The Issuer is one of the founders of the PRISMA European Capacity Platform. The platform brings together the gas markets of ten different countries at the heart of Europe and operates in accordance with the capacity allocation mechanisms set out in the corresponding European network code. On 17 April 2013, the Issuer offered products on the PRISMA platform for the first time. These were cross-border day-ahead capacity products with system operators from neighbouring countries.

The Issuer is working on a number of initiatives to further increase liquidity on the markets. For example, from mid-2014, traders at the Belgian gas trading places Zeebrugge Trading Point and Zeebrugge Beach will be able to carry out their transactions via the Pan-European Gas Cooperation (“PEGAS”) gas platform. With a current membership of 140, PEGAS will significantly boost transactions at the Belgian gas trading places.

Further information on the transmission services offered by the Issuer can be found in the Transmission Programme that is available on the website of the Issuer ([www.fluxys.com/belgium](http://www.fluxys.com/belgium)).

## 7.2 *Storage activities*

The Issuer offers capacity at its underground storage facility in Loenhout under take-or-pay contracts, enabling customers to store natural gas and to flexibly use buffer capacity according to their needs to ensure the continuity of deliveries to end-users or for their activities at gas trading places.

Fifteen of the Issuer’s customers are currently using the storage facility. The working storage volume at Loenhout is 700 million normal cubic metres of natural gas.

On the primary market, the Issuer offers withdrawal services, storage volume services, and injection services under the form of standard bundled units.

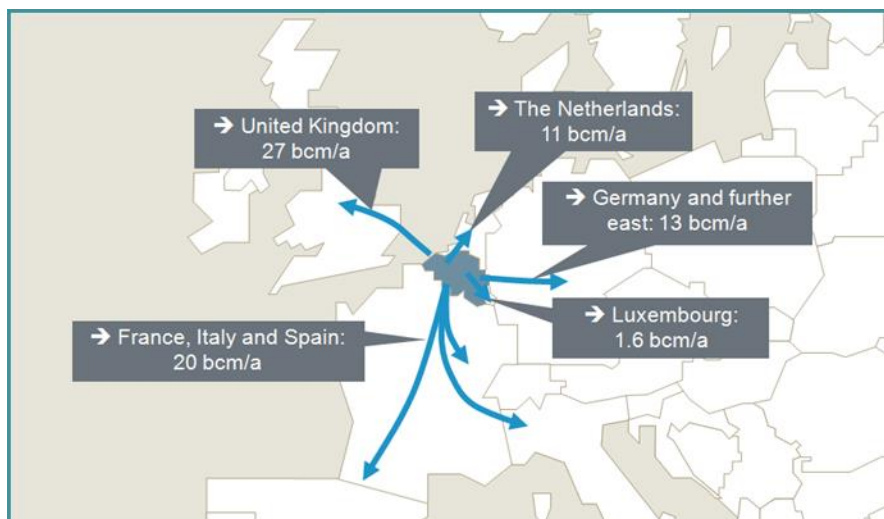
The Issuer also offers certain ancillary services that grant a high degree of flexibility to its storage users.

For more information on the storage services offered by the Issuer, please refer to the Transmission Programme, available on the website of the Issuer ([www.fluxys.com/belgium](http://www.fluxys.com/belgium)).

## 7.3 *LNG Terminalling activities*

At the Zeebrugge terminal, the Issuer sells capacity for loading and unloading LNG carriers, storing LNG and regasifying it for transmission in the grid under take-or-pay contracts. At the facility, customers can also load LNG trucks to supply industrial sites in Europe where pipeline supplies are not available, to supply filling stations for trucks that use LNG as a fuel or to refuel ships running on LNG. The Issuer is currently also developing the offering of trans-shipment services.

The Zeebrugge LNG terminal is connected with the Belgian transmission system. It serves as a gateway to supply liquefied natural gas into North-Western Europe. Any LNG unloaded at the terminal can be redelivered for consumption on the Belgian market, or traded on the ZeeBeach Hub or transmitted onwards to supply other end user markets in any direction: the United Kingdom, the Netherlands, Germany, Luxemburg, France and Southern Europe. Furthermore, the Issuer will continue to invest in its transmission infrastructure. Amongst others, the Issuer intends to directly link the Zeebrugge LNG terminal to the Dunkirk terminal in France as from 2015.



*Figure 4 – Globalisation of gas markets  
(Information prepared by the Issuer)*

The Zeebrugge terminal facilities provide for loading and unloading ships carrying LNG. LNG is stored there temporarily as a buffer in storage tanks and can be regasified and injected into the Fluxys transmission grid. The LNG infrastructure in Zeebrugge currently has an annual throughput capacity of 9 billion m<sup>3</sup>(n) of natural gas. Following an open season conducted in 2003, the entire primary capacity was allocated on a long-term ship-or-pay basis.

The long term regasification capacity is contracted by means of a Capacity Subscription Agreement. As from the entry into force of the (new) Code of Conduct, it became however mandatory to develop an LNG Access Code and an LNG Terminalling Programme. In 2012, the Issuer launched a market consultation in respect of the draft LNG Access Code for the Zeebrugge LNG terminal and the LNG Terminalling Programme.

The LNG Access Code and the LNG Terminalling Programme were approved by the CREG on 15 November 2012.

Together with the market consultation for the LNG Access Code and LNG Terminalling Programme, Fluxys LNG also tested the appetite for a new redelivery service for which it had developed the LNG Terminalling Agreement.

More information on the redelivery services and on the regasification services is described in the LNG Terminalling Programme, available on the Issuer's website ([www.fluxys.com/belgium](http://www.fluxys.com/belgium)).

Since 2013, the Issuer is also developing the provision of trans-shipment services at the LNG Terminal in order to transfer LNG from ice-class vessels to conventional vessels.

On 4 April 2014, the Issuer has concluded a heads of agreement with Yamal Trade to further develop the trans-shipment project. The Yamal LNG project is an integrated gas production, treatment and liquefaction project located near Sabetta in the Northern part of the Yamal Peninsula in the Russian Federation. The Yamal Peninsula is one of the largest oil and gas producing provinces in the world with estimated gas resources of over 10,000 bcm (>350 TCF).

Yamal LNG, a joint venture by Novatek (60%), Total (20%) and CNPC (20%), holds a license for the exploration and development of the South Tambey field and will be the owner and the operator of all

of the project assets in the Russian Federation, as well as the borrower under the envisaged project financing.

Yamal LNG intends to produce 16.5 mtpa by means of three trains with a capacity of 5.5 mtpa each. It will own and operate most of the project facilities and will deliver the LNG free on board at Sabetta port to its wholly-owned subsidiary, Yamal Trade Pte. Ltd. Yamal Trade will then be responsible for the sale and delivery of the LNG to third party buyers at the designated receiving terminals. The tanker fleet required to ship LNG to Yamal LNG's target markets includes ice-class LNG tankers and conventional LNG tankers, that will be time-chartered by Yamal Trade from the selected ship-owners.

Under the Heads of Agreement, the Issuer and Yamal LNG have agreed the main specifications and design of the new infrastructure required to offer trans-shipment services. This new infrastructure mainly comprises a 5th LNG storage tank with a working volume of 180.000m<sup>3</sup>, additional boil-off gas compressors and ancillary facilities. The Issuer will carry out all technical, permitting and regulatory processes with a view to provide LNG trans-shipment services.

Recently, Fluxys LNG has launched a market consultation in respect of the draft LNG trans-shipment agreement and modifications to the LNG access code. The LNG trans-shipment agreement and the amended LNG access code and the regulated tariff have been approved by the CREG on 2 October 2014.

Fluxys LNG will take the final investment decision after an open season procedure on the basis of long term subscriptions and adequate guarantee covering such long term commitment.

#### 7.4 *Small scale LNG*

LNG transport by road is a new and highly promising activity which supports the use of natural gas in a broad range of applications:

- supplying industrial sites in Europe where pipeline supplies are not available;
- supplying LNG-fuelled ships;
- supplying filling stations for trucks that run on LNG.

The market for small-scale LNG use is clearly gaining momentum: a total of 819 trucks were loaded with LNG in 2013, compared to just 316 in 2012. December 2013 was an all-time record month, with no less than 114 LNG trucks loaded. Most of the LNG was intended for the Netherlands, France, the UK, Germany, Scandinavia, Switzerland and Poland, where the LNG fuel market in transport is strongly developing. 2014 also looks promising. A total of 3,600 slots were booked by haulage companies during the October-November 2013 subscription window, with 1,847 loadings scheduled for 2014.

Currently a second jetty is being built at the LNG terminal. It will be commissioned in 2015 and small LNG bunker ships will also be able to berth there to load LNG (from 2,000 cubic metres). Bunker ships supply other vessels running on LNG or LNG bunker terminals at other ports.

Fluxys LNG is working hard to develop the Zeebrugge LNG terminal into a hub for small-scale LNG use (all the ports in Belgium and North-West Europe could be supplied with LNG from Zeebrugge):

- LNG bunker ships will be able to berth at the second jetty being built in Zeebrugge, in order to load LNG.

- the Fluxys Group is investigating which investments are needed in Belgian ports to further develop LNG as a shipping fuel and is working closely with various port authorities to this end. The Fluxys Group is also actively prospecting for investment partners.

