EANDIS CVBA

Brusselsesteenweg 199
B-9090 Melle
Belgium
BE 0477,445,084 RLE Ghent, section Ghent
incorporated as a "coöperatieve vennootschap met beperkte aansprakelijkheid" (CVBA) /
"société coopérative à responsabilité limitée" (SCRL) under Belgian law
(the "Issuer")

EUR 5,000,000,000
GUARANTEED EURO MEDIUM TERM NOTE PROGRAMME
DUE FROM ONE MONTH TO 30 YEARS FROM THE DATE OF ORIGINAL ISSUE

Guaranteed on a several but not joint basis by Gaselwest CVBA, IMEA, Imewo, Intergem, Iveka, Iverlek and Sibelgas CVBA (the "Guarantors")

Co-Arrangers and Dealers

Belfius HSBC

The Notes to be issued under this Guaranteed Euro Medium Term Note Programme constitute debt instruments. An investment in the Notes involves risks. By subscribing to any Notes, investors lend money to the Issuer who undertakes to pay interest and to reimburse the principal on the maturity date. In case of insolvency or default by the Issuer and the Guarantors, however, investors may not recover the amounts they are entitled to and risk losing all or a part of their investment. These Notes are intended for investors who are capable of evaluating the interest rates in light of their knowledge and financial experience. Each decision to invest in these Notes must be based solely on the information contained in this Base Prospectus (including the section Risk factors and in particular the risk factors relating to the regulatory framework at the European, federal and regional level (cf. Summary, on page 16 and Risk factors, Risks Related to the Regulatory Framework at the European, Federal and Regional Levels, on pages 19 to 27) and more generally factors that may affect the Issuer's and the Guarantors' ability to fulfil their respective obligations under the Notes and the guarantees and factors which are material for the purpose of assessing the market risks associated with the Notes.

Base Prospectus dated 25 November 2014

Under the Guaranteed Euro Medium Term Note Programme described in this Base Prospectus (the "**Programme**"), Eandis CVBA ("**Eandis**" or the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Guaranteed Euro Medium Term Notes guaranteed by Gaselwest CVBA, IMEA, Imewo, Intergem, Iveka, Iverlek and Sibelgas CVBA, each on a several but not joint basis, subject to *pro rata* limitations (the "**Guarantee**", each a "**Guarantor**", and together the "**Guarantors**", respectively) (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed EUR 5,000,000,000 (or the equivalent in other currencies).

The English version of this base prospectus (the "**Base Prospectus**") has been approved on 25 November 2014 by the Belgian Financial Services and Markets Authority (the "**FSMA**"), in its capacity as competent authority under the Belgian Law of 16 June 2006 on the public offer of investment instruments and the admission of investment instruments to trading on a regulated market (as amended from time to time, the "**Prospectus Law**"), as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). The approval by the FSMA does not imply any appraisal of the appropriateness or the merits of any issue under the Programme, nor of the situation of the Issuer or any of the Guarantors. The whole of this Base Prospectus has been translated into Dutch. In the event of any discrepancy between the English and the Dutch version of this Base Prospectus, the English version shall prevail. Each of the Issuer and the Guarantors assumes responsibility for the consistency between the English version and the Dutch version of this Base Prospectus.

Application has been made to Euronext Brussels SA/NV ("**Euronext Brussels**") for Notes issued under the Programme for the period of 12 months from the date of publication of this Base Prospectus to be listed on the official list of Euronext Brussels and admitted to trading on the regulated market of Euronext Brussels (the "**Market**"). References in this Base Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments ("**MIFID**"). No certainty can be given that the application will be granted. The Issuer may also issue unlisted Notes or request the listing of Notes on any other stock exchange or market. The applicable final terms in respect of the issuance of Notes (the "**Final Terms**") will specify whether or not such Notes will be listed and, if so, whether on the Market or on any other stock exchange.

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

Moody's Investor Service Ltd. ("**Moody's**") assigned a corporate rating A1 (with negative outlook) to the Issuer on 12 October 2011, and confirmed this rating on 20 December 2011, 21 December 2012 and 20 December 2013. On 13 March 2014, Moody's changed the outlook on Eandis's A1 rating to stable from negative. As defined by Moody's, obligations rated A are considered upper-medium grade and are subject to low credit risk. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category.

The credit rating included or referred to in this Base Prospectus will be treated for the purposes of Regulation (EC) No 1060/2009 on credit rating agencies, as amended (the "**CRA Regulation**") as having been issued by Moody's. Moody's is established in the European Union and is included in the updated list of credit rating agencies registered in accordance with the CRA Regulation published on the European Securities and Markets Authority's website (www.esma.europa.eu). Prospective investors should consult the Moody's website (www.moodys.com) for the most recent ratings.

Tranches (as defined in "Summary of the Programme – Element C.1", "**Tranches**") of Notes to be issued under the Programme will be rated or unrated. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the applicable Final Terms.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Base Prospectus.

Co-Arrangers for the Programme and Dealers
Belfius Bank
HSBC

*This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the "**Prospectus Directive**") and for the purpose of giving information with regard to the Issuer, the Guarantors and their subsidiaries and affiliates taken as a whole (the "**Group**" or the "**Eandis Economic Group**") and the Notes which, according to the particular nature of the Issuer, the Guarantors and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the Guarantors.*

The Issuer accepts responsibility for the information contained in this Base Prospectus. Each Guarantor accepts responsibility for the information on itself contained in this Base Prospectus. To the best of the knowledge of the Issuer and the Guarantors (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

*This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State, such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. 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 the Relevant Member State and the expression "***2010 PD Amending Directive**" means Directive 2010/73/EU.*

*This Base Prospectus includes its annex and is to be read in conjunction with all documents which are incorporated herein by reference (see "**Documents Incorporated by Reference**").*

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantors or any of the Dealers or the Co-Arrangers. Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantors since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Guarantors since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum specified denomination shall be €1,000 (or its equivalent in any other currency as at the date of issue of the Notes).

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Guarantors, the Dealers and the Co-Arrangers to inform themselves about and to observe any such restriction. The Notes and the Guarantees have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States. The Notes are being offered and sold outside the United States in reliance on Regulation S. For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see "Subscription and Sale".

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

To the fullest extent permitted by law, none of the Dealers or the Co-Arrangers accepts any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by the Co-Arrangers or a Dealer or on its behalf in connection with the Issuer, the Guarantors, or the issue and offering of the Notes. The Co-Arrangers and each Dealer accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Base Prospectus or any such statement. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantors, the Co-Arrangers or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Co-Arrangers undertakes to review the financial condition or affairs of the Issuer or the Guarantors during the life of the arrangements contemplated by this Base Prospectus nor to advise any Investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Co-Arrangers.

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilising manager(s) in the applicable Final Terms (the "Stabilising Manager(s)") (or any person acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "euro", "EUR" and "€" are to the lawful currency of the member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty establishing the European Union, as amended, and to "pound sterling", "GBP", "Sterling" and "£" are to the lawful currency of the United Kingdom.

PUBLIC OFFERS OF NOTES IN THE EUROPEAN ECONOMIC AREA

Certain Tranches of Notes with a denomination of less than EUR 100,000 (or its equivalent in any other currency) may, subject as provided below, be offered in a Relevant Member State in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to in this Prospectus as a "**Public Offer**".

This Base Prospectus has been prepared on the basis that it permits Public Offers in Belgium (the "**Public Offer Jurisdictions**" and each, a "**Public Offer Jurisdiction**"). Any person making or intending to make a Public Offer on the basis of this Base Prospectus (the "**Offeror**") must do so only with the Issuer's and the Guarantors' consent (see "*Consent given in accordance with Article 3.2 of the Prospectus Directive*" below) and must comply with the terms of that consent.

If the Issuer intends to make or authorise any Public Offer to be made in one or more Relevant Member States other than the Public Offer Jurisdictions, it will prepare a supplement to this Base Prospectus specifying such Relevant Member State(s) and any additional information required by the Prospectus Directive in respect thereof. Such supplement will also set out provisions relating to the Issuer's consent to use this Base Prospectus in connection with any such Public Offer.

Save as provided above, none of the Issuer, the Guarantors or any Dealer has authorised, nor do they authorise, the making of any Public Offer in circumstances in which an obligation arises for the Issuer, the Guarantors or any Dealer to publish or supplement a prospectus for such offer.

Consent given in accordance with Article 3.2 of the Prospectus Directive

In the context of any Public Offer in a Public Offer Jurisdiction, the Issuer and the Guarantors accept responsibility, in each Public Offer Jurisdiction, for the content of this Base Prospectus under Article 6 of the Prospectus Directive in relation to any person (an "**Investor**") to whom a Public Offer is made by any financial intermediary to whom each of the Issuer and the Guarantors has given its consent to use the Base Prospectus (an "**Authorised Offeror**"), where the offer is made in compliance with all conditions attached to the giving of the consent. Such consent and conditions are described below under "*Consent*" and "*Common conditions to consent*". None of the Issuer, the Guarantors or any Dealer has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such Public Offer.

Save as provided below, none of the Issuer, the Guarantors or any Dealer has authorised the making of any Public Offer and the Issuer has not consented to the use of this Base Prospectus by any other person in connection with any Public Offer. Any Public Offer made without the consent of the Issuer is unauthorised and none of the Issuer, the Guarantors or any Dealer accepts any responsibility or liability for the actions of the persons making any such unauthorised offer.

If, in the context of a Public Offer, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with such person whether anyone is responsible for this Base Prospectus in the context of the Public Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents it should take legal advice.