In 2013, the Fluxys Group reached an agreement with haulage company Mattheeuws to build a first LNG filling station in Veurne. The station has entered into service last summer and will be supplied by LNG trailers loaded at the Zeebrugge LNG terminal.

Finally, compressed natural gas (“CNG”) technology offers an alternative to other forms of fuel for cars, vans and buses. In Europe, over 1 million vehicles are already running on CNG, but Belgium still has a long way to go compared to countries like Germany and Italy. Car and truck manufacturers are now marketing a wide and growing range of models and the number of filling stations is also increasing steadily.

## 8 Regulated tariffs

In the current legal framework, a regulated tariff system based on a Capital Asset Pricing Model (“CAPM”) applies to the transport and storage of natural gas and to the LNG terminalling activities. The Issuer offers transport and storage services. Fluxys LNG offers LNG terminalling.

The total allowed regulated revenue aims at covering the costs needed for the various regulated services offered by the Issuer or its subsidiary (e.g. Fluxys LNG).

These costs include all operating expenses efficiently incurred, depreciation of historical acquisition values of assets included in the Regulated Asset Base (“RAB”) and the financial costs for the financing of the regulated assets.

In addition to these costs, the total allowed regulated revenue also includes a fair margin for the remuneration of the equity invested in the regulated assets, determined with the CAPM, as well as possible incentives realised on efficiency improvements. The fair margin depends on the financial structure of the Issuer.

The fair margin formula is calculated as follows:

$$\text{Fair margin before tax} = [33\% \times (R_f + (\text{MRP} \times \beta))] / (1-t) + [(S - 33\%) \times (R_f + 0,70\%) ] / (1-t)$$

Where:

$R_f$  = risk free rate = the arithmetic average of the return for the 10 year Belgian government bond issued during the year, published by the National Bank of Belgium

$\text{MRP}$  = market risk premium = 3,50% for transport and 4,30% for storage and LNG

$\beta$  = leveraged beta = 0,65

$S$  = financial structure = equity / RAB

$t$  = tax rate = 33,99%

The regulation model of Fluxys LNG is different from the transport or storage model. Historical and replacement investments are regulated according to the principle described above. Extension investments generate a fair margin based on an internal rate of return (“IRR”). The IRR to be applied is determined based on a weighted average of the various extension investments.

The total allowed revenue and resulting tariffs must be approved by the CREG.

Tariffs are based on *ex ante* estimated values. Each year, all the parameters are recalculated on the basis of *ex post* real values. The differences between the invoiced revenues based on the estimated parameters and the

actual allowed regulated revenues (based on the final parameters), except for incentives, are recorded as regulatory assets or liabilities, as the case may be, so that the regulated result of the Issuer reflects the actual allowed fair margin.

The issuer invoices the transport tariffs to the shippers active on its transport system. These shippers invoice the transport, energy-cost (“molecules”) and other costs (e.g. administrative costs) to their customers (natural gas consumers).

The issuer invoices the storage tariffs to all users that have subscribed for storage services.

The LNG tariffs apply to all users of the LNG terminal in Zeebrugge and are invoiced by Fluxys LNG.

As operator of the transport and storage systems, every four years the Issuer submits a tariff proposal for approval by CREG. Tariffs for Fluxys LNG are in principle valid for a longer period. The CREG relies on the decision of 24 November 2011, the decision setting provisional methods for calculating the tariffs for transport, storage and LNG facilities (the tariff methodology), to approve the tariffs. The CREG approved the transport and storage tariffs for the period 2012-2015 on 13 September 2012 and on 15 May 2014. The CREG approved the LNG tariffs for the period 2007-2027 on 30 September 2004 and the updated tariffs (applicable from 1 January 2013 to 31 March 2027) on 29 November 2012 and the new tariffs for LNG transshipment services on 2 October 2014. The tariffs can be consulted on the CREG’s and the Issuer’s websites.

Following constructive consultation with the Issuer and Fluxys LNG, completed in June 2014, the CREG has published the draft new tariff methodology for transport, storage and LNG terminalling activities. The aim is to offer both the market and the infrastructure operators continuity and a stable regulatory tariff framework.

This draft new tariff methodology provides for:

- an unchanged value of the RAB,
- a return on invested capital based on the arithmetic average of the return for the 10 year Belgian Government Bond issued during the year published by the National Bank of Belgium,
- a recommended regulatory financial structure with 33% of the RAB to be financed by equity,
- an individual risk premium in the continuity of the past,
- a distinction between manageable and non-manageable costs, the latter comprising mainly depreciation (net of grants recognised in income), subscriptions of capacity with other regulated activities, commodities, financial charges and income, as well as taxes,
- a sharing of efficiency gains on manageable costs between the infrastructure operator (50%) and future tariffs (50%).

Contrary to the current methodology, the revaluation booked on property, plant and equipment can no longer be recovered through the tariffs when the concerned asset is decommissioned.

The proposed tariff methodology provides however for the possibility to create a dismantling fund to cover the needs of the operator in this regard.

Due to the illiquidity of the share of the natural gas transmission and storage facility system operator, the new tariff methodology provides for a risk free rate and an increase of the risk premium for the operator by an illiquidity factor of 20%.

Finally, the proposed methodology removes, as from 2016, the risk borne by the operator of the transmission system for not reaching sales budgets.



The fair margin formula becomes then:

$$\text{Fair margin before tax} = [33\% \times (1 + \alpha) \times (R_f + (\text{MRP} \times \beta))] / (1-t) + [(S - 33\%) \times (R_f + 0,70\%)] / (1-t)$$

Where:

$\alpha$  = illiquidity premium = 20% (only for transport and storage)

$R_f$  = risk free rate = the arithmetic average of the return for the 10 year Belgian government bond issued during the year, published by the National Bank of Belgium

MRP = market risk premium = 3,50%

$\beta$  = leveraged beta = 0,65 for transport, 0,78 for storage and terminalling

S = financial structure = equity / RAB

t = tax rate = 33,99%

The draft new tariff methodology builds on the proven principles of the current methodology and remains focused on offering the market tariffs which are amongst the lowest in Europe. In order to increase efficiency in manageable costs, an incentive has been included which is for the benefit of both the tariffs and the operator's return.

The draft also includes an accelerated approval procedure enabling infrastructure operators to respond quickly to changes in the market demand through tariff adjustment proposals.

The CREG has submitted the draft for public consultation in September 2014. Afterwards, the draft will be sent to the House of Representatives. The new tariff methodology is expected to be finalised by the end of 2014 and will apply as from the next regulatory period 2016-2019.

Regarding the transport activity, the Issuer will propose a tariff reduction to the CREG of about 7% as from 1 January 2015 onwards. This reduction in revenues is offset by the use of the regulatory liabilities. For the Issuer, the accounting revenues will thus equal the allowed regulated revenues. The reduction of the cash revenues will equally reduce the regulatory liabilities, liabilities originated in the past, mainly from a lower than allowed fair margin (as a result of the low 10 year Belgian government bond) and operating costs (as a result of efficiency measures). The Issuer's profitability and solvability will thus not deteriorate following the proposed tariff reduction.

## **9 Recent events and developments**

### *9.1 Succession Planning*

As from 1 January 2015, Pascal De Buck, currently a member of the Executive Board and General Director Commercial of the Issuer and Director Business Development & Strategy at Fluxys Group level, will replace Walter Peeraer as Chairman of the Executive Board of the Issuer. Pascal De Buck will hold the position of Chief Executive Officer within the Issuer.

### *9.2 Proposal for transmission tariff decrease as of 2015*

Following constructive consultation with the Issuer and Fluxys LNG, the CREG has laid down the draft new tariff methodology for transmission, storage and LNG terminalling activities. The aim is to offer the market and the infrastructure operators continuity and a stable tariff framework. The draft new tariff methodology remains focused on offering the market tariffs which are amongst the most competitive in Europe. With regard to transmission activity, the Issuer will propose to the CREG a

tariff decrease of approximately 7 per cent. funded by the existing regulated account effective 1 January 2015.

In September 2014, the CREG submitted the draft for public consultation. Afterwards, it will be sent to the House of Representatives. The new tariff methodology is expected to be finalised by the end of 2014 and apply as from the next regulatory period 2016-2019.

### *9.3 Ready for Winter*

Geopolitical tensions in 2014 are leading to a number of uncertainties about natural gas flows next winter. The Issuer is closely monitoring the situation within ENTSOG. In October 2014, the European Commission has published the results of the so-called stress test for natural gas infrastructure, a survey of the sensitivity of European energy systems to interruptions in natural gas supplies from Russia via Ukraine. The filling level of storage facilities in Europe is currently higher than in 2013 so that a buffer is built up in case of an interruption in certain gas supply flows. In Belgium, too, the Issuer's expects that the Loenhout storage facility will be full by the winter. In addition, import capacity in Belgium suffices to be able in various scenarios to continue importing enough natural gas for consumption in Belgium and for transit to neighbouring countries.

If an electricity shortage emerges this winter in Belgium, the government can deploy a load-shedding plan to prevent a widespread blackout. The Issuer will take all appropriate measures to cope with these temporary electricity cuts so that the continuity of the gas supply is guaranteed.