Consent

Subject to the conditions set out below under "*Common conditions to consent*":

(A) the Issuer consents to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Public Offer in a Public Offer Jurisdiction by the relevant Dealer and by:

(i) any financial intermediary named as an Initial Authorised Offeror in the applicable Final Terms, and

(ii) any financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the Issuer's website (*www.eandis.be*) and identified as an Authorised Offeror in respect of the relevant Public Offer, and

(B) if (and only if) Part B of the applicable Final Terms specifies "*General Consent*" as "*Applicable*", the Issuer hereby offers to grant its consent to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Public Offer in a Public Offer Jurisdiction by any financial intermediary which satisfies the following conditions:

(i) it is authorised to make such offers under the applicable legislation implementing MiFID, and

(ii) it accepts such offer by publishing on its website the following statement (with the information in square brackets completed with the relevant information):

*"We, [insert legal name of financial intermediary], refer to the [insert title of relevant Notes] (the "Notes") described in the Final Terms dated [insert date] (the "**Final Terms**") published by Eandis CVBA (the "**Issuer**"). We hereby accept the offer by the Issuer of its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in Belgium (the "**Public Offer**") in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Base Prospectus, and we are using the Base Prospectus in connection with the Public Offer accordingly."*

The "**Authorised Offeror Terms**" are that the relevant financial intermediary:

(a) will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer and the relevant Dealer that it will, at all times in connection with the relevant Public Offer:

(i) act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**") including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Notes by any person and disclosure to any potential Investor, and will immediately inform the Issuer and the relevant Dealer if at any time such financial intermediary becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;

(ii) comply with the restrictions set out under "*Subscription and Sale*" in this Base Prospectus which would apply as if it were a Dealer;

(iii) ensure that any fee (and any other commissions or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the Notes does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;

(iv) hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Notes under the Rules;

(v) comply with applicable anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Notes by the Investor), and will not permit any application for Notes in circumstances where the financial intermediary has any suspicions as to the source of the application moneys;

(vi) retain Investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested, make such records available to the relevant Dealer and the Issuer or directly to the appropriate authorities with jurisdiction over the Issuer and/or the relevant Dealer in order to enable the Issuer and/or the relevant Dealer to comply with anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules applying to the Issuer and/or the relevant Dealer;

(vii) ensure that no holder of Notes or potential Investor in the Notes shall become an indirect or direct client of the Issuer or the relevant Dealer for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are

created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;

(viii) co-operate with the Issuer and the relevant Dealer in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (vi) above) upon written request from the Issuer or the relevant Dealer as is available to such financial intermediary or which is within its power and control from time to time, together with such further assistance as is reasonably requested by the Issuer or the relevant Dealer:

(A) in connection with any request or investigation by any regulator in relation to the Notes, the Issuer or the relevant Dealer; and/or

(B) in connection with any complaints received by the Issuer and/or the relevant Dealer relating to the Issuer and/or the relevant Dealer or another Authorised Offeror including, without limitation, complaints as defined in rules published by any regulator of competent jurisdiction from time to time; and/or

(C) which the Issuer or the relevant Dealer may reasonably require from time to time in relation to the Notes and/or as to allow the Issuer or the relevant Dealer fully to comply within its own legal, tax and regulatory requirements, in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process;

(ix) during the primary distribution period of the Notes: (i) not sell the Notes at any price other than the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Dealer); (ii) not sell the Notes otherwise than for settlement on the Issue Date specified in the applicable Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Dealer); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Notes (unless otherwise agreed with the relevant Dealer); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Dealer;

(x) either (i) obtain from each potential Investor an executed application for the Notes, or (ii) keep a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the Notes on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;

(xi) ensure that it does not, directly or indirectly, cause the Issuer or the relevant Dealer to breach any Rule or subject the Issuer or the relevant Dealer to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;

(xii) comply with the General Conditions referred to above and any further requirements relevant to the Public Offer as specified in the applicable Final Terms;

(xiii) make available to each potential Investor in the Notes the Base Prospectus (as supplemented as at the relevant time, if applicable), the applicable Final Terms and any applicable information booklet provided by the Issuer for such purpose, and not convey or publish any information that is not contained in or entirely consistent with the Base Prospectus; and

(xiv) if it conveys or publishes any communication (other than the Base Prospectus or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purposes of the relevant Public Offer) in connection with the relevant Public Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that neither the Issuer nor the relevant Dealer

accepts any responsibility for such communication and (C) does not, without the prior written consent of the Issuer or the relevant Dealer (as applicable), use the legal or publicity names of the Issuer or the relevant Dealer or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Notes on the basis set out in the Prospectus;

(b) agrees and undertakes to indemnify each of the Issuer and the relevant Dealer (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer or the relevant Dealer; and

(c) agrees and accepts that:

(i) the contract between the Issuer and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer's offer to use the Base Prospectus with its consent in connection with the relevant Public Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, Belgian law; and

(ii) the courts of Brussels are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Contract (including a dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) and accordingly submits to the exclusive jurisdiction of the courts of Brussels.

Any financial intermediary falling within sub-paragraph (B) above who wishes to use this Base Prospectus in connection with a Public Offer is required, for the duration of the relevant Offer Period, to publish on its website the statement (duly completed) set out in paragraph (B)(ii) above.

Common conditions to consent

The conditions to the Issuer's consent are (in addition to the conditions described in paragraph (B) above if Part B of the applicable Final Terms specifies "*General Consent*" as "*Applicable*") that such consent:

(i) is only valid in respect of the relevant Tranche of Notes;

(ii) is only valid during the Offer Period specified in the applicable Final Terms;

(iii) only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Notes in the Public Offer Jurisdictions as specified in the applicable Final Terms; and

(iv) is subject to any other conditions set out in Part B of the applicable Final Terms.

The Issuer may give its consent to additional financial intermediaries after the date of the applicable Final Terms and, if it does so, the Issuer will publish the above information in relation to them on http://www.eandis.be/eandis/ir_rating_and_bonds.htm.

An Investor intending to acquire or acquiring any Notes pursuant to a Public Offer from an Authorised Offeror will do so, and offers and sales of the Notes to an Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocation and settlement arrangements (the "Terms and Conditions of the Public Offer"). The Issuer will not be a party to any such

arrangements with Investors in connection with the offer or sale of the Notes and, accordingly, this Base Prospectus and any Final Terms will not contain such information. The Investor must look to the relevant Authorised Offeror at the time of such offer for the provision of such information and the Authorised Offeror will be responsible for such information. The Terms and Conditions of the Public Offer shall be published by that Authorised Offeror on its website at the relevant time. None of the Issuer or any of the Dealers has any responsibility or liability for such information.

Public Offers: Issue Price and Offer Price

Notes to be offered pursuant to a Public Offer will be issued by the Issuer at the Issue Price specified in the applicable Final Terms. The Issue Price will be determined by the Issuer in consultation with the relevant Dealer at the time of the relevant Public Offer and will depend, amongst other things, on the interest rate applicable to the Notes and prevailing market conditions at that time. The offer price of such Notes will be the Issue Price or such other price as may be agreed between an Investor and the Authorised Offeror making the offer of the Notes to such Investor. The Issuer will not be party to arrangements between an Investor and an Authorised Offeror, and the Investor will need to look to the relevant Authorised Offeror to confirm the price at which such Authorised Offeror is offering the Notes to such Investor.

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GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes. The maximum aggregate principal amount of all Notes any time outstanding under the Programme will not exceed EUR 5,000,000,000 (or its equivalent in any other currency at the date of issue). The Issuer may increase the amount of the Programme in accordance with the terms of the Distribution Agreement (as defined below) from time to time.

Notes issued by the Issuer are guaranteed by Gaselwest CVBA, IMEA, Imewo, Intergem, Iveka, Iverlek and Sibelgas CVBA, each on a several but not joint basis, subject to *pro rata* limitations. The Guarantees constitute irrevocable, unconditional, unsecured and unsubordinated obligations of the Guarantors and rank equally with all other unsecured and unsubordinated obligations of the relevant Guarantor.

The Notes may be issued on a continuing basis to or through one or more of the Dealers and any additional Dealer appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis. Notes may be distributed by way of public offer or private placements and, in each case, on a syndicated or non-syndicated basis. The method of distribution of each tranche of Notes will be stated in the Final Terms.

The Notes will be issued in series (each, a "**Series**"). Each Series may comprise one or more Tranches issued on different dates. The specific terms of each Tranche of Notes will be set forth in the Final Terms.

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the Final Terms save that the minimum denomination of the Notes will be, if in euro, EUR 1,000, or, if in any currency other than euro, an amount in such other currency equal to or exceeding the equivalent of EUR 1,000 at the time of the issue of Notes.

Notes may be issued at an issue price which is at par or at a discount to, or premium over, par, as stated in the Final Terms.

Application has been made to list Notes on the official list of Euronext Brussels and to trade Notes on the regulated market of Euronext Brussels. The Programme provides that Notes may also be listed on other or further stock exchanges, as may be agreed between the Issuer and the relevant Dealer(s) in relation to each issue. Notes may further be issued under the Programme which will not be listed on any stock exchange.

Notes will be accepted for clearing through one or more Clearing Systems as specified in the Final Terms. These systems will include the Securities Settlement System and those operated by Euroclear and Clearstream, Luxembourg.

Belfius Bank SA/NV will act as paying agent, domiciliary agent, calculation agent and listing agent.

SUMMARY OF THE PROGRAMME

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary relating to the Notes and the Issuer and the Guarantors. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the nature of the Notes, the Issuer and Guarantors, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary and marked as "not applicable".

Words and expressions defined in "*Form of the Notes" and "Terms and Conditions of the Notes*" shall have the same meanings in this summary.

Section A – Introduction and warnings

Element	Disclosure requirement	Disclosure
A.1	**Warning**	Please be warned that: • this summary should be read as an introduction to the Base Prospectus; • any decision to invest in the Notes should be based on consideration of the Base Prospectus as a whole, including any documents incorporated by reference and the applicable Final Terms; • where a claim relating to the information contained in the Base Prospectus is brought before a court, as a plaintiff investor you might, under the national legislation of the Relevant Member State, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated; and • civil liability attaches only to those persons who have tabled the Summary including any translation thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in the Notes.
A.2	**Consent**	[Consent: Subject to the conditions set out below, the Issuer consents to the use of this Base Prospectus in connection with a Public Offer (as defined below) of Notes by the Managers, [•] [and] [each financial intermediary whose name is published on the Issuer's website (*www.eandis.be*) and identified as an Authorised Offeror in respect of the relevant Public Offer] [and] [any financial intermediary which is authorised to make such offers under MiFID as amended, or other applicable legislation implementing and publishes on its website the following statement (with the information in square brackets being completed with the relevant information): "We, *[insert legal name of financial intermediary], refer to the [insert title of relevant Notes] (the "**Notes**") described in the Final Terms dated [insert date] (the "**Final Terms**") published by Eandis CVBA (the "**Issuer**").* *We hereby accept the offer by the Issuer of its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes (the "**Public Offer**") in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Base Prospectus, and we are using the Base Prospectus in connection with*

Element	Disclosure requirement	Disclosure
		the Public Offer accordingly."] A "**Public Offer**" of Notes is an offer of Notes (other than pursuant to Article 3(2) of the Prospectus Directive) during the Offer Period specified below. Those persons to whom the Issuer gives its consent in accordance with the foregoing provisions are the "Authorised Offerors" for such Public Offer. Offer Period: The Issuer's consent referred to above is given for Non-exempt Offers of Notes during the period from [•] until [•] (the "**Offer Period**"). Conditions to consent: The conditions to the Issuer's consent [(in addition to the conditions referred to above)] are that such consent (a) is only valid in respect of the relevant Tranche of Notes; (b) is only valid during the Offer Period; [and] (c) only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Notes in the Public Offer Jurisdictions [and (d) [•]]. **An Investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of such Notes to an Investor by such Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such investor including as to price, allocations and settlement arrangements (the "Terms and Conditions of the Public Offer"). The Issuer will not be a party to any such arrangements with Investors in connection with the offer or sale of Notes and, accordingly, the Base Prospectus and any Final Terms will not contain such information. The Terms and Conditions of the Public Offer shall be provided to Investors by that Authorised Offeror at the time of the Public Offer. None of the Issuer, the Guarantors or any of the Dealers or other Authorised Offerors have any responsibility or liability for such information.]** [The Notes may be offered only in circumstances in which an exemption from the obligation under the Prospectus Directive to publish a prospectus applies in respect of such offer.]

Section B – Issuer and Guarantors

Element	Disclosure requirement	Disclosure
B.1	**Legal name of the Issuer:**	Eandis CVBA
	Commercial name of the Issuer:	EANDIS
B.2	**Domicile, country of incorporation, legal form of and law applicable to the Issuer:**	Eandis CVBA is a limited liability partnership ("*coöperatieve vennootschap met beperkte aansprakelijkheid" / "société coopérative à responsabilité limitée*"), incorporated in Belgium and subject to the laws of Belgium. The Issuer has its registered seat at Brusselsesteenweg 199, B-9090 Melle, Belgium.
B.4b	**Trends:**	The increase in decentralized electricity production in the Flemish market will continue. This will lead to continued pressure on the distribution system operators ("**DSOs**") and their operating companies to adapt the distribution grids. In addition, smart metering will remain of significant importance, pushing the distribution sector to formulate a general strategy on smart metering and an implementation plan. As to the tariffs, there is a growing concern among the general public about rising energy tariffs which will force the DSOs to further keep a tight rein on their costs. Against the backdrop described above, Eandis will continue to monitor trends in the energy market in Belgium and abroad and, if needed, adapt its strategy accordingly.
B.5	**The Group:**	The Issuer is part of the so-called "Eandis economic group". The Eandis economic group (the "**Eandis Economic Group**" consists of the Issuer, its Subsidiaries (De Stroomlijn CVBA ("**De Stroomlijn**"), Indexis CVBA ("**Indexis**"), Atrias CVBA ("**Atrias**") and SYNDUCTIS CVBA ("**SYNDUCTIS**") (together: the "**Subsidiaries**")) and the seven Guarantors (as defined below) for the distribution of electricity and gas. The Issuer develops, manages and maintains low voltage and mid voltage distribution networks for electricity as well as low pressure and mid pressure distribution networks for gas, owned by the Guarantors.
B.9	**Profit Forecast:**	Not applicable. The Issuer does not provide profit forecasts.
B.10	**Audit Report Qualifications:**	Not applicable. There are no qualifications in the Audit Reports to the Annual Report 2012 and the Annual Report 2013, either for the Issuer or the Eandis Economic Group. An explanatory paragraph was added in the Audit Reports to the Annual Report 2012 and 2013 for the Eandis Economic Group.
B.12	**Key Financial Information:**	

Balance sheet

Eandis Group (IFRS)	Year ended 31 December 2012(restated IAS 19)	Year ended 31 December 2013	Interim financial statements 30/06/2014
		in 1000 €	
Total assets	2,445,999	3,006,240	3,734,078
Non-current assets	2,104,061	2,557,057	3,193,718
Current assets	341,938	449,183	540,360
Total liabilities	2,445,999	3,006,240	3,734,078
Equity	1,099	1,099	1,099
Non-current liabilities	2,085,142	2,534,799	3,162,075
Current liabilities	359,758	470,342	570,904

Element	Disclosure requirement	Disclosure

Income statement

	Year ended 31 December 2012 (restated IAS 19)	Year ended 31 December 2013
Operating revenue	1,301,688	1,241,299
Operating expenses	-1,301,893	-1,237,380
Result for the period	0	0

Cash flow statement

	Year ended 31 December 2012 (restated IAS 19)	Year ended 31 December 2013
Cash flow from/used in operating activities	86,708	9,745
Cash flow from/used in investing activities	-1,382	-2,709
Cash flow from/used in financing activities	-84,644	-8,665
Net change in cash and cash equivalents	682	-1,629

Income statement

	Interim financial statements 30/06/2013	Interim financial statements 30/06/2014
Operating revenue	634,064	566,182
Operating expenses	-633,219	-563,949
Result from operations	845	2,233

There has been no significant change in the financial or trading position of the Issuer since 30 June 2014 and no material adverse change in the Issuer's prospects since 31 December 2013.

B.13 **Recent Events:** Not applicable. There are no material events particular to the Issuer which are to a material extent relevant to the Issuer's solvency.

B.14 **Description of the Group and dependence upon other entities within the Group:** For a description of the Group, please see B.5 "*The Group*". As the distribution grid operated by the Issuer is owned by the Guarantors, the Issuer is dependent on the Guarantors.

B.15 **The Issuer's Principal Activities:** The Issuer develops, manages and maintains low voltage and mid voltage distribution networks for electricity as well as low pressure and mid pressure distribution networks for gas, owned by the Guarantors, which are also the holders of the DSO licence granted by the VREG. Finally, the DSOs also invoice customers (*i.e.* the suppliers) themselves.

B.16 **Controlling Persons:** The Guarantors are the Issuer's sole shareholders. No shareholder exercises control over the Issuer.

B.17 **Ratings assigned to the Issuer or its Debt Securities:** Moody's has assigned a corporate rating A1 ('stable outlook') to the Issuer on 13 March 2014. The rating has not been changed since then.

B.18 **The Guarantee:** Each of the Guarantors irrevocably and unconditionally guarantees, on a several but not joint basis, the aggregate nominal amount of Notes outstanding at any time, *pro rata* in accordance to the shares each Guarantor holds in the share capital of the Issuer as of the date of the issue of the Notes. The obligations of each Guarantor under the Guarantee are direct, unconditional, unsubordinated and unsecured obligations of such Guarantor and (save for certain obligations required to be

Element	Disclosure requirement	Disclosure
		preferred by law) rank equally with all other unsecured obligations of the relevant Guarantor, from time to time outstanding.
B.19	**Legal name of the Guarantors:**	The Guarantors are:
B.1		Intercommunale Maatschappij voor Gas en Elektriciteit van het Westen (GASELWEST) Intercommunale Maatschappij voor Energievoorziening Antwerpen (IMEA) IVERLEK Intercommunale Maatschappij voor Energievoorziening in West- en Oost-Vlaanderen (IMEWO) SIBELGAS Intercommunale Vereniging voor de Energiedistributie in de Kempen en het Antwerpse (IVEKA) Intercommunale Maatschappij voor Energieleveringen in Midden-Vlaanderen (INTERGEM) (together the "**Guarantors**")
	Commercial name of the Guarantors:	Gaselwest CVBA IMEA Imewo Intergem Iveka Iverlek Sibelgas CVBA
B.19	**Domicile, country of incorporation, legal form of and law applicable to the Guarantors:**	The Guarantors are Belgian companies.
B.2		GASELWEST CVBA (Intercommunale Maatschappij voor Gas en Elektriciteit van het Westen), a limited liability partnership (*"coöperatieve vennootschap met beperkte aansprakelijkheid" / "société coopérative à responsabilité limitée"*) incorporated in Belgium and subject to the laws of Belgium. Gaselwest has its registered office at 12 President Kennedypark, 8500 Kortrijk. IMEA (Intercommunale Maatschappij voor Energievoorziening Antwerpen), a mission entrusted company ("*opdrachthoudende vereniging*") incorporated in Belgium and subject to the laws of Belgium. IMEA has its registered office at 233 Merksemsesteenweg, 2100 Deurne-Antwerp. IVERLEK, a mission entrusted company ("*opdrachthoudende vereniging*") incorporated in Belgium and subject to the laws of Belgium. IVERLEK has its registered office at 58 Aarschotsesteenweg, 3012 Wilsele-Leuven. IMEWO (Intercommunale Maatschappij voor Energievoorziening in West- en Oost-Vlaanderen), a mission entrusted company ("*opdrachthoudende vereniging*") incorporated in Belgium and subject to the laws of Belgium. IMEWO has its registered office at 199 Brusselsesteenweg, 9090 Melle. SIBELGAS CVBA, a limited liability partnership ("*coöperatieve vennootschap met beperkte aansprakelijkheid" / "société coopérative à responsabilité limitée*") incorporated in Belgium and subject to the laws of Belgium. SIBELGAS has its registered office at 12 Sterrenkundelaan, 1210 Sint-Joost-ten-Node (Brussels). IVEKA (Intercommunale Vereniging voor de Energiedistributie

Element	Disclosure requirement	Disclosure
		in de Kempen en het Antwerpse), a mission entrusted company ("*opdrachthoudende vereniging*") incorporated in Belgium and subject to the laws of Belgium. IVEKA has its registered office at 38 Koningin Elisabethlei, 2300 Turnhout. INTERGEM (Intercommunale Maatschappij voor Energieleveringen in Midden-Vlaanderen) a mission entrusted company ("*opdrachthoudende vereniging*") incorporated in Belgium and subject to the laws of Belgium. INTERGEM has its registered office at 11 Franz Courtensstraat, 9200 Dendermonde.
B.19 B.4b	**Trends:**	Please see B.4b "*Trends*" above.
B.19 B.5	**The Group:**	Please see B.5 "*The Group*" above. The Guarantors own the low voltage and mid voltage distribution networks for electricity and gas operated by the Issuer, and hold the DSO licences granted by the VREG.
B.19 B.9	**Profit Forecast:**	Not applicable. The Guarantors do not provide profit forecasts.
B.10	**Audit Report Qualifications:**	Not applicable. There are no qualifications in the Audit Reports to the Annual Report 2012 and the Annual Report 2013 for the Eandis Economic Group. An explanatory paragraph was added in the Audit Reports to the Annual Report 2012 and 2013 for the Eandis Economic Group.
B.19 B12	**Key Financial Information:**	**Key financial information**

Eandis Economic Group (IFRS)	Annual Accounts 2012 (restated IAS 19)	Annual Accounts 2013	Interim financial statements 30/06/2014
		in 1000 €	
Balance sheet			
Total assets	8,702,429	9,038,643	9,488,016
Non-current assets	7,501,636	7,724,365	7,792,840
Current assets	1,200,793	1,314,278	1,695,176
Equity	2,779,407	2,979,375	3,010,641
Non-current liabilities	4,630,870	5,040,594	5,291,205
Current liabilities	1,292,152	1,018,674	1,186,170

Income statement (Eandis Economic Group – IFRS)

	Year ended 31 December 2012 (restated IAS 19)	Year ended 31 December 2013
Operating revenue	2,906,762	2,955,571
Operating expenses	-2,402,643	-2,484,237
Result for the period	297,001	320,158

Cash flow statement (Eandis Economic Group – IFRS)

	Year ended 31 December 2012 (restated IAS 19)	Year ended 31 December 2013
Cash flow from/used in operating activities	457,313	467,104
Cash flow from/used in investing activities	-615,593	-584,451
Cash flow from/used in financing activities	159,157	115,542
Net change in cash and cash equivalents	877	-1,805

Element	Disclosure requirement	Disclosure

Income statement (Eandis Economic Group – IFRS)

	Interim financial statements 30/06/2013	Interim financial statements 30/06/2014
Operating revenue	1,525,849	1,411,422
Operating expenses	-1,297,509	-1,200,849
Result from operations	228,340	210,573

There has been no material adverse change in the prospects of any of the Guarantors since 31 December 2013, being the date of their latest audited financial statements.