The recent events and developments stated above will however not impact the Issuer's solvability.

## **10 Trend information**

There has been no material adverse change in the prospects of the Issuer since 30 June 2014.

## **11 No significant change in financial or trading position**

There has been no significant change in the financial or trading position of the Issuer since 30 June 2014, except for those circumstances or events mentioned or referred elsewhere in this Prospectus.

## **12 Governmental, legal and arbitration proceedings**

The Issuer is not aware of any governmental, legal or arbitration proceedings which are pending or threatened during the period of 12 months preceding the date of the Prospectus, which may have, or have had in the recent past, significant effects on the Issuer and or the Issuer Group's financial position or profitability.

## PART VII – MANAGEMENT AND CORPORATE GOVERNANCE

### 1 Board of directors

As at the date of this Prospectus, the Board of Directors of the Issuer is composed of the following members:

Name	Position	Type	Expiration of term at the Annual General Meeting to be held in
Daniël Termont	Chairman		May 2015
Claude Grégoire	Director		May 2018
Mireille Deziron	Director		May 2015
Luc Hujoel	Director		May 2015
Luc Janssens	Director		May 2015
Ludo Kelchtermans	Director		May 2020
Eric Lachance	Director		May 2017
Patrick Moenaert	Director		May 2015
Renaud Moens	Director		May 2016
Josly Piette	Director		May 2020
Christian Vaene	Director		May 2015
Luc Zabeau	Director		May 2017
Marianne Basecq	Director	Independent under the provisions of the Gas Act	May 2019
Valentine Delwart	Director	Independent under the provisions of the Gas Act	May 2019
Hélène Deslauriers	Director	Independent under the provisions of the Gas Act	May 2017
André Farber	Director	Independent under the provisions of the Gas Act	May 2016
Monique Lievens	Director	Independent under the provisions of the Gas Act	May 2019
Walter Nonneman	Director	Independent under the provisions of the Gas Act	May 2015
Henriette Van Caenegem	Director	Independent under the provisions of the Gas Act	May 2018

Name	Position	Type	Expiration of term at the Annual General Meeting to be held in
Sandra Wauters	Director	Independent under the provisions of the Gas Act	May 2019
François Fontaine	Federal Government Representative		n/a

For purposes of this Prospectus, the postal address of the directors is avenue des Arts 31, 1000 Brussels, Belgium.

The résumé of each of the directors, as well as an indication of their principal activities outside the Issuer, is set out below.

**Daniël Termont** *Chairman of the Board of Directors*

Daniël Termont is the Mayor of Ghent and Chairman of Publigas. He was appointed director in May 1998 following nomination by Publigas.

**Claude Grégoire** *Director, Vice-Chairman of the Board of Directors and Chairman of the Strategy Committee*

Claude Grégoire is a civil engineer and CEO of Socofe. He was appointed director in October 1994 following nomination by Publigas.

**Mireille Deziron** *Director*

Mireille Deziron is CEO of *Jobpunt Vlaanderen* (Flanders' jobsite) and Vice-Chairwoman of the Board of Directors of the *Openbaar Psychiatrisch Zorgcentrum* (Public psychiatric care centre) in Geel. She is also a member of Flanders' *Commissie Efficiënte en Effectieve overheid* (Commission on Efficient and Effective Government). She was appointed director in June 2009 following nomination by Publigas.

**Luc Hujoel** *Director*

Luc Hujoel holds a Masters degree in economics and is Director General of the intermunicipal company Sibelga and Brussels Network Operations. He was appointed director in May 2009 following nomination by Publigas.

**Luc Janssens** *Director*

Luc Janssens holds a degree in law and is a lawyer with *Elegis – Huybrechts, Engels, Craen en vennoten* in Antwerp. He is also alderman in Kapellen. He was appointed director in May 2008 following nomination by Publigas.

**Ludo Kelchtermans** *Director*

Ludo Kelchtermans has a degree in economics and is partner/accountant at Foederer DFK Belgium, an independent firm specialized in audit, accounting, tax law and consultancy. He is general manager in *Nutsbedrijven Houdstermaatschappij* (NUHMA) and member of the audit committee of Aspiravi. He was appointed director in June 2012 following nomination by Publigas.

**Eric Lachance** *Director*

Eric Lachance holds a bachelor in commerce, finance and economics from McGill University and has been a chartered financial analyst since 2000. He is the Regional Director for Europe at CDP Capital France, a wholly-owned subsidiary of the Caisse de dépôt et placement du Québec, and he manages the team that oversees the Caisse's investments in Europe's infrastructure sector. Upon the suggestion of CDPQ, he was co-opted as director by the Board of Directors with effect from 24 September 2014.

**Patrick Moenaert** *Director*

Patrick Moenaert studied political and social sciences (sociology) at KU Leuven, is Honorary Mayor of the City of Bruges, the founder and former Chairman of *Vlaamse Centrumsteden* (VVSG, Flemish regional cities), and former Chairman of the intermunicipal company Finiwo. He was appointed director in May 1998.

**Renaud Moens** *Director*

Renaud Moens is a sales engineer. He graduated from the Solvay Brussels School of Economics & Management at ULB. He is a director of Sambrinvest and Director-General of the Directorate-General for Budget and Finance at the Ministry of the Wallonia-Brussels Federation, where he is also a member of the Management Committee. He is also an expert for the Charleroi City Council and, in March 2015, will take over as general manager of IGRETEC. He was co-opted as a director by the Board of Directors at its meeting on 24 September 2014 further to a proposal by Publigas.

**Josly Piette** *Director*

Josly Piette holds degrees in industrial sociology and economic and social policy. He is Mayor of Bassenge, Honorary General Secretary of the *Confédération des Syndicats Chrétiens* (Confederation of Christian trade unions) and a director of Socofe and Publigas. He was appointed director in June 2009 following nomination by Publigas.

**Christian Viaene** *Director*

Christian Viaene is a commercial engineer and holds a degree in applied economics. He is Director General of the Brussels intermunicipal gas and electricity companies and is General Secretary of Publigas. He was appointed director in March 2005 following nomination by Publigas.

**Luc Zabeau** *Director*

Luc Zabeau is a commercial engineer and holds a degree in commercial and financial sciences. He joined Sibelga in 2003 where he is currently director of the Finance Department. He was appointed director in June 2009 following nomination by Publigas.

Independent directors under the provisions of the Gas Act:

**Marianne Basecq** *Director*

Marianne Basecq holds a degree in business administration with additional training in public management. She is a General Advisor for the holding Socofe SA. She was appointed independent director in May 2007 following nomination by Publigas.

**Valentine Delwart** *Director*

Valentine Delwart has a law degree and followed a Master in European Law. She is Alderwoman for Social Affairs in Uccle and since March 2011 has been Secretary General of the political party *Mouvement Réformateur*. She is also a director of NMBS/SNCB. She was appointed independent director in May 2013 on the proposal of the Board of Directors and upon the advice of the relevant advisory committees.

**André Farber** *Director*

André Farber holds a PhD in applied economics and is a professor emeritus at the *Université Libre de Bruxelles* (Brussels Free University). He was appointed director in December 2003 and independent director in January 2014.

**Hélène Deslauriers** *Director*

Hélène Deslauriers studied Law at the University of Montréal and obtained an LL M at the University of London. She is a member of the Bar of the Province of Québec and a member of the International Bar Association. She was Vice President at Bombardier Transportation for 13 years. She was appointed independent director in May 2011 on the proposal of the Board of Directors and upon the advice of the relevant advisory committees.

**Monique Lievens** *Director*

Monique Lievens holds a degree in economics and specialised in business economics. She is Human Resources Advisor at the National Bank of Belgium. She was appointed as an independent director in May 2007 following nomination by Publigas.

**Walter Nonneman** *Director*

Walter Nonneman is a professor of economics at the University of Antwerp and a director of several financial institutions and associations. He holds a PhD in applied economics from UFSIA and also studied at the Harvard Graduate School of Business Administration. Walter Nonneman was appointed independent director in May 2009 following nomination by the Appointment and Remuneration Committee.

**Henriette Van Caenegem** *Director*

Henriette Van Caenegem holds a degree in law and until the end of 2013 was Chief Legal Officer of Tessenderlo Group, a chemicals multinational headquartered in Belgium. She was appointed independent director in May 2006 and her appointment as an independent director was confirmed by the Board of Directors upon the advice of the relevant advisory committees

**Sandra Wauters** *Director*

Sandra Wauters obtained a Doctor's degree in Chemical Engineering at the University of Ghent. She is Environmental Manager at BASF Antwerp where she is in charge of coordinating energy and climate related matters. She was appointed independent director in May 2013 on the proposal of the Board of Directors and upon the advice of the relevant advisory committees.

**Federal government representatives**

**François Fontaine**

François Fontaine holds degrees in law and tax law and is currently a general advisor with the *Société Fédérale de Participations et d'Investissement / Federale Participatie- en Investeringsmaatschappij* (Federal Holding and Investment Company). He was appointed as the French-speaking federal government representative by the Energy Minister on 4 February 2009 with the specific responsibilities detailed in the Acts of 26 June 2002 and 29 April 1999 and in the Royal Decrees of 16 June 1994 and 5 December 2000, as set out in Article 21 of the Articles of Association and in the Corporate Governance Charter. François Fontaine's term of office as federal government representative on the Board of Directors of the Issuer was renewed by the Royal Decree of 14 December 2012, which entered into force on 14 January 2013.