B.19 B.13	**Recent Events:**	Not applicable. There are no material events particular to the Guarantors which are to a material extent relevant to the Guarantors' solvency.
B.19 B.14	**Dependence upon other entities within the Group:**	The Guarantors are dependent on the Issuer for the development, management and maintenance of the low voltage and mid voltage distribution networks for electricity as well as low pressure and mid pressure distribution networks for gas owned by them.
B.19 B.15	**The Guarantors' Principal Activities:**	The object and purpose of the Guarantors is comprised in article 3 of their respective articles of association and comprises of the management and operation of gas and electricity distribution systems. This comprises responsibility for the development of these systems, as well as for their viability and security. The Guarantors also organise public lighting and are responsible for certain social and other public service obligations. The Issuer has been mandated as operating company of the Guarantors. The Guarantors are the owners of the distribution grids, they are the holders of the distribution licence and they invoice customers directly.
B.19 B.16	**Controlling Persons:**	In general, all shares of the Guarantors are held by (i) local authorities (municipalities and provinces) and (ii) Electrabel, a subsidiary of the French utility group GDF Suez. No shareholder exercises control over any Guarantor.
B.19 B.17	**Ratings assigned to the Guarantor or its Debt Securities:**	Not Applicable.

Section C – Securities

Element	Disclosure requirement	Disclosure
C.1	**Type and class of securities**	Up to EUR 5,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount outstanding at any time pursuant to the Programme arranged by Belfius Bank SA/NV and HSBC France (the "**Co-Arrangers**" or the "**Existing Dealers**"). The Issuer may from time to time terminate the appointment of any Dealer or appoint additional dealers in accordance with an amended and restated programme agreement dated on or about 25 November 2014 (the "**Existing Dealers**" together with any additional dealers, the "**Dealers**" and the Dealers in respect of any particular issue of Notes, the "**Relevant Dealers**"). The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of

Element	Disclosure requirement	Disclosure
		interest, the issue price or the nominal amount of the Tranche), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the "**Final Terms**"). Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. The Notes will be issued in dematerialised form and cleared through the clearing system operated by the National Bank of Belgium ("**NBB**") or any successor thereto (the "**Securities Settlement System**"). Such Notes will be represented by book entries in the name of its owner or holder, or the owner's or holder's intermediary, in a securities account maintained by the Securities Settlement System or by a participant in the Securities Settlement System which has been approved as an account holder (the NBB being the entity in charge of keeping the records). The Noteholders will not be entitled to exchange such Notes into notes in bearer form. The Notes have ISIN [•] and Common Code [•].
C.2	**Currency**	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the Dealers. The Securities Settlement System exclusively clears securities denominated in any lawful currency for which the European Central Bank daily publishes Euro foreign exchange reference rates. [The Specified Currency of the Notes is [EUR] [•]]
C.5	**Restrictions on the free transferability of the securities**	Apart from selling restrictions in the United States, under the Prospectus Directive, Belgium, United Kingdom, and Japan, there are no restrictions on the free transferability of the Notes.
C.8	**Rights attached to the Notes and ranking**	**Status of the Notes** The Notes will constitute unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and will at all times rank *pari passu* and without any preference among themselves and equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding. Each of the Guarantors irrevocably and unconditionally guarantees, on a several but not joint basis, the aggregate nominal amount of Notes outstanding at any one time, *pro rata* in accordance with the shares each Guarantor holds in the share capital of the Issuer as of the date of the issue of the Notes. **Issue Price** Notes may only be issued at their nominal amount or at a discount or premium to their nominal amount. [The Issue Price of the Notes is [•]] **Specified denomination** Notes will be in such denominations as may be specified in the applicable Final Terms save that (i) the minimum denomination of each Note admitted to trading on a European Economic Area exchange and/or offered to the public in an EEA State in

Element	Disclosure requirement	Disclosure
		circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and (ii) unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the United Kingdom Financial Services and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies). [The Specified Denomination of the Notes is [•]] **Negative pledge** So long as any of the Notes remains outstanding, neither the Issuer nor any of its subsidiaries nor any Guarantor will create or have outstanding any mortgage, charge, lien, pledge or other security interest, upon or with respect to the whole or any part of its present or future business, undertaking, assets or revenues (including any uncalled capital), to secure any present or future indebtedness for the benefit of holders of other negotiable bonds, notes or debt instruments which are, or are capable of being, quoted, listed, or ordinarily dealt with on any stock exchange, or to secure any guarantee or indemnity in respect of such present or future indebtedness, without at the same time or prior thereto according to the Notes the same security as is created or subsisting to secure any such present or future indebtedness, guarantee or indemnity or such other security as shall be approved by an extraordinary resolution of the Noteholders. As defined in the Terms and Conditions, "**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 or other similar debt instruments, 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 stock exchange, or in any securities market (including, without limitation, any over the counter market); for the avoidance of any doubt, any bank loan or intra-group loan that is granted on the basis of a loan agreement is not Relevant Debt. **Cross-Default** The Notes may become due and payable at their principal amount together with any accrued interest thereon if any other present or future indebtedness of the Issuer or any Guarantor for or in respect of moneys borrowed or raised is declared due and payable prior to its stated maturity by reason of any event of default (however described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or within five Brussels Business Days of becoming due if a longer grace period is not applicable or (iii) the Issuer or any Guarantor fails to pay when due or, as the case may be, within any applicable grace period or within five Business Days if a longer grace period is not applicable, any amount payable by it under any present or future guarantee for,

Element	Disclosure requirement	Disclosure
		or indemnity in respect of, any moneys borrowed or raised. None of the events mentioned above in this paragraph shall give rise to an event of default if the aggregate amount of the relevant indebtedness, guarantees and indemnities is less than EUR 25,000,000 or its equivalent. **Withholding tax** All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Belgium or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If such a withholding or deduction is required, the Issuer or, as the case may be, the relevant Guarantor will have to gross-up its payments to the fullest extent then permitted by law and subject to certain exceptions. **Governing law** The Notes and the Guarantees will be governed by Belgian law.
C.9	**Interest periods, interest rates, maturity date, repayment procedures, indication of yield and representation of Noteholders**	Interest rates, interest accrual and payment date Notes may be interest bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate. The applicable interest rate or its method of calculation may differ from time to time or be constant for any Series of Notes. Notes may have a maximum interest rate, a minimum interest rate, or both. The length of the interest periods for the Notes may also differ from time to time or be constant for any Series of Notes. [***Fixed Rate Notes:*** The Notes are Fixed Rate Notes and will be payable in arrear at the Rate(s) of Interest and on the Interest Payment Date(s). Rate(s) of Interest: [•] per cent per annum payable [•] in arrear on each Interest Payment Date Interest Payment Date(s): [•] in each year Day Count Fraction: [Actual/Actual] [Actual/Actual-ISDA][Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual-ICMA][Actual/365 (Sterling)] [***Floating Rate Notes:*** The Notes are Floating Rate Notes and will bear interest determined separately for each Series [on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the [2000][2006] ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.][by reference to [LIBOR][EURIBOR]] as adjusted for the Margin. Interest Period(s): [•] Specified Interest Payment Dates: [•] First Interest Payment Date: [•] Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention] Margin(s): [+/-] [•] per cent per annum Minimum Rate of Interest: [[•] per cent per annum/Not Applicable] Maximum Rate of Interest: [[•] per cent per annum/Not Applicable] Day Count Fraction: [Actual/Actual] [Actual/Actual-

Element	Disclosure requirement	Disclosure

ISDA][Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual-ICMA][Actual/365 (Sterling)]

[***Zero Coupon Notes:***

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

Amortisation Yield: [•]

Day Count Fraction: [Actual/Actual] [Actual/Actual-ISDA][Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual-ICMA][Actual/365 (Sterling)]

Interest Periods

Interest periods will be specified in the applicable Final Terms.

Redemption and Maturity

Maturity Date

Unless previously redeemed or purchased and cancelled, the Notes will mature and become due and payable at their principal amount on [•].

Early Redemption

Notes can be redeemed before the Maturity Date at, in relation to Zero Coupon Notes, the Amortised Face Amount of such Note unless otherwise specified, or in relation to the other Notes, at the Early Redemption Amount unless otherwise specified.

[The Amortised Face Amount is [•] and the Early Redemption Amount is [•].]

Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, if the Issuer has or will become obliged to pay additional amounts as a result of certain specified change in to the laws or regulations of Belgium.

[The Early Redemption Amount is [•].]

Redemption at the Option of the Issuer

If "Call Option" is specified, the Issuer may redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption.

[The Optional Redemption Date is [•] and the Optional Redemption Amount is [•].]

Redemption at the Option of Noteholders:

If "Put Option" is specified, the Issuer shall, at the option of the holder of any such Note and when certain conditions are met, redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

[The Optional Redemption Date is [•] and the Optional Redemption Amount is [•].]

Subject to any purchase and cancellation or early redemption, Notes will be redeemed on their maturity date at par.

Indication of gross actuarial yield

The gross actuarial yield of each issue of Fixed Rate Notes will be calculated using the Issue Price using the following formula.

$$P = \frac{C}{r}(1-(1+r)^{-n}) + A(1+r)^{-n}$$

Where:

"**P**" is the Issue Price of the Notes;

"C" is the annualised interest amount;

Element	Disclosure requirement	Disclosure
		"**A**" is the principal amount of the Notes, due on redemption; "**n**" is the time to maturity in years; and "**r**" is the annualised yield. It is not an indication of future yield. [The gross actuarial yield of the Notes is [•] per cent, using the issue price on the issue date.] **Representation of Noteholders** Not applicable. There will be no representation of Noteholders. Noteholders may consider matters affecting their interest in a meeting of Noteholders. For information on the rights attached to the Notes and ranking, see C.8.
C.10	**Derivatives**	Not applicable. Notes issued under the Programme do not contain any derivative components.
C.11	**Admission to trading**	[Application has been made to [Euronext Brussels][•] for the Notes issued under the Programme to be admitted to trading on the [regulated market of Euronext Brussels][•].][applicable Final Terms] [The Notes are unlisted.]

Section D – Risks

Element	Disclosure requirement	Disclosure
D.2	**Key information on the risks specific to the issuer**	***Operational Risks of the Business*** Eandis may be held liable in case of security of supply issues, distribution system disruptions or system breakdowns, and operates facilities that may cause significant harm to its personnel or third parties. A failure of IT systems and processes used by the Issuer (including defects in its databases) constitutes a considerable risk, as its IT system is essential for the safe and reliable operation of the distribution networks it operates. Eandis may incur significant losses if it cannot succeed in attracting and retaining enough qualified and competent personnel. ***Financial Risks of the Business*** The Issuer and the Guarantors have financial debt outstanding that could adversely affect their business. The Issuer and the Guarantors' access to sources of financing to cover their financing needs or repayment of their debt could be impaired by the deterioration of financial markets, and the Issuer and the Guarantors may be unable to access the funds that they need when it comes to refinance their debt. The Issuer and the Guarantors may borrow additional funds to support their capital expenditures and working capital needs and to finance future acquisitions. The ability of the Issuer and the Guarantor to pay principal and interest on the Notes and on their other debt depends primarily on the future regulated tariffs they are entitled to charge. ***Early termination of the appointment of the Issuer*** Although unlikely, if some or all of the Guarantors would terminate the appointment of the Issuer as their operating company, this would endanger the viability of Eandis and its ability to repay the principal and interest on the Notes.

Element	Disclosure requirement	Disclosure
		Risks related to a likely harmonisation of the distribution tariffs and the possible consolidation of Flemish DSOs It is envisaged to move towards one uniform distribution tariff in the entire Flemish Region. To facilitate the introduction of such a uniform tariff the Guarantors and the Infrax DSOs may merge into two respective DSOs. The agreement of the recently formed Flemish Government already provides that an integration of the DSO within each of the two operating companies will be stimulated (albeit with the maintenance of the two operating companies (Eandis and Infrax) as separate entities). It is unclear whether there will be a uniform distribution tariff, how it would be implemented and whether such a uniform tariff would adequately reflect the cost base of the Guarantor(s) and the Issuer. In case such a uniform tariff would not cover all costs of the Guarantor(s) and the Issuer, this may affect their ability to pay principal and interest on the Notes and on their other debt.
D.3	**Key information on the risks specific to the Notes**	***The principal risk factors relating to the Notes are:*** ***Notes may not be a suitable investment for all Investors***: each potential Investor in any Note must determine the suitability of that investment in light of its own circumstances. ***No active trading market***: Notes, when issued, will be new securities and may not be widely distributed. Although the Notes may be listed, it may be that no active trading market for such Notes will develop. ***Impact of fees, commissions and/or inducements on the issue price and/or offer price***: investors should note that the issue price and/or offer price of any issue of Notes may include subscription fees, placement fees, direction fees, structuring fees and/or other additional costs. ***The Notes may be redeemed prior to maturity***: in the event of the occurrence of an event of default, a change in tax law or if a call option is specified, the Notes may be redeemed prior to maturity. ***Market Value of the Notes***: the value of the Notes may be affected by the creditworthiness of the Issuer and the Guarantors and a number of additional factors. ***Taxation***: potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. ***Change of law***: no assurance can be given as to the impact of any possible judicial decision or change to the laws of the Kingdom of Belgium, the official application, interpretation or the administrative practice after the date of this Base Prospectus. ***Interest rate risks***: investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes. ***Potential Conflicts of Interest***: the Co-Arrangers might have conflicts of interests which could have an adverse effect to the interests of the Noteholders. ***Credit ratings may not reflect all risks***: the ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors

Element	Disclosure requirement	Disclosure
		that may affect the value of the Notes. ***The payment of all amounts in respect of the Notes is guaranteed on a several but not joint basis, subject to the pro rata limitations***: the obligations of each Guarantor under its respective Guarantee are on a several but not joint basis, meaning that each Noteholder will need to make a claim against each of the seven Guarantors, each claim for a portion of the total claim of such Noteholder against the Issuer. **The principal risk factors relating to the Guarantors are**: ***Risks related to the regulatory framework at the European, federal and regional levels.*** The Guarantors are subject to regulation at the European, Belgian and Flemish level, among others in relation to tariffs they can charge. The current tariffs are based on a "cost-oriented" system in which each DSO's estimated costs are in principle passed through in the tariffs. Both in the ex ante as well as in the ex post control, the regulator can challenge costs because it deems these costs unreasonable or inappropriate. Tariff decisions of regulators will have an important impact on the financial performance of the Guarantors. The Law of 8 January 2012 implementing the European Third Energy Package gave the regulator the exclusive power to establish the tariff methodologies and to approve their tariff proposals. The transfer of tariff setting competences from the federal to the regional level, effective as from 1 July 2014, may have as a consequence that under the upcoming Flemish regulatory framework certain costs incurred by the DSOs in the past, cannot be (fully) recuperated, or if recuperated only with delay, which would leave the DSOs with a considerable financial burden ***Risks for the Issuer and the Guarantors related to the transfer of the tariff-setting competences and uncertainties regarding the tariff methodology for the transitory tariff period 2015-2016*** The powers relating to the distribution grid tariffs have been officially transferred to the regional regulators as from 1 July 2014. Following this transfer the tariff methodology will need to be drawn up and the tariffs approved by the regional regulator, the Flemish Regulator of the Electricity and Gas Market (the "**VREG**"). It should be emphasised that possible changes to the current regulatory framework due to this transfer might adversely affect the Guarantors' business and performance. ***Risk of challenge of previous CREG tariff decisions*** Litigations are currently pending that invoke the potential invalidity of certain tariff decisions of the relevant regulators or the legal basis on which the regulator has made tariff decisions. In the unlikely event that the outcome of such litigation would be that the Guarantors need to repay distribution tariffs received earlier, this may have a considerable impact. ***Prolongation of the tariffs for 2013 and 2014 (and most likely 2015)*** The CREG has prolonged the tariffs applicable for 2012 until 2013 and 2014. Consequently, certain costs and investments to be incurred by the Guarantors in 2013 and 2014 may not be reflected in the tariffs for such period, which may impact the profit of the Guarantors. In addition, bearing in mind the legislative and regulatory work necessary to introduce new tariffs for the Flemish Region following the transfer of the

Element	Disclosure requirement	Disclosure
		competences on 1 July 2014, the tariff freeze for the years 2013 and 2014 may be extended until the end of 2015. ***Risk of an inefficient green power certificates market*** The market for green power certificates has become inefficient, and leads to expenses for the Guarantors that can only be recovered at a later time. Yet, the reform of the green power certificate mechanism introduced in 2012 should in principle rebalance the market for green power certificates and alleviate the pressure of the purchase obligation on the DSOs. ***Early termination of the Guarantors' licence of DSO*** The Guarantors are appointed as DSOs by the relevant regulator. If the appointment is terminated before the expiry of their appointment or is not renewed, there may be material, negative consequences on the financial position of the relevant entity. ***Immunity of execution*** The Guarantors are public law entities, and may not be declared bankrupt. Also, they benefit from an immunity of execution (not to be considered as an immunity of jurisdiction). The distribution networks owned by them can consequently not be seized by the Noteholders. ***Risks Related to the Shareholding Structure of the Guarantors*** The Guarantors are established for a (renewable) definite term of 18 years. If the participating shareholders of a Guarantor do not renew, such Guarantor will be put into liquidation. Even if the term is renewed, certain shareholders may exit the Guarantors at the end of the term (or, in a limited number of cases, before the end of the term). If such non-renewal or exit would happen, this may have material adverse consequences on the financial position of such Guarantor.

Section E – Offer

Element	Disclosure requirement	Disclosure
E.2b	**Reasons for offer and use of proceeds**	The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer for general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms. [Reasons for the offer: [•]] [Use of proceeds: [•]]
E.3	**Terms and conditions of the offer**	The terms and conditions of each offer of Notes will be determined by agreement between the Issuer and the relevant Dealers at the time of issue and specified in the applicable Final Terms. [An Investor intending to acquire or acquiring any Notes in a Public Offer from an Authorised Offeror will do so, and offers and sales of such Notes to an Investor by such Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such offeror and such Investor including as to price, allocations, expenses and settlement arrangements. The Investor must look to the relevant Authorised Offeror for the provision of such information and the Authorised Offeror will be responsible for such information. The Issuer, the Guarantors, nor any Dealer has any responsibility or liability to an Investor in respect of such

Element	Disclosure requirement	Disclosure
		information.] Item [•] of Part B of these Final Terms specifies the terms and conditions of the offer applicable to the Notes.
E.4	**Material interests**	The Issuer and the Guarantors have appointed Belfius Bank SA/NV and HSBC France (the "**Co-Arrangers**") as Co-Arrangers for the Programme. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Co-Arrangers are set out in the Programme Agreement made between the Issuer, the Guarantors and the Co-Arrangers. The Co-Arrangers might have conflicts of interests which could have an adverse effect to the interests of the Noteholders. Potential Investors should be aware that the Issuer is involved in a general business relation or/and in specific transactions with the Co-Arrangers and that they might have conflicts of interests which could have an adverse effect to the interests of the Noteholders. Potential Investors should also be aware that each of the Co-Arrangers may hold from time to time debt securities, shares or/and other financial instruments of the Issuer. [Save for [•], t][T]here are no conflicts of interests between the members of the board of directors, the HR Committee and the Audit Committee of the Issuer, and between the members of the board of directors of the Guarantors, and their respective private interests or other duties. [Other than as mentioned above and as far as the Issuer is aware, the following persons have an interest material to the issuer/offer: [•]]
E.7	**Estimated expenses charged to the Investor**	[Not Applicable] [No expenses will be chargeable by the Issuer to an investor in connection with any offer of Notes][The following expenses are charged to an investor by [the Issuer]: [•]] [Expenses may be chargeable to Investors by the Authorised Offerors in accordance with any contractual arrangements agreed between the Investor and an Authorised Offeror at the time of the relevant offer; these are beyond the control of the Issuer and are not set by the Issuer. Investors are invited to inform themselves on the costs and fees that will be charged by the relevant Authorised Offerors in relation to the subscription of Notes.]

RISK FACTORS

The Issuer and the Guarantors believe that the following factors may affect their ability to fulfil their obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantors are in a position to express a view on the likelihood of any such contingency occurring. The sequence in which the following risk factors are listed is not an indication of their likelihood to occur or of the extent of their commercial consequences.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should note that the risks relating to the Issuer and the Guarantors, the industry in which they operate and the Notes summarised in the section of this Base Prospectus headed "Summary" are the risks that the Issuer and the Guarantors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Notes. However, as the risks which the Issuer and the Guarantors face relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Base Prospectus headed "Summary" but also, among other things, the risks and uncertainties described below.

The Issuer and the Guarantors believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer or the Guarantors to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantors based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus including any documents incorporated by reference and reach their own views prior to making any investment decision, and consult with their own professional advisers if they consider it necessary.

Terms defined in "Terms and Conditions of the Notes" below shall have the same meaning where used below.

Due to the particular structure of the economic group comprising of Eandis, its Subsidiaries (as defined in the Conditions) and the Guarantors, all risk factors set out below relate to this economic group as a whole, and not just to Eandis.

Factors that may affect the Issuer's and the Guarantors' ability to fulfil their obligations under or in connection with Notes issued under the Programme

Risks Related to the Regulatory Framework at the European, Federal and Regional Levels

The Issuer's and the Guarantors' revenues, and the conduct of their activities, are dependent on the actions and decisions of law making and regulatory bodies in Flanders, Belgium and Europe. The related risks mainly include the following:

The regulatory framework is evolving, which may affect the Issuer's and Guarantors' operational and financial performance.