The federal government representative(s) are permanently invited to attend Board of Directors and Strategy Committee meetings in an advisory capacity.

As Chairman of the Executive Board, Walter Peeraer is permanently invited to attend meetings of the Board of Directors and the advisory committees.

Nicolas Daubies, Company Secretary and Legal Manager, acts as secretary to the Board of Directors.

## 2 Management

As at the date of the Prospectus, the operational management of the Issuer, including day-to-day operations and representation of the Issuer vis-à-vis third parties, is the responsibility of the Executive Board, which is composed as follows:

Name	Position
Walter Peeraer	Chairman of the Executive Board and Chief Executive Officer
Pascal De Buck	member of the Executive Board and General Director Commercial
Peter Verhaeghe	member of the Executive Board and General Director Asset Management
Paul Tummers	member of the Executive Board and Chief Financial Officer

The Executive Board is a management committee (*Directiecomité/Comité de direction*) within the meaning of Article 524bis of the Belgian Companies Code.

As from 1 January 2015, Pascal De Buck, currently a member of the Executive Board and General Director Commercial of the Issuer and Director Business Development & Strategy at Fluxys Group level, will replace Walter Peeraer as Chairman of the Executive Board of the Issuer. Pascal De Buck will hold the position of Chief Executive Officer within the Issuer.

For purposes of this Prospectus, the postal address of the members of the Executive Board is avenue des Arts 31, 1000 Brussels, Belgium.

## 3 Committees

### 3.1 Strategy committee

The Strategy Committee was set up within the Board of Directors in accordance with Article 17.3 of the Issuer's Articles of Association. The Strategy Committee prepares proposals of decisions to be submitted to the Board of Directors for approval in accordance with the applicable legal, regulatory and statutory provisions. The Strategy Committee also monitors the implementation of the decisions of the Board of Directors.

The Strategy Committee handles at least the following matters:

- the financial policy and the dividend policy;
- setting and reviewing the annual budget (operational and investment) as well as the financial and investment projects;
- the general policy, including the general principles and problems relating to tariffs, risk management and personnel management;
- examining, entering into, modifying and cancelling major commitments. “major commitments” is in all cases understood to mean commitments in excess of a capitalised value of EUR 20 million per transaction, without prejudice to special powers granted by the Board of Directors:
  - (a) investments and disinvestments (physical or financial). In cases of financial investment or disinvestment, the above amount includes acquired or transferred liabilities;
  - (b) financial transactions other than those included in 1 or where the period exceeds five years; legal or fiscal transactional agreements;
  - (c) any other undertaking not included here (such as purchase and sales agreements for goods and services, business contracts, property contracts);
- without prejudice to the rules applicable to them, the matters and decisions mentioned above that affect subsidiaries of the Issuer.

The Strategy Committee comprises eight non-executive directors, of whom at least one third must be independent under the provisions of the Gas Act.

<b>Name</b>	<b>Position</b>	<b>Type</b>
Claude Grégoire	Chairman	
Daniël Termont	Vice-Chairman	
Valentine Delwart	Member	Independent under the provisions of the Gas Act
Luc Hujuel	Member	
Eric Lachance	Member	
Patrick Moenaert	Member	
Walter Nonneman	Member	Independent under the provisions of the Gas Act
Sandra Wauters	Member	Independent under the provisions of the Gas Act
François Fontaine	Federal government representative acting in an advisory capacity	

Walter Peeraer, Chairman of the Executive Board and Chief Executive Officer, and Christian Viaene, Director, are permanently invited to attend meetings of the strategy committee.

Nicolas Daubies, Company Secretary and Legal Manager, acts as secretary to the Strategy Committee.



For purposes of this Prospectus, the postal address of the members of the Strategy Committee is avenue des Arts 31, 1000 Brussels, Belgium.

### 3.2 Audit committee

The Audit Committee is set up within the Board of Directors. It has the powers that the law confers upon audit committees, as well as the other powers that may be conferred upon it by the Board of Directors.

In accordance with Article 526bis of the Belgian Companies Code and Article 8/3 (3) of the Gas Act, in the Committee performs the following tasks:

- monitoring the process for drawing up the financial information;
- verifying the effectiveness of the company's internal control and risk management systems;
- evaluating the internal audit and its efficiency;
- following up the statutory audit of the annual and consolidated accounts – this includes following up on questions and recommendation issued by the auditor and, if applicable, the company auditor checking the consolidated accounts;
- examining and monitoring the independence of the auditor and, if applicable, the Issuer's auditor checking the consolidated accounts, especially with regard to provision of additional services to the Issuer.

The Audit committee comprises seven non-executive directors, of whom at least the majority must be independent. At least one independent director must have the required expertise in accounting and auditing.

Name	Position	Type
Ludo Kelchtermans	Chairman	
Marianne Basecq	Member	Independent under the provisions of the Gas Act.
André Farber	Member	Independent under the provisions of the Gas Act.
Eric Lachance	Member	
Renaud Moens	Member	
Henriette Van Caenegem	Member	Independent under the provisions of the Gas Act.
Sandra Wauters	Member	Independent under the provisions of the Gas Act.

Nicolas Daubies, Company Secretary and Legal Manager, acts as secretary to the Audit Committee.

For purposes of this Prospectus, the postal address of the members of the Audit Committee is avenue des Arts 31, 1000 Brussels, Belgium.

### 3.3 Appointment and remuneration committee

The Appointment and Remuneration Committee is set up within the Board of Directors. It has the powers that the law confers upon appointment and remuneration committees, as well as the other powers that may be conferred upon it by the Board of Directors.

Its main duties are to:

- make recommendations to the Board of Directors on the appointment of all members of the Board of Directors;
- make recommendations to the Board of Directors on the appointment of the Chairman and of other members of the Executive Board;
- make recommendations to the Board of Directors on the policy for appointing and remunerating members of the Board of Directors and members of the Executive Board;
- make recommendations to the Board of Directors on individual remuneration of the members of the Board of Directors and the Committees within it;
- make specific recommendations to the Board of Directors concerning remuneration of the members of the Executive Board taking into account Article 8/5 (2) and (4) of the Gas Act (“remuneration” also includes variable remuneration and long-term performance bonuses, which may or may not be connected to shares, in the form of share options or other financial instruments and severance pay);
- make recommendations to the Board of Directors on the appointment contract for the Chairman of the Executive Board and, where necessary, on the appointment contract concluded with another member of the Executive Board, should such a contract exist. In particular, the Committee must ensure that provisions are in place for calculating variable remunerations and for any indemnity payments granted in case of an early contract termination in compliance with legal provisions on severance compensation, with the level of severance depending on whether or not the Chairman of the Executive Board has met the performance criteria set out in the contract;
- prepare a Remuneration Report for the Board of Directors. The Appointment and Remuneration Committee presents the Remuneration Report at the Annual General Meeting.

The Appointment and Remuneration committee comprises seven non-executive directors, of whom the majority must be independent. The committee must have the required expertise in remuneration policy.

<b>Name</b>	<b>Position</b>	<b>Type</b>
Christian Viaene	Chairman	
Marianne Basecq	Member	Independent director under the provisions of the Gas Act.
Valentine Delwart	Member	Independent directors under the provisions of the Gas Act.
Hélène Deslauriers	Member	Independent director under the provisions of the Gas Act.
Mireille Deziron	Member	
Luc Hujoel	Member	

Name	Position	Type
Walter Nonneman	Member	Independent director under the provisions of the Gas Act.

Anne Vander Schueren acts as secretary to the Appointment and Remuneration Committee.

For purposes of this Prospectus, the postal address of the members of the Appointment and Remuneration Committee is avenue des Arts 31, 1000 Brussels, Belgium.

### 3.4 Corporate Governance committee

The Corporate Governance Committee is set up within the Board of Directors. It has the powers that the law confers upon corporate governance committees, as well as the other powers that may be conferred upon it by the Board of Directors.

Article 8/3 of the Gas Act stipulates that the Corporate Governance Committee must:

- submit an opinion to the Board of Directors and the Appointment and Remuneration Committee on the independence of candidates for independent directorships and on the members of the Executive Board;
- issue a statement in cases where the Issuer's management and staff are incompatible;
- ensure that the provisions of Article 8/3 of the Gas Act are applied, evaluate the effectiveness of application as regards the objectives of independence and impartiality of operators as defined in the Royal Decree of 23 December 2010 concerning the Code of Conduct and submit an annual report on this matter to the Commission for Electricity and Gas Regulation (CREG). The Chairman of said Committee must send a copy of this report to the Chairman of the Board of Directors;
- keep the Board of Directors informed of all decisions it makes.

The Corporate Governance Committee comprises seven non-executive directors, of whom at least two thirds must be independent under the provisions of the Gas Act.

Name	Position	Type
André Farber	Chairman	Independent director under the provisions of the Gas Act.
Valentine Delwart	Member	Independent director under the provisions of the Gas Act.
Hélène Deslauriers	Member	Independent director under the provisions of the Gas Act.
Luc Janssens	Member	
Monique Lievens	Member	Independent director under the provisions of the Gas Act.
Henriette Van Caenegem	Member	Independent director under the provisions of the Gas Act.
Luc Zabeau	Member	

Nicolas Daubies, Company Secretary and Legal Manager, acts as secretary to the Corporate Governance Committee.