The Issuer's and Guarantors' activities are subject to extensive regulation at three levels: European, Belgian and Flemish. The regulatory framework is quite recent and has been modified and extended on several occasions and will be further evolving in the future. At the date of the Prospectus, the competence for establishing the distribution tariffs which the Guarantors are entitled to apply from 2015 onwards is with the Flemish Region, but uncertainty remains in the absence of a full-fledged Flemish legal framework and the tariffs to be applied as from 1 January 2015. The said regulatory framework was put into place since the mid-nineties in view of the implementation of the First European Energy Directives[1]. In the following years, the framework went through an evolutionary process that focused on strengthening

[1] With regard to the electricity market it concerns Directive 96/92/EC of 19 December 1996, *OJ* L 27, 30.1.1997, p. 20–29 (the "**First Electricity Directive**"); for the gas market, it concerns Directive 98/30/EC of 22 June 1996, *OJ* L 204, 21.7.1998, p. 1–12 (the "**First Gas Directive**").

the liberalised energy market with the Second European Energy Directives[2] leading to functional unbundling of commercial and distribution activities. The Second European Energy Directives required as of 1 July 2007 the legal and functional separation of the distribution activities from other activities not relating to distribution. The recent "**Third Energy Package**"[3] continues this trend, also grants greater autonomy to the regulator to fix or approve the tariffs. This Third Energy Package has been implemented into federal law by the Law of 8 January 2012[4] (the "**Law**"). The Law reinforces the independence of the regulator and its tariff setting powers.

Until 1 July 2014, the Commission for the Regulation of Electricity and Gas ("**CREG**") had the exclusive power to establish (although after "structured, documented and transparent" consultation with the Guarantors) the tariff methodologies to be used by the DSOs as a basis for their tariff proposals, and to subsequently approve these tariff proposals. The guidelines to be followed by the regulator when establishing the tariff methodology included in the Law, and other provisions included therein, were questioned before the Constitutional Court by the CREG in June 2012 invoking that the new Law infringes the rules laid down in the European Directives. On 7 August 2013 the Constitutional Court rendered a judgement in which it decided that these guidelines together with the vast majority of the other provisions of the Law in relation to the tariff setting rules are valid and compliant with the European directives. The Constitutional Court annulled only a limited number of provisions of the Law and such annulment had no impact on the activities of the Issuer and the Guarantors.

In the meantime, the CREG had frozen the tariffs for the years 2013 and 2014 (see section *Prolongation of the tariffs for 2013 and 2014* on page 24 below). In addition, since 1 July 2014 the powers relating to the grid distribution tariffs have been transferred to the regional regulators pursuant to the Special Law of 6 January 2014 (the "**Belgian Sixth State Reform**").

Even if the Issuer and the Guarantors proactively try to anticipate new regulatory schemes, such as the new Flemish regulatory framework of which the concrete details are not yet known or confirmed, modifications of the regulatory framework governing the DSOs may always cause uncertainty and can affect the activities, financial condition and results of the Issuer and the Guarantors.

Risks for the Issuer and the Guarantors related to the transfer of the tariff-setting competences and uncertainties regarding the tariff methodology for the transitory tariff period 2015-2016,

As further described in section (*Transfer of the tariff-setting competences to the regions*, on page 82, the competences relating to the grid distribution tariffs have been transferred from the federal level to the regional level as from 1 July 2014. From that date onwards the VREG is fully vested with the powers to determine the tariff methodology for future tariff periods and in 2015 and 2016 a 'transitory' regulatory regime established by the VREG will in principle apply. The entry into force of the State Reform from 1 July 2014 onwards has triggered certain immediate institutional changes. The tariff-setting competence for the use of the distribution grid now belongs to the regional institutions and authorities. In the Flemish Region, the Flemish Regulator of the Electricity and Gas Market (the "**VREG**") has become responsible for the distribution grid tariffs. On 14 March 2014 the Flemish Parliament approved a decree which alters the Flemish Energy Decree to anticipate the implementation of these new tariff competences in the Flemish Region. In addition, the Flemish Government Agreement of 23 July 2014 states the intention to establish a more complete legislative framework (based on the European guidelines enshrined in the Third Energy Package) within the shortest delay. However, no further legislative measures are currently in place to accommodate the transfers of competences and until the Flemish Region will have taken any additional legislative actions to repeal and/or replace the federal legislative framework, this framework continues to apply.

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[2] With regard to the electricity market it concerns Directive 2003/54/EC of 26 June 2003, *OJ* L 176, 15.7.2003, p. 37–56 (the "**Second Electricity Directive**"); for the gas market, it concerns Directive 2003/55/EC of 26 June 2003, *OJ* L 176, 15.7.2003, p. 57–78 (the "**Second Gas Directive**").

[3] With regard to the electricity market it concerns Directive 2009/72/EC of 13 July 2009, *OJ* L 211, 14.8.2009, p. 55–93 (the "**Third Electricity Directive**"); for the gas market, it concerns Directive 2009/73/EC of 13 July 2009, *OJ* L 211, 14.8.2009, p. 36–54 (the "**Third Gas Directive**").

[4] Law of 8 January 2012 amending the Law of 29 April 1999 on the organisation of the electricity market and the Law of 12 April 1965 on the transport of gaseous and other products by pipes (*Belgian State Gazette*, 11 January 2012).

Considering the current limited Flemish legal framework and certain regulatory timing constraints, a transitory tariff period for the years 2015 and 2016 will be established. On 30 September 2014 the VREG published the tariff methodology which it intends to use for this transitory tariff period 2015-2016 (as further described in section *Principles for the tariff methodology established by the VREG for the transitory tariff period 2015-2016*). This tariff methodology is established following an *ad hoc* procedure and departs from the hybrid model embodied in the Tariff Decrees[5] (i.e. combining elements of both a rate of return model and a revenue cap model) to evolve to a revenue cap model in which a cap determines the maximum revenue a DSO can collect from its consumers, with the exclusion of so-called "exogenous" costs that are beyond the DSO's control. It should be emphasised however, as indicated in section (*Transfer of tariff-setting competencies to the regions*), that the Issuer and the Guarantors have explicitly contested certain important elements of the tariff methodology established by the VREG and reserved and continue to reserve their rights. In addition, the Issuer and the Guarantors have not confirmed the procedure for establishing the tariff methodology and the procedural timing proposed by the VREG for this transitory tariff period.

Hence, at the date of the Prospectus the procedure for the approval of the tariffs and the tariff methodology for the transitory tariff period 2015-2016 have not taken a definite form and it remains possible that the prolonged tariffs from 2012 applied in 2013 and 2014 may further be prolonged until the end of 2015 in case no solution is found before the end of 2014 or that another alternative approach is chosen. From 2017 onwards, the VREG intends to establish a full-fletched new tariff methodology on the basis of the anticipated new regional legislation.

In any event, the regional legislator and the VREG will be bound by the general principles inserted in the Third Energy Package. In particular, the VREG should bear in mind that it is necessary that the tariff methodology should guarantee the long-term ability of the system to meet reasonable demands for the distribution of electricity and gas. In addition, the tariff methodology should allow the DSOs to ensure the necessary investments in the networks to be carried out in a manner allowing those investments to ensure the viability of the networks.

Neither the Issuer nor the Guarantors can predict how the regional legislator and the VREG will concretely establish the future tariff framework, and in particular what the impact will be on the distribution tariffs. This uncertainty may affect the Issuer's and the Guarantors' business and operational/financial results.

Tariff decisions by the competent regulator may negatively affect the Guarantors' results of operations

As further explained in section 2.1 (*Organisation of the Belgian Electricity Market*) of "*Description of the Issuer and the Guarantors*" on page 64 below, the distribution grid fees applied by the DSOs are generated by the tariffs set pursuant to specific regulations.

During the regulatory period 2009-2012 (and extended for the years 2013-2014) tariffs are based on a "cost-oriented" system in which each DSO's estimated costs (both operational and financial, as well as capital costs) are in principle passed through in the tariffs. The system is such that the individual DSOs must submit a gas and electricity tariff proposal for approval with the competent regulator before the start of a tariff period on the basis of its estimated costs ("*ex ante control*"). The DSOs must also supply data on their actually incurred costs when these are available ("*ex post control*"). Both in the ex ante as well as in the ex post control, the regulator can challenge costs because it deems these costs unreasonable or inappropriate. The regulator is entitled to do this for example on the basis of a comparative analysis of the costs incurred by other operators of a distribution system. However, costs that were deemed reasonable by the regulator in the ex ante control cannot be rejected any more at the ex post control for reasons other than the fact that they have not actually been incurred.

As further described below in section *Regulatory framework applicable during the regulatory period 2009-2012*, on page 73 the current tariffs of the Guarantors are based on the federal regulatory framework established for the regulatory period 2009-2012 (and extended for the years 2013-2014). Yet, as already indicated above and as described in more detail in section *Principles for the tariff methodology established by the VREG for the transitory tariff period 2015-2016*, on page 83, the new Flemish regulatory framework might considerably differ from the former federal framework and influence the

[5] These are the Royal Decrees of 2 September 2008 defined in more detail in section "*Regulatory Framework, Overview*" on page 72 as the "Tariff Decrees".

tariffs applied from 1 January 2015 onwards. Tariff decisions by the regulator and changes to the tariff parameters can all affect the activities, financial condition and results of the Issuer and the Guarantors. Although it remains unclear which tariffs will be applied for the period 2015-2016, the Issuer and the Guarantors nevertheless expect that the tariffs for the years 2015-2016 will respect the principles outlined in the Third Energy Package and consequently allow the necessary investments in order to ensure the long-term viability of the distribution grid.

Settlement of deviations from budgeted values and incentive regulation mechanism

The regulatory scheme pursuant to the Tariff Decrees[6] as applied in the regulatory period 2009-2012 (and extended for 2013 and 2014) provides for a stimulus for DSOs to operate more productively and efficiently

In accordance with these Tariff Decrees the regulator will compare on a yearly basis the non-manageable costs actually incurred with the non- manageable costs as foreseen in the budget upon which the original tariff proposals were based. The deviations of non-manageable costs are registered by the Guarantors on an accrual account prior to an approval of the level of these deviations by the regulator following the end of each year of a regulatory period either as a receivable (in case the non-manageable costs actually incurred are higher than the budgeted costs) or as liability (in case the non-manageable costs actually incurred are lower than the budgeted costs). The same mechanism applies to the actual volumes of electricity and gas distributed by the Guarantors which are compared to the forecasts of volumes. According to the rules of the Tariff Decrees, at the end of the regulatory period, the allocation of the cumulative balance of the non-manageable cost differences (as an account receivable or payable) had to be decided by an order deliberated by the Council of Ministers after submission of a proposal by the CREG. Following the adoption of the Law, it is no longer the Council of Ministers but the regulator which will decide on the amount of the balances taking into account the relevant guidelines which are stipulated in the Law.

The regulatory framework also provides for an incentive mechanism for the Guarantors to operate more efficiently. In the regulatory period (2009-2012) this incentive regulation mechanism took the form of a one-off efficiency improvement factor for manageable costs ("*beheersbare kosten*") at the beginning of the regulatory period that was set at 2.5 per cent.[7] The deviation of "manageable costs", i.e. the difference – established yearly ex-post – between the actual costs on the one hand and the budgeted costs on the other hand, is in principle either added to (if the difference is negative) or deducted from (if the difference is positive) the fair remuneration. Hence, these deviations fall to the benefit or are at the expense of the Guarantors and their shareholders and will not impact the tariffs neither during nor after the tariff period.