For purposes of this Prospectus, the postal address of the members of the Corporate Governance Committee is avenue des Arts 31, 1000 Brussels, Belgium.

#### **4 Auditors**

Deloitte Bedrijfsrevisoren BV o.v.v.e. BVBA, having its registered office at Berkenlaan 8b, 1831 Diegem, Belgium, represented by Gert Vanhees (member of the *Institut des Réviseurs d'Entreprises/Instituut van Bedrijfsrevisoren*), has been appointed in the shareholders' meeting of 14 May 2013 as statutory auditor of the Issuer and audits the Issuer's consolidated and standalone financial statements.

#### **5 Corporate Governance**

The Issuer has adopted the Belgian Corporate Governance Code 2009 (the "**2009 Code**") as its reference code of conduct. The Issuer is also subject to legislation on corporate governance contained in the Gas Act, and the European Directive 2009/73/EC concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC.

The Issuer does not apply the 2009 Code's rules on the length of directorships. Members of the Board of Directors are appointed for a period of six years rather than the four years advocated by the 2009 Code. However, this term is justified by the technical, financial and legal particularity and complexity of the tasks and responsibilities entrusted to the natural gas transmission systemoperator.

In addition, the Issuer complies with the corporate governance obligations of the Gas Act and the Belgian Companies Code.

#### **6 Conflicts of interest**

The Issuer Group's Corporate Governance Charter lays down a procedure for transactions and other contractual relations between directors or members of the Executive Board and the company or its subsidiaries and which do not fall within the scope of Article 523 of the Belgian Companies Code.

According to this procedure, Directors and members of the Executive Board must take care to comply with all legal and ethical obligations incumbent upon them. They must organise their private and business affairs in such a way as to avoid as far as possible any situation in which a personal conflict of interests may arise between themselves and the company or its subsidiaries.

In the event of any doubt on the part of a director or member of the Executive Board as to whether such a conflict of interests is present, he or she must notify the Chairman of the Corporate Governance Committee accordingly.

Where a personal conflict of interests is present, the director or member of the Executive Board concerned must, without being asked, withdraw from the Board of Directors' meeting while the matter in question is being discussed and must not take part in the voting, including by proxy, on said matter. Reasons for this abstention must be stated in accordance with the terms of the Belgian Companies Code.

Where a conflict of interests is deemed to be present, the purpose and conditions of the transaction or other contractual relationship must be communicated to the Board of Directors by its Chairman. The Board of Directors is also required to approve said purpose and conditions (or refer them to the Board of Directors of the subsidiary concerned for approval) where the total amount of the transaction or accumulated transactions over a three-month period is in excess of €25,000.

The Issuer was not required to implement the conflict of interest procedure described above during the financial year 2013 and until 30 June 2014.

In the framework of the regulation of the hub activities as from 2016 resulting from the new tariff methodology laid down by the CREG, the Issuer is currently analysing a potential intra-group transfer of Huberator NV/SA's shares or assets. Such potential transaction could be subject to the procedure described in Article 524 of the Belgian Companies Code. Besides this, the Issuer is not aware of any potential conflicts of interest between the duties that any member of the administrative, management and supervisory bodies owes to the Issuer and such director's private interests or other duties.

## PART VIII – SELECTED FINANCIAL INFORMATION

### 1 Annual financial information of the Issuer

The information below is extracted from the IFRS compliant consolidated financial statements of the Issuer as at 31 December 2013 and 31 December 2012, for which an unqualified auditor's opinion has been issued.

#### 1.1 Consolidated balance sheet

	In thousands of €	
	31-12-2013	31-12-2012 restated
<b>I. Non-current assets</b>	<b>2,449,788</b>	<b>2,492,625</b>
Property, plant and equipment	2,377,315	2,416,548
Intangible assets	16,174	17,024
Other financial assets	115	3,962
Finance lease receivables	19,975	22,850
Loans and receivables	18,098	32,241
Other non-current assets	18,111	0
<b>II. Current assets</b>	<b>408,467</b>	<b>484,598</b>
Inventories	46,741	51,208
Finance lease receivables	2,874	2,453
Current tax receivable	1,064	1,064
Trade and other receivables	66,303	50,515
Short-term investments	143,738	48,541
Cash and cash equivalents	130,758	213,480
Other current assets	16,989	5,154
Assets held for sale	0	112,183
<b>Total assets</b>	<b>2,858,255</b>	<b>2,977,223</b>

## 1.2 Consolidated income statement

	<b>In thousands of €</b>	
	<b>31-12-2013</b>	<b>31-12-2012 restated</b>
Operating revenue	620,074	626,306
Other operating income	21,380	26,744
Consumables, merchandise and supplies used	-71,030	-44,365
Miscellaneous goods and services	-155,977	-168,609
Employee expenses	-125,341	-125,368
Other operating charges	-9,882	-7,720
Depreciation and amortisation	-142,220	-142,830
Provisions	19,732	23,395
Impairment losses	-1,535	-811
<b>Profit from continuing operations</b>	<b>155,201</b>	<b>186,742</b>
Change in the fair value of financial instruments	1,146	3,400
Financial income	2,385	5,819
Financial expenses	-53,326	-55,822
<b>Profit/loss from continuing operations after net financial results</b>	<b>105,406</b>	<b>140,139</b>
Income tax expense	-36,788	-51,694
<b>Net profit for the period</b>	<b>68,618</b>	<b>88,445</b>
Fluxys Belgium share	68,618	88,445
Non-controlling interests	0	0
Basic earnings per share attributable to the parent entity's shareholders in €	0.9766	1.2588
Diluted earnings per share attributable to the parent entity's shareholders in €	0.9766	1.2588

### 1.3 Consolidated statement of comprehensive income

	<b>In thousands of €</b>	
	<b>31-12-2013</b>	<b>31-12-2012 restated</b>
<b>Net profit for the period</b>	<b>68,618</b>	<b>88,445</b>
<b>Items that will not be reclassified subsequently in the income statement</b>		
Actuarial gains/losses on employee benefits	9,989	1,126
Income tax expense on other comprehensive income	-3,395	-383
Other comprehensive income	6,594	743
<b>Comprehensive income for the period</b>	<b>75,212</b>	<b>89,188</b>
Fluxys Belgium share	75,212	89,188
Non-controlling interests	0	0



#### 1.4 Consolidated statement of cash flows

	In thousands of €	
	31-12-2013	31-12-2012 restated
<b>I. Cash and cash equivalents, beginning balance</b>	<b>213,480</b>	<b>405,622</b>
<b>II. Net cash flows relating to operating activities</b>	<b>146,564</b>	<b>249,370</b>
<b>1. Cash flows from operating activities</b>	<b>200,858</b>	<b>311,124</b>
1.1. Profit from operations	155,201	186,742
1.2. Non cash adjustments	121,011	118,095
1.2.1. Depreciation and amortisation	142,220	142,830
1.2.2. Provisions	-19,732	-23,395
1.2.3. Impairment losses	1,535	811
1.2.4. Translation adjustments	0	0
1.2.5. Other non cash adjustments	-3,012	-2,151
1.3. Changes in working capital	-75,354	6,287
1.3.1. Inventories	4,467	-7,873
1.3.2. Tax receivable	0	1,609
1.3.3. Trade and other receivables	-15,788	40,269
1.3.4. Other current assets	-10,703	653
1.3.5. Tax payable	-39,826	-541
1.3.6. Trade and other payables	-11,418	-26,828
1.3.7. Other current liabilities	-551	-191
1.3.8. Other changes in working capital	-1,535	-811
<b>2. Cash flows relating to other operating activities</b>	<b>-54,294</b>	<b>-61,754</b>
2.1. Current tax	-56,419	-67,056
2.2. Interest from marketable securities, cash and cash equivalents	2,179	4,969
2.3. Other inflows (outflows) relating to other operating activities	-54	333
<b>III. Net cash flows relating to investing activities</b>	<b>-24,717</b>	<b>-112,399</b>
<b>1. Acquisitions</b>	<b>-108,161</b>	<b>-120,949</b>
1.1. Payments to acquire property, plant and equipment, and intangible assets	-108,140	-117,029

1.2. Payments to acquire subsidiaries, joint ventures or associates	0	0
1.3. Payments to acquire other financial assets	-21	-3,920
		<b>31-12-2012</b>
	<b>31-12-2013</b>	<b>restated</b>
<b>2. Disposals</b>	82,887	4,855
2.1. Proceeds from disposal of property, plant and equipment, and intangible assets	9,019	4,855
2.2. Proceeds from disposal of subsidiaries, joint ventures or associates	70,000	0
2.3. Proceeds from disposal of other financial assets	3,868	0
<b>3. Dividends received classified as investing activities</b>	0	0
<b>4. Government grants received</b>	557	3,695
<b>5. Other cash flows relating to investing activities</b>	0	0
<b>IV. Net cash flows relating to financing activities</b>	-204,569	-329,113
<b>1. Cash flows from proceeds relating to financing</b>	126,869	448,131
1.1. Proceeds from issuance of equity instruments	0	0
1.2. Proceeds from issuance of treasury shares	0	0
1.3. Proceeds from finance leases	2,454	2,067
1.4. Proceeds from other non-current assets	14,143	8,934
1.5. Proceeds from issuance of compound financial instruments	0	0
1.6. Proceeds from issuance of other financial liabilities	110,272	437,130
<b>2. Cash flows from repayments relating to financing</b>	-71,197	-104,802
2.1. Repurchase of equity instruments subsequently cancelled	0	0
2.2. Purchase of treasury shares	0	0
2.3. Repayment of finance lease liabilities	-13,818	-31,069
2.4. Redemption of compound financial instruments	0	0
2.5. Repayment of other financial liabilities	-57,379	-73,733
<b>3. Interest</b>	-52,622	-41,943
3.1. Interest paid classified as financing	-52,807	-42,267
3.2. Interest received classified as financing	185	324
<b>4. Dividends paid</b>	-112,422	-623,942
<b>5. Increase (-) / Decrease (+) of short-term investments</b>	-95,197	-6,557
<b>6. Bank overdrafts increased (decreased)</b>		

<b>7. Other cash flows relating to financing activities</b>		
<b>V. Net change in cash and cash equivalents</b>	-82,722	-192,142
<b>VI. Cash and cash equivalents, ending balance</b>	130,758	213,480

## 2 Interim financial information of the Issuer

The information below is extracted from the unaudited consolidated financial statements of the Issuer as at 30 June 2014, which has been subject to a limited review by the auditor of the Issuer.

### 2.1 Consolidated balance sheet

	<b>In thousands of €</b>	
	<b>30.06.2014</b>	<b>31.12.2013</b>
<b>I. Non-current assets</b>	<b>2,390,092</b>	<b>2,449,788</b>
Property, plant and equipment	2,324,504	2,377,315
Intangible assets	14,710	16,174
Other financial assets	184	115
Financial lease receivables	19,975	19,975
Loans and receivables	15,811	18,098
Other non-current assets	14,908	18,111
<b>II. Current assets</b>	<b>455,944</b>	<b>408,467</b>
Inventories	41,403	46,741
Financial lease receivables	1,437	2,874
Current tax receivables	3,617	1,064
Trade and other receivables	79,071	66,303
Short-term investments	113,644	143,738
Cash and cash equivalents	207,651	130,758
Other current assets	9,121	16,989
<b>Total assets</b>	<b>2,846,036</b>	<b>2,858,255</b>

	<b>30.06.2014</b>	<b>31.12.2013</b>
<b>I. Equity</b>	<b>718,005</b>	<b>790,852</b>
Equity attributable to the parent entities's shareholders	718,005	790,852
Share capital and share premiums	60,310	60,310
Reserves and retained earnings	657,695	730,542
Non-controlling interests	0	0
<b>II. Non-current liabilities</b>	<b>1,966,915</b>	<b>1,899,978</b>
Interest-bearing borrowings	1,570,639	1,503,758
Provisions	8,862	4,316
Provisions for employee benefits	57,456	50,130
Other non-current Financial liabilities	0	122
Deferred tax liabilities	329,958	341,652
<b>III. Current liabilities</b>	<b>161,116</b>	<b>167,425</b>
Interest-bearing borrowings	71,943	84,326
Provisions	542	8,009
Provisions for employee benefits	4,027	3,503
Other current financial liabilities	94	0
Current tax payables	6,963	7,423
Current trade and other payables	74,764	62,494
Other current liabilities	2,783	1,670
<b>Total liabilities and equity</b>	<b>2,846,036</b>	<b>2,858,255</b>

## 2.2 Consolidated income statement

	In thousands of €	
	30.06.2014	30.06.2013 restated
Operating revenue	265,907	262,432
Sales of gas for operating needs	20,464	45,890
Other operating income	5,830	8,843
Consumables, merchandises and supplies used	-2,184	-850
Purchases of gas for operating needs	-20,465	-45,890
Miscellaneous goods and services	-66,326	-75,492
Employee expenses	-59,727	-66,541
Other operating charges	-6,396	-3,933
Depreciation and amortisation	-71,768	-69,973
Provisions	4,347	16,416
Impairment losses	-1,939	-419
<b>Profit from continuing operations</b>	<b>67,743</b>	<b>70,483</b>
Change in the fair value of financial instruments	423	418
Financial income	1,384	1,423
Financial expenses	-28,100	-27,016
<b>Profit/loss from continuing operations after net Financial results</b>	<b>41,450</b>	<b>45,308</b>
Income tax expense	-14,752	-15,745
<b>Net profit for the period</b>	<b>26,698</b>	<b>29,563</b>
Fluxys Belgium share	26,698	29,563
Non-controlling interests	0	0
Basic earnings per share attributable to the parent entity's shareholders in €	0.3800	0.4207
Diluted earnings per share attributable to the parent entity's shareholders in €	0.3800	0.4207

### 2.3 Consolidated statement of comprehensive income

	In thousands of €	
	30.06.2014	30.06.2013 restated
<b>Net profit for the period</b>	<b>26,698</b>	<b>29,563</b>
<b>Items that will not be reclassified subsequently in the income statement</b>		
Actuarial gains/losses on employee benefits	-10,295	1,706
Income tax expense on other comprehensive income	3,500	-580
<b>Other comprehensive income for the period</b>	<b>-6,795</b>	<b>1,126</b>
<b>Comprehensive income for the period</b>	<b>19,903</b>	<b>30,689</b>
Fluxys Belgium share	19,903	30,689
Non-controlling interests	0	0

## 2.4 Consolidated statement of cash flows

	In thousands of €	
	30.06.2014	30.06.2013
<b>I. Cash and cash equivalents, beginning balance</b>	<b>130,758</b>	<b>213,480</b>
<b>II. Net cash flows relating to operating activities</b>	<b>147,636</b>	<b>69,863</b>
1. Cash flows from operating activities	173,318	94,980
1.1. Profit from operations	67,743	70,483
1.2. Non cash adjustments	72,825	54,271
1.2.1. Depreciation and amortisation	71,768	69,973
1.2.2. Provisions	-4,347	-16,416
1.2.3. Impairment losses	1,939	419
1.2.4. Translation adjustments	3,465	295
1.3. Changes in working capital	32,750	-29,774
1.3.1. Inventories	5,338	5,966
1.3.2. Tax receivable	1,428	0
1.3.3. Trade and other receivables	7,332	-1,694
1.3.4. Other current assets	7,668	-4,704
1.3.5. Tax payable	-460	-37,618
1.3.6. Trade and other payables	12,270	7,615
1.3.7. Other current liabilities	1,113	1,080
1.3.8. Other changes in working capital	-1,939	-419
2. Cash flows relating to other operating activities	-25,682	-25,117
2.1. Current tax	-26,928	-26,460
2.2. Interest from marketable securities, cash and cash equivalents	1,281	1,054
2.3. Other inflows (outflows) relating to other operating activities	-35	289

	<b>30.06.2014</b>	<b>30.06.2013</b>
<b>III. Net cash flows relating to investing activities</b>	<b>-40,728</b>	<b>15,149</b>
1. Acquisitions	-41,337	-57,703
1.1. Payments to acquire property, plant and equipment, and intangible assets	-41,248	-57,684
1.2. Payments to acquire subsidiaries, joint ventures or associates	0	-14
1.3. Payments to acquire other Financial assets	-89	-5
2. Disposals	604	72,295
2.1. Proceeds from disposal of property, plant and equipment, and intangible assets	584	1,010
2.2. Proceeds from disposal of subsidiaries, joint ventures or associates	0	70,000
2.3. Proceeds from disposal of other Financial assets	20	1,285
3. Dividends received classified as investing activities	5	0
4. Government grants received	0	557
<b>IV. Net cash flows relating to financing activities</b>	<b>-30,015</b>	<b>-69,728</b>
1. Cash flows from proceeds relating to financing	59,401	78,616
1.1. Proceeds from issuance of equity instruments	0	0
1.2. Proceeds from issuance of treasury share	0	0
1.3. Proceeds from finance leases	1,437	1,226
1.4. Proceeds from other non-current assets	2,287	8,298
1.5. Proceeds from issuance of compound financial instruments	0	0
1.6. Proceeds from issuance of other Financial liabilities	55,677	69,092



	<b>30.06.2014</b>	<b>30.06.2013</b>
2. Cash flows from repayments relating to financing	-4,850	-25,058
2.1. Repurchase of equity instruments subsequently cancelled	0	0
2.2. Purchase of treasury shares	0	0
2.3. Repayment of finance lease liabilities	-793	-619
2.4. Redemption of compound financial instruments	0	0
2.5. Repayment of other Financial liabilities	-4,057	-24,439
3. Interest	-21,910	-22,836
3.1. Interest paid classified as financing	-22,004	-22,877
3.2. Interest received classified as financing	94	41
4. Dividends paid	-92,750	-112,422
5. Increase (-) /Decrease (+) of short-term investments	30,094	11,972
<b>V. Net change in cash and cash equivalents</b>	<b>76,893</b>	<b>15,284</b>
<b>VI. Cash and cash equivalents, ending balance</b>	<b>207,651</b>	<b>228,764</b>

## **PART IX – USE OF PROCEEDS**

The net proceeds from the issue of Bonds will be applied by the Issuer for general corporate purposes, including the repayment of the Issuer's retail bond maturing in December 2015.