The Law determined that the incentive regulation mechanism shall be incorporated in the tariff methodology to be established by the regulator and that it shall need to indicate on which categories of costs the incentive regulation shall apply. The latter provision has been annulled by the Constitutional Court in its decision of 7 August 2013. In addition, the guidelines in the Law (which have been confirmed by the Constitutional Court in its judgement of 7 August 2013 as described in more detail in paragraph (*The Law of 8 January 2012* on page 80) provide that for the comparative efficiency analyses which the regulator should perform in the next tariff period the regulator should only evaluate the existing DSOs against comparable DSOs. Moreover, the regulator should take into account the objective differences between the different DSOs and apply high standard criteria and transparent, homogeneous and trustworthy data and should ensure that a DSO whose efficiency performance is approximately around market average can recuperate all its costs and receive a normal remuneration of its capital. Hence, the risk that the regulator would set the efficiency targets at an unrealistic level is in principle mitigated by the guidelines in the Law. Furthermore, the risk for the DSOs of being imposed unrealistic efficiency targets should not apply during the years 2013 and 2014 as the DSOs have been able to continue to charge the tariff level of 2012.

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[6] These Tariff Decrees were abolished but remain important in the near future since the tariffs for the transitory tariff period 2015-2016 will remain partially based on the principles in these Tariff Decrees (notwithstanding the evaolution towards a revenue cap model contemplated in the tariff methodology for 2015-2016, set out in the VREG's document of 30 September 2014).

[7] For future regulatory periods, the coefficient can be determined by benchmarking the efficiency of a DSO in comparison with other DSOs.

Since 1 July 2014, the VREG is competent to implement the incentive regulation from 2015. It cannot be excluded that the VREG will apply benchmarking exercises and incentive regulation to a greater number of categories of costs as already indicated in its recent Advice of 26 June 2014 and its tariff methodology of 30 September 2014 as further described in more detail in section *Principles for the tariff methodology established by the VREG for the transitory tariff period 2015-2016*, on page 83[8]. In addition, the VREG has openly questioned certain guidelines in the Law in relation to incentive regulation as these guidelines may hinder its benchmarking exercises. Although these recommendations of the VREG may influence the future regulatory framework in the Flemish Region, it should be emphasised that it is the Flemish legislator which is vested with the power to decide on the Flemish general principles in relation to the distribution grid fees, and thus the extent to which the current guidelines will be maintained.

Hence, for the years 2015/2016 and thereafter, the risk will depend on the attitude of the Flemish legislator and the VREG. In this respect it is necessary to emphasise that the federal legislation (and the guidelines in the Law) will continue to apply until the federal legislation is replaced or repealed. Consequently, the VREG will be required to take this legislation into account, and in particular the guidelines contained in the Law until such federal legislation has been repealed or replaced. Nevertheless, it is still possible that the Guarantors are not able to pass on all of their (manageable and non-manageable) costs in their distribution tariffs.

Risk of challenge of previous CREG tariff decisions

As further described in more detail in the section 3 (*Regulated tariffs for the Distribution System Operation of Gas and Electricity*) of "*Description of the Issuer and the Guarantors*" below under the heading "*Material litigations which could challenge previous tariff decisions made by the CREG*" on page 77, several litigations have cast doubts on the validity of the tariff decisions made by the CREG.

1. Several consumers filed a civil action against Electrabel before the Justice of the Peace (*Vrederechter/ Juge de Paix*) of Deurne to reclaim the distribution fees paid during the years 2009 and 2010 on the motivation that they would have been charged without valid legal basis. In this matter, the Justice of the Peace of Deurne held itself to be incompetent and formally referred the case to the Court of Appeal of Brussels. This referral is in line with the Guarantors' consistent view that only the Court of Appeal of Brussels can decide on the alleged non-validity of these distribution tariffs. Moreover, it is not certain whether the initial claimants will (and are still legally able to) pursue action before the Court of Appeal of Brussels. In any case, although the outcome of such proceedings can never be predicted with any certainty, the DSOs are of the opinion and will further be arguing in court that the legal discussions surrounding the validity of the Tariff Decrees should not lead to a repayment of all distribution fees. This argument was supported by the CREG as well in these proceedings before the Justice of the Peace.

2. The validity of the decision of the CREG to increase the existing distribution tariffs of the Guarantors was challenged. The claimants mainly argued that these adjustment decisions were incorrectly based on the Third Electricity Directive. On 26 June 2012 the Court of Appeal of Brussels confirmed in an interlocutory judgement that these decisions were formally invalid but that the tariff increases were in principle justified. However, the Court refused to annul these decisions and submitted a preliminary ruling to the Constitutional Court inquiring whether the impossibility for the Court of Appeal of Brussels to uphold certain effects of annulled tariff decisions is not contrary to the constitutional principle of non-discrimination since the Council of State does have this capacity. On 9 July 2013 the Constitutional Court delivered a judgement on this matter and considered that this is not the case, since tariff decisions by the CREG are not regulations but individual administrative decisions for which even the Council of State lacks modulating competences.

   It is now to be seen whether the Court of Appeal will annul the Guarantors' tariff decisions following this preliminary ruling. Although the decision of a judge can never be forecasted, it can be argued that since the preliminary decision of the Court of Appeal of June 2012, the

[8] However, as indicated in section (*Transfer of tariff-setting competencies to the regions*) on page 82, the Issuer and the Guarantors have explicitly contested certain provisions of the tariff methodology established by the VREG. In addition, the Issuer and the Guarantors have not confirmed the procedural timing proposed by the VREG for this transitory regulatory period. Hence, a final decision on the tariffs for the transitory tariff period 2015-2016 has not been made yet at this stage.

decisions by the CREG of 6 December 2012 approving the injection tariffs (as further explained in section "*Introduction of injection tariffs*", page 81) constitute an implicit validation of the previous tariffs and that these cannot be annulled retroactively by the claimants in this case. Yet, until the Court of Appeal has delivered a final judgement or the CREG has taken a rectifying decision, there is a risk that consumers file a civil action before a court in order to reclaim the distribution fees paid since the tariff increase on the motivation that they would have been charged without valid legal basis.

3. Finally (as further explained in section "*Introduction of injection tariffs*", page 81), several owners of photovoltaic panels and organisations defending the interests of Prosumers[9] have challenged the decisions in connection with these injection tariffs before the Court of Appeal of Brussels. In addition, the five major electricity suppliers in the Flemish market (i.e. Electrabel, Eni, Eneco, EDF-Luminus and Essent) have refused to pass through this tariff element into the bills for the end consumers. The Flemish Minister for Energy has publicly condemned the suppliers' attitude and the VREG has been asked to mediate in this conflict. On 28 November 2013 the Court of Appeal of Brussels finally annulled the CREG's decisions to approve the injection tariffs by criticising the decisions on several grounds.

In the event that the above described procedures would result in the reimbursement of the distribution tariffs and in the improbable scenario that the CREG would not make the appropriate ratifying decisions, the financial position and the profits of the Issuer and the Guarantors could be endangered.

Prolongation of the tariffs for 2013 and 2014

The CREG has decided on the basis of a provision of the Law permitting transitional measures, to freeze the distribution grid fees for the years 2013 and 2014, thus leaving it up to the regional regulator(s) to set the tariff framework based on the then applicable (regional) legislation. This prolongation could however (have) impact(ed) the profits of the Guarantors in 2013 and 2014, as this could imply that several costs and investments will not be (or have been) reflected in the tariffs for that tariff period. It is for example conceivable that the cost of inflation, a sudden change of distributed volumes and changing circumstances on the financial markets will not lead to higher tariffs. At the same time investments in regulated assets would, for the part exceeding depreciation of existing assets, not result in higher tariffs before 2016. It is hence possible that the DSOs will be faced with the risk that the recuperation of these additional costs and investments through the distribution grid tariffs will be spread over a longer period than initially expected. Moreover, it is possible that the prolongation of the 2012 distribution grid tariffs to 2013 and 2014 may be extended for one more year until the end of 2015 if the legislative and regulatory work to be carried out in order to complete the transfer of tariff-setting competences to the regional regulators and the establishment of a takes more time than initially expected (as further described in the paragraph below "*Transfer of tariff-setting competencies to the regions*", page 82). However, at present no formal decision has been taken by the VREG on such a prolongation.

Although the decisions by the CREG to prolong the previous tariffs for 2013 and 2014 remain silent in respect to what will happen with the tariff balances resulting from the previous regulatory period (2009-2012) and the CREG did not take a decision on the tariff balances relating to the years 2010 and 2011 due to the uncertainty of the regulatory framework[10], the Issuer and the Guarantors expected that the CREG would have made a decision in the course of 2012/2013 on the level of residual tariff balances as is required under the guidelines inserted in the Law, both in respect of the years 2010 and 2011 which are still outstanding and in respect of 2012 and the global regulatory period 2009-2012. Since the CREG has not made such a decision at this stage a procedure is initiated before the Court of Appeal of Brussels by the pure Flemish DSOs (regrouped under the name Infrax) in order to oblige the CREG to take a decision on the outstanding regulatory balances[11]. The allocation and the recovery of the cumulative balances in

[9] The term "Prosumers" (a combination of the terms 'producers' and 'consumers') refers to grid users which both use the grid to withdraw electricity and to inject electricity and additionally benefit from reverse net metering (the "*terugdraaiende meter*"). Their injected electricity is produced by their own small decentralized generation installation (equal to or less than 10KW such as solar panels or others) and exceeds the volumes of electricity used for their own consumption.

[10] "Study paper of the CREG of 28 June 2012 on the tariffs applied during the 2009-2012 regulatory period for gas and electricity distribution networks in Belgium".

[11] This case before the Court of Appeal of Brussels will normally be pleaded on 3 December 2014.

the next tariff period should be decided by the VREG, the regional regulator who has recently become responsible for distribution tariff matters. As described in more detail below in the section *Historical balances* on page 86, the VREG proposes to include the balances of 2008 and 2009, which have already been determined though not yet allocated by the CREG, in the 2015 and 2016 tariffs.

It is unclear whether a decision on these residual balances will be taken soon and, if so, exactly when, and by whom and what such a decision might entail for the Guarantors. The expected decisions of the federal and regional regulators on these balances and more particularly the rules of allocation could endanger the financial position and the profits of the Issuer and the Guarantors.

Risk of an inefficient green power certificates market

The market for green power certificates has become inefficient and has resulted in financial expenses which can only be recovered (wholly or partly) by the DSOs at a later date (i.e. in the next tariff period). However, the reform of the green power certificate mechanism (as further described in sub heading Green Power Certificates in section 9 (*Trends in the market in which the Issuer and the Guarantors are active*) of "*Description of the Issuer and the Guarantors*" at page 129 below) should in principle rebalance the market for green power certificates and alleviate the pressure of the purchase obligation on the DSOs. As explained in more detail in section 9, the Flemish banking regime introduced in 2014 might still considerably impact the DSOs' operations. In addition, the remuneration and compensation still to be received by the DSO's for these "banking obligations" are capped. Finally, it should be noted that the Flemish Government Agreement of 23 July 2014 intends to further reform and simplify the certificates system.