## PART X – TAXATION

The following is a general description of the principal Belgian tax consequences for investors receiving interest in respect of, or disposing of, the Bonds and is of a general nature. It does not purport to be a complete analysis of tax considerations relating to the Bonds whether in Belgium or elsewhere.

This general description is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date (or with retroactive effect). 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 advisors on the possible tax consequences of subscribing for, purchasing, holding or selling the Bonds under the laws of their countries of citizenship, residence, ordinary residence or domicile. This description is for general information only and does not purport to be comprehensive.

### 1 Belgian withholding tax

#### 1.1 General

All payments by or on behalf of the Issuer of interest on the Bonds are in principle subject to the 25 per cent. Belgian withholding tax on the gross amount of the interest, subject to such relief as may be available under Belgian domestic law or applicable double tax treaties.

In this regard, “**interest**” means (i) the periodic interest income, (ii) any amount paid by or on behalf of the Issuer in excess of the Issue Price in respect of the relevant Bonds (whether or not on the Maturity Date) and, (iii) in case of a disposal of the Bonds between two interest payment dates, the pro rata part of accrued interest corresponding to the holding period.

#### 1.2 Securities Settlement System of the National Bank of Belgium

Payments of interest and principal under the Bonds by or on behalf of the Issuer may be made without deduction of withholding tax in respect of the Bonds if and as long as at the moment of payment or attribution of interest they are held by certain eligible investors (the “**Eligible Investors**”, see hereinafter) in an exempt securities account (an “**X-Account**”) that has been opened with a financial institution that is a direct or indirect participant (a “**Participant**”) in the settlement system operated by the National Bank of Belgium (the “**NBB-SSS**” and the “**Securities Settlement System**”). Euroclear and Clearstream Luxembourg are directly or indirectly Participants for this purpose.

Holding the Bonds through the Securities Settlement System enables Eligible Investors to receive the gross interest income on their Bonds and to transfer the Bonds on a gross basis.

Participants to the Securities Settlement System must enter the Bonds which they hold on behalf of Eligible Investors in an X-Account.

Eligible Investors are those entities referred to in Article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax (*koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing/arrêté royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier*) (as amended from time to time) which include, *inter alia*:

- (i) Belgian corporations subject to Belgian corporate income tax;
- (ii) institutions, associations or companies specified in Article 2, §3 of the Law of 9 July 1975 on the control of insurance companies other than those referred to in 1° and 3° subject to the application of Article 262, 1° and 5° of the Belgian Income Tax Code 1992 (wetboek van inkomstenbelastingen 1992/ code des impôts sur les revenus 1992);

- (iii) state regulated institutions (*parastatalen/institutions parastatales*) for social security, or institutions which are assimilated therewith, provided for in Article 105, 2° of the Royal Decree of 27 August 1993 implementing the Belgian Income Tax Code 1992 (*koninklijk besluit tot uitvoering van het wetboek inkomstenbelastingen 1992/arrêté royal d'exécution du code des impôts sur les revenus 1992*);
- (iv) non-resident investors whose holding of the Bonds is not connected to a professional activity in Belgium, referred to in Article 105, 5° of the same decree;
- (v) investment funds, recognised in the framework of pension savings, provided for in Article 115 of the same decree;
- (vi) investors provided for in Article 227, 2° of the Belgian Income Tax Code 1992 which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident income tax pursuant to Article 233 of the same code;
- (vii) the Belgian State in respect of investments which are exempt from withholding tax in accordance with Article 265 of the Belgian Income Tax Code 1992;
- (viii) investment funds governed by foreign law which are an indivisible estate managed by a management company for the account of the participants, provided the fund units are not offered publicly in Belgium or traded in Belgium; and
- (ix) Belgian resident corporations, not provided for under (i) above, when their activities exclusively or principally consist of the granting of credits and loans.

Eligible Investors do not include, *inter alia*, Belgian resident investors who are individuals or non-profit making organisations, other than those mentioned under (ii) and (iii) above.

Participants to the Securities Settlement System must keep the Bonds which they hold on behalf of the non-Eligible Investors in a non-exempt securities account (an "N-Account"). In such instance, all payments of interest are subject to the 25 per cent. withholding tax. This withholding tax is withheld by the NBB-SSS and paid to the Belgian Treasury.

Transfers of Bonds between an X-Account and an N-Account give rise to certain adjustment payments on account of withholding tax:

- A transfer from an N-Account (to an X-Account or N-Account) gives rise to the payment by the transferor non-Eligible Investor to the NBB-SSS of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- A transfer (from an X-Account or N-Account) to an N-Account gives rise to the refund by the NBB-SSS to the transferee non-Eligible Investor of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- Transfers of Bonds between two X-Accounts do not give rise to any adjustment on account of withholding tax.

Upon opening of an X-Account for the holding of Bonds, the Eligible Investor is required to provide the Participant with a statement of its eligible status on a form approved by the Minister of Finance. There is no ongoing declaration requirement to the Securities Settlement System as to the eligible status.

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 to Bonds held in Euroclear or Clearstream Luxembourg as Participants to the Securities Settlement System, provided that Euroclear or Clearstream only hold X-Accounts and that they are able to identify the Bondholders for whom they hold Bonds in such account.

### **1.3 Belgian resident individuals**

For individuals who are Belgian residents for tax purposes, i.e. who are subject to the Belgian personal income tax (*Personenbelastingen/Impôt des personnes physiques*) and who hold the Bonds as a private investment, the interest will in principle be subject to a 25 per cent withholding tax. These Belgian resident individuals do not need to report interest in respect of the Bonds in their personal income tax return, provided that the Belgian withholding tax of 25 per cent. has effectively been levied on the interest.

Nevertheless, Belgian resident individuals may opt to report interest in respect of the Bonds in their personal income tax return.

If the interest payments are reported in the personal income tax return, they will normally be taxed at the interest withholding tax rate of 25 per cent. (or at the progressive personal tax rate taking into account the taxpayer's other declared income, whichever is lower). If the interest payment is reported, the withholding tax retained by or on behalf of the Issuer may be credited against the income tax liability and may even be refundable.

Capital gains realised on the sale of the Bonds are in principle tax exempt, unless the capital gains are realised outside the scope of the normal management of one's private estate (in which case the capital gain will be taxed at 33 per cent plus local municipality surcharge) or unless the capital gains qualify as interest (as defined in the section 1.1). Capital losses realised upon the disposal of the Bonds held as non-professional investment are in principle not tax deductible.

Specific tax rules apply to Belgian resident individuals who do not hold the Bonds as a private investment.

### **1.4 Belgian resident companies**

Interest attributed or paid to corporate Bondholders who are Belgian residents for tax purposes, i.e. which are subject to the Belgian Corporate Income Tax (*Vennootschapsbelasting/Impôt des sociétés*), as well as capital gains realised upon the sale of the Bonds are taxable at the ordinary corporate income tax rate of in principle 33.99 per cent. The withholding tax retained by or on behalf of the Issuer will, subject to certain conditions, be creditable against any corporate income tax due and any excess amount will in principle be refundable. Capital losses realised upon the sale of the Bonds are in principle tax deductible.

### **1.5 Belgian resident legal entities**

Belgian legal entities subject to Belgian legal entities tax ("*rechtspersonenbelasting*") and which do not qualify as Tax Eligible Investors will not be subject to any further taxation on interest in respect of the Bonds over and above the Belgian withholding tax retained. Belgian legal entities which qualify as Tax Eligible Investors and which consequently have received gross interest income are required to declare and pay the 25 per cent. withholding tax to the Belgian tax authorities themselves (which withholding tax then generally also constitutes the final taxation in the hands of the relevant investors).

Capital gains realised on the sale of the Bonds are in principle tax exempt, unless the capital gains qualify as interest (as defined in the section 1.1). Capital losses are in principle not tax deductible.

### **1.6 Organisations for Financing Pensions**

Interest derived by OFP (*Organismen voor de Financiering van Pensioenen/Organismes de Financement de Pensions*) Bondholders on the Bonds and capital gains realised on the Bonds will be exempt from Belgian Corporate Income Tax. Capital losses realised on the Bonds are in principle not tax deductible.

Any Belgian withholding tax levied on the interest will, subject to certain conditions, be creditable against any corporate income tax due and any excess amount will in principle be refundable.

### 1.7 Non-residents

Bondholders who are non-residents of Belgium for Belgian tax purposes and who are not holding the Bonds through a Belgian permanent establishment and do not invest the Bonds in the course of their Belgian professional activity will in principle not incur or become liable for any Belgian tax on interest income or capital gains by reason only of the acquisition or disposal of the Bonds provided that they qualify as Eligible Investors and that they hold their Bonds in an X Account.

## 2 Tax on stock exchange transactions

A tax on stock exchange transactions ("*taks op de beursverrichtingen*") will be levied on the acquisition and disposal of Bonds on the secondary market if executed in Belgium through a professional intermediary. The tax is due at a rate of 0.09 per cent. on each acquisition and disposal separately, with a maximum amount of Euro 650 per transaction and per party and collected by the professional intermediary. No transfer will be due on the issuance of the Bonds (primary market).

A tax on repurchase transactions ("*taks op de reportverrichtingen*") at the rate of 0.085 per cent. will be due from each party to any such transaction entered into or settled in Belgium in which a stockbroker acts for either party (with a maximum amount of Euro 650 per transaction and per 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, provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status, and certain Belgian institutional investors as defined in Article 126.1 2° of the code of miscellaneous duties and taxes ("*wetboek diverse rechten en taksen*") for the tax on stock exchange transactions and Article 139, second paragraph, of the same code for the tax on repurchase transactions.

## 3 European Directive on taxation of savings income in the form of interest payments

EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**") requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident or certain other types of entity established, in that other EU Member State (hereinafter "**Disclosure of Information Method**"), except that Austria and Luxembourg will instead impose a withholding system ("**Source Tax**") for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise.

The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015. The Austrian Government has announced its intention to abolish the withholding system but no effective date has been announced. A number of non-EU countries and territories including Switzerland have adopted similar measures (in the case of Switzerland a withholding system or exchange of information if the individual resident in the Member State agrees to such exchange or information).

On 24 March 2014, the Council of the European Union adopted a Directive amending the Savings Directive (the "**Amending Directive**"), which, when implemented, will amend and broaden the scope of the

requirements described above. In particular, the Amending Directive will broaden the circumstances in which information must be provided or tax withheld pursuant to the Savings Directive, and will require additional steps to be taken in certain circumstances to identify the beneficial owner of interest (and other income) payments. EU Member States have until 1 January 2016 to adopt national legislation necessary to comply with this Amending Directive, which legislation must apply from 1 January 2017.

#### ***Individuals not resident in Belgium***

Interest paid or collected through Belgium on the Bonds and falling under the scope of application of the Savings Directive will be subject to the Disclosure of Information Method.

#### ***Individuals resident in Belgium***

An individual resident in Belgium will be subject to the provisions of the Savings Directive, if he receives interest payments from a paying agent (within the meaning of the Savings Directive) established in another EU Member State, Switzerland, Liechtenstein, Andorra, Monaco, San Marino, Curaçao, Bonaire, Saba, Sint Maarten, Sint Eustatius (formerly the Netherlands Antilles), Aruba, Guernsey, Jersey, the Isle of Man, Montserrat, the British Virgin Islands, Anguilla, the Cayman Islands or the Turks and Caicos Islands.

If the interest received by an individual resident in Belgium has been subject to a Source Tax, such Source Tax does not liberate the Belgian individual from declaring the interest income in the personal income tax declaration. The Source Tax will be credited against the personal income tax. If the Source Tax withheld exceeds the personal income tax due, the excessive amount will be reimbursed, provided it reaches a minimum of EUR 2.5.

#### **4 Financial Transaction Tax**

The EU Commission adopted on 14 February 2013 a Draft Directive implementing enhanced cooperation in the area of financial transactions tax. The Draft Directive currently stipulates that once the FTT enters into force, the Participating Member States shall not maintain or introduce taxes on financial transactions other than the FTT (or VAT as provided in the Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax). For Belgium, the above mentioned tax on stock exchange transactions should thus be abolished once the FTT enters into force.

Notwithstanding the European Commission proposals, a statement dated 6 May 2014 made by the participating Member States (other than Slovenia) indicates that a progressive implementation of the FTT is being considered, and that the FTT may initially apply only to transactions involving shares and certain derivatives, with implementation occurring by 1 January 2016. However, full details are not available.

The FTT proposal remains subject to negotiation between the participating Member States and its timing remains unclear. Additional EU Member States may decide to participate.

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

## PART XI – SUBSCRIPTION AND SALE

BNP Paribas, London Branch (having its registered office at 10 Harewood Avenue, London NW 1 6AA, United Kingdom), ING Bank N.V., Belgian Branch (having its registered office at avenue Marnix 24, 1000 Brussels, Belgium), Belfius Bank SA/NV (having its registered office at boulevard Pachéco 44, 1000 Brussels, Belgium) and Crédit Agricole Corporate and Investment Bank (having its registered office at 9, Quai du Président Paul Doumer, 92920 Paris La Défense Cedex, France) are acting as joint bookrunners (together “**Joint Bookrunners**” and each a “**Joint Bookrunner**”) will, pursuant to a subscription agreement dated on or about 24 November 2014 (the “**Subscription Agreement**”), agree with the Issuer, subject to certain terms and conditions, to subscribe, or procure subscribers, and pay for the Bonds at the issue price and the other conditions as set out in the Subscription Agreement. The aggregate amount payable for the Bonds calculated at the issue price less any due fee will be paid by the Joint Bookrunners to the Issuer in the manner as set out in the Subscription Agreement. Fees and costs in connection with the issue of the Bonds to be paid and/or reimbursed by the Issuer to the Joint Bookrunner have been agreed in the Subscription Agreement. The Subscription Agreement will entitle the parties to terminate their obligations in certain circumstances prior to payment being made to the Issuer.

### **General**

The Bonds have been offered within the framework of a private placement. Neither the Issuer nor the Joint Bookrunners has made any representation that any action will be taken in any jurisdiction by the Joint Bookrunners or the Issuer that would permit a public offering of the Bonds, or possession or distribution of this Prospectus or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations) in any country or jurisdiction where action for that purpose is required. The Joint Bookrunners have agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes this Prospectus or any such other material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Issuer in any such jurisdiction as a result of any of the foregoing actions.

The following sections set out specific notices in relation to certain countries that, if stricter, shall prevail over the foregoing general notice.

### **Selling restriction in the EEA**

The Issuer has not authorised any offer to the public of Bonds in any Member State of the European Economic Area. In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), an offer to the public of any Bonds may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any Bonds may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to legal entities which are qualified investors as defined under the Prospectus Directive;
- (b) by the Joint Bookrunners to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of the Bonds shall result in a requirement for the Issuer or the Joint Bookrunners to publish



a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of the provisions above, the expression an offer to the public in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and the Bonds to be offered so as to enable an investor to decide to purchase any Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

#### **United Kingdom**

Each Joint Bookrunner has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**Financial Services and Markets Act**”)) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the Financial Services and Markets Act does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

#### **United States**

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered or sold within the United States, subject to certain exemptions.

The Bonds are being offered and sold outside the United States to non-US persons in reliance on Regulation S.

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

## PART XII – GENERAL INFORMATION

- 1 Application has been made for the Bonds to be listed and admitted to trading on the regulated market of Euronext Brussels as from the Issue Date. The Issuer estimates that the total expenses related to the admission to trading of the Bonds will be approximately EUR 20,250 (excluding VAT).
- 2 The Prospectus has been approved by the FSMA on 21 November 2014. The FSMA does not assume any responsibility for economic and financial solidity of the transaction and the quality or the solvency of the Issuer.
- 3 The issue of the Bonds was authorised by resolutions passed by the board of directors of the Issuer on 24 September 2014 and 19 November 2014. The Prospectus was authorised by resolutions passed by the audit committee of the Issuer on 6 November 2014.
- 4 The Bonds have been accepted for clearance through the Securities Settlement System of the National Bank of Belgium. The 15Y Bonds will have ISIN number BE0002218841 and Common Code 114471917 and the 20Y Bonds will have ISIN number BE0002219856 and Common Code 114472310. The address of the National Bank of Belgium is Boulevard de Berlaimont 14, B-1000 Brussels.
- 5 Except as set out in the Prospectus, so far as the Issuer is aware, no other person involved in the Offer has any interest, including conflicting ones, that is material to the offer of the Bonds, save for any fees payable to the Joint Bookrunners. Certain Joint Bookrunners are a creditor of the Issuer in the framework of its banking operations. In addition, in the ordinary course of business, the Joint Bookrunners or their affiliates have provided and may in the future provide commercial, financial advisory or investment banking services for the Issuer and its subsidiaries for which they have received or will receive customary compensation.
- 6 Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain, to its reasonable knowledge, from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading in any material respect. The source of third party information is identified where used.
- 7 During the life of the Bonds, copies of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer, avenue des Arts 31, 1040 Brussels, Belgium, as well as on the Issuer's website ([www.fluixys.com/belgium](http://www.fluixys.com/belgium)):
  - the articles of association (*statuts/statuten*) of the Issuer, in Dutch and French;
  - the annual reports and audited financial statements of the Issuer for the years ended 31 December 2013 and 31 December 2012 (consolidated in accordance with IFRS) together with the audit reports thereon;
  - the interim report and the financial statements of the Issuer for the first six months ended 2014 (consolidated in accordance with IFRS) together with the audit report thereon;
  - a copy of this Prospectus together with any supplement to this Prospectus; and
  - a copy of the Agency Agreement and the Clearing Services Agreement.
- 8 Deloitte Bedrijfsrevisoren BV o.v.v.e CVBA, having its registered office at Berkenlaan 8b, 1831 Diegem (Brussels), Belgium, represented by Gert Vanhees (*member of the Institut des Réviseurs d'Entreprises/Instituut van Bedrijfsrevisoren*), has audited the Issuer's consolidated and standalone financial statements for the years ended 31 December 2012 and 31 December 2013.

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