Early termination of the Issuer's status as operating company and the Guarantors' appointment of DSO, non-commercial nature of the Guarantors

The Guarantors were originally appointed as DSOs on 5 September 2002 (for electricity) and on 14 October 2003 (for gas, except for IMEA that was appointed on 17 December 2008) by decision of the VREG, the Flemish energy regulator, for a period of 12 years. This appointment may or may not be renewed upon expiry of the 12-year period. On 5 May 2014, the Guarantors filed their application for a renewal of their DSO appointment for electricity distribution for a 12-year period starting 5 September 2014.

In addition, the appointment is subject to early termination by the VREG under certain circumstances including:

(i) bankruptcy, winding-up, merger or demerger of the DSO;

(ii) serious breach of the DSO's obligations; or

(iii) significant changes in the shareholder structure of the respective DSOs or the Issuer that could jeopardise the independent management of a distribution network.

Eandis was recognised as the Guarantors' operating company by decision of the VREG dated 29 October 2009. Although the Law does not explicitly provide for this, one cannot rule out the risk that the VREG decides to withdraw this recognition, if the operating company seriously breaches its legal duties. It can be noted that the Flemish Government Agreement of 23 July 2014 states the intention to extend the statutory duration of all DSOs until 2019.

If the appointment of a Guarantor as a DSO, or the recognition of Eandis as operating company, is terminated before the expiry of the appointment or is not renewed upon termination of the appointment, there may be material, negative consequences on the Issuer's and the targeted Guarantor's activities, profits and financial situation.

Due to their non-commercial nature, the Guarantors are not considered merchants by the law of 22 December 1986 and the Decree of 6 July 2001. As a consequence, the Guarantors cannot be subject to bankruptcy.

Immunity of execution

The Guarantors are public law entities. Under Belgian law, such entities have the duty to perform at all times their tasks of public service (concept of the continuity of the public service). Pursuant to Article 1412bis of the Belgian Judicial Code, assets owned by a public law entity (such as the Guarantors) benefit from an immunity of execution as a result of which they cannot be seized. This immunity of execution does not apply to assets that are manifestly not useful for the performance or the continuity of the public service.

This means that e.g. the distribution networks (cables and pipelines) owned by a Guarantor cannot be seized by the Noteholders in case of default. Although this limits the enforceability of the obligations of the Guarantors, the upside is that the Guarantor will be in a position to continue to perform its duties of public service and thus generate revenues. This immunity of execution is not to be considered as an immunity of jurisdiction.

There may be an argument that the assets of the Issuer would also benefit from immunity of execution. This argument is not entirely convincing mainly because the Issuer is not a public law entity. In any event, the Issuer does not benefit from immunity against judgements being rendered against it.

Risks related to a likely tariff harmonisation and a possible merger of the DSOs

In May 2013, the Issuer and Infrax (which is the operating company for the other Flemish DSOs (i.e. other than the Guarantors) have discussed with the Flemish government the possibility to gradually introduce a uniform distribution tariff in the Flemish Region. To facilitate the introduction of such a uniform tariff, the Guarantors may merge into two respective DSOs. In addition, the coalition agreement of the new Flemish Government already indicates that an integration of the DSOs within each of the two operating companies will be stimulated (however with the maintenance of those two operating companies (Eandis and Infrax) as separate entities).

The merger of the Guarantors into one DSO should not negatively impact the position of the investors. Also, it has to be seen how a uniform distribution tariff will be implemented by the VREG and the Flemish authorities and whether such uniform tariff will adequately reflect the cost base of the Guarantor(s) and the Issuer. In case such a uniform tariff would not sufficiently cover all costs of the Guarantor(s) and the Issuer, their financial position and profits could be affected.

Risks related to a new liability regime applicable to the Flemish DSOs

The Flemish Decree of 20 December 2013[12] introduces new and more far-reaching rules on the liability of DSOs, valid as from 1 January 2015. The existing liability framework, predominantly based on Belgian common law on the one hand and the DSO's own codes on the other hand, was deemed not to sufficiently reimburse grid users in case of damages. This is mainly due to the heavy burden of proof imposed on grid users pursuant to Belgian tort law and liability exemptions contained in the grid codes used by certain DSOs.

To resolve this, the Decree *inter alia* introduces a compensatory payment obligation for the DSOs in case of damages suffered by the grid user in situations of power disturbances, delays for connections or reconnections to the grids and extended unplanned power outages. For instance in case of a delay to establish a connection, a DSO is liable to pay a daily compensation of EUR 25 for a consumer grid user, EUR 50 to a non-consumer grid user applying for a simple connection and EUR 100 to a non-consumer grid user which has sought a connection with detail study. In addition, if an extended unplanned power outage occurs (i.e. an outage with a technical cause lasting at least four hours) a DSO may be held liable for an amount of EUR 35 towards consumers (increased with EUR 20 for every additional four hours) and towards professional users for an amount of 20% of the distribution costs paid in the previous month by that user with a minimum of EUR 35 (increased with EUR 20 for every additional four hours of outage). It should be noted that a DSO's liability for damages, excluding personal damages, caused by power disturbances is in any event limited to EUR 2 million per incident and that these damages can never surpass the amount necessary to repair all damages suffered.

[12] Decreet van 20 december 2013 houdende wijziging van het Energiedecreet van 8 mei 2009 wat betreft de aansprakelijkheid van netbeheerders ("*Flemish Decree of 20 December 2013 amending the Energy Decree of 8 May 2009 regarding the liability of grid operators*").

In contrast to general Belgian tort law the DSO's liability is in certain cases based on the principles of strict liability and in others the burden of proof is imposed on the DSO and not on the grid user. In addition, the Decree extends the scope of liability of a DSO to indirect damages (loss of income, loss of profits,…) and immaterial damages (commercial damage,…).

This new liability regime is broader and more stringent than the current regime and will, therefore, increase the degree of risk of the Guarantors' and Eandis's operations. The Guarantors could thus be faced with a higher number and amounts of claims and additional litigation costs.

Operational Risks of the Business

Eandis may be held liable in case of security of supply issues, distribution system disruptions or system breakdowns.

The Issuer foresees that in the coming years we will see a further shift towards decentralised electricity production. At the regional and national level, and within the European framework, the Issuer is analysing how the rising number of decentralised electricity generation units can be integrated into the electricity distribution system while ensuring the stability and viability of the system. This development, as well as the adaptation from low calorific gas to high calorific gas of parts of the gas distribution network, is subject to prior approvals and permits, delivered by a range of authorities. Obtaining these approvals and permits in a timely fashion is an uncertainty for the timely implementation of these projects. In addition, these approvals and permits may be challenged before the competent courts.

Although the distribution system networks operated by Eandis are among the most reliable in Europe, incidents in the systems may lead to a local or a general interruption of supply. Such outages may be caused by natural phenomena, unforeseen incidents or operational problems. The general terms and conditions of Eandis's and the Guarantors' standard contracts aim at limiting their liability to a reasonable level. Insurance policies are further designed to offset the financial repercussions of this risk even further.

Eandis operates facilities that may cause significant harm to its personnel or third parties

The Issuer operates facilities that may cause significant harm to the human environment or for which accidents or external attacks may have serious consequences.

Since the gas and electricity distribution systems operated by Eandis cover large geographic areas, and although all reasonable precautions and safety measures have been put in place, they are vulnerable to possible acts of sabotage or terrorism. Such acts may seriously disrupt the continuity of service.

A failure of IT systems and processes used by the Issuer constitutes a considerable risk

Eandis's operations depend, to a large extent, on its IT system (including hard- and software, but also a glass fibre network used for communication purposes). This IT system is essential for an efficient and reliable operation of the electricity and gas networks operated by Eandis.

Eandis has taken extensive protective measures with a view to safeguard its IT system. However, these measures cannot guarantee that no important system failures will occur.

Risks associated with the services delivered by Eandis

If the services rendered by Eandis to external customers in its core business activities (e.g. infrastructure operations in the public domain or for the benefit of residential and other energy end users) turn out to be insufficient or of a below par quality level, this might lead to a decline in the appreciation for Eandis as an operating company by shareholders, stakeholders or public authorities. In the longer run, this might endanger Eandis in its position as the operating company for the Guarantors.

Eandis may incur significant costs to comply with environmental and city planning laws

The Issuer and Guarantors may be affected by expenditures needed to keep up with environmental and city planning laws and regulations, including costs associated with implementing preventive or curative measures, permit refusals or settling third-party claims.

The Guarantors' policy has been developed and is monitored in such a way as to effectively manage these regulatory risks. Where a Guarantor is in any way liable for decontamination, the appropriate provisions are created. However, further amendments to environmental and city planning laws or regulations may mean that the relevant Guarantor has to create additional contingency reserves.

Eandis may incur significant losses if it cannot succeed in attracting and retaining enough qualified and competent personnel

Eandis pursues an active recruitment policy which aims at maintaining an appropriate level of expertise and know-how in a tight labour market, given the highly specialised nature of the business. If, however, the company does not succeed in attracting and retaining the staff required for its activities, this may adversely impact its operations.

Risk of defective databases

If the data in Eandis databases turn out to be insufficient or incorrect, this may severely hinder the company in carrying out its duties and will result in extra costs or losses.

Eandis takes extensive measures to keep its databases up-to-date and protected. However, in case of inadequacies or loss, its operations may be severely hindered.

Risks related with the relocation of cables or pipelines

In certain circumstances the Guarantors may be required by third parties or by regulators to relocate certain cables or pipelines at their own expense. Such relocation costs may be substantial.

Risks associated with Eandis's corporate strategy

The corporate strategy outlined by Eandis may be challenged by several external factors, forcing Eandis to adapt its strategy. These external factors may include new legislation or regulation, an inefficient market model, a lack of available resources (financial, logistical, human resources or otherwise) on the market. Internally, the corporate strategy may be challenged by a defective strategic planning, or the inadequate management of projects.

Risks related to corporate governance at Eandis and/or the Guarantors

Although Eandis and the Guarantors have put in place an extensive set of detailed governance rules and procedures, it cannot be completely ruled out that e.g. an inadequate treatment of complaints, an inadequate functioning of their audit or governance bodies, an inefficiency in its/their company administration, might have adverse consequences on the Issuer's and/or the Eandis Economic Group's interests.

Financial Risks of the Business

Interest rate risk

Although financial charges are considered as embedded costs that can in principle be passed on to the distribution grid tariffs (the "**Embedded Debt Approach**")[13], changes in interest rates during a particular tariff period will only be recovered in a subsequent tariff period (except in the event of an exceptional change in charges in which case a request can be made for an amendment of the tariffs within the same tariff period). To minimise this pre-financing, the Issuer's and the Guarantors' boards of directors strive at achieving an optimal ratio of fixed and variable interest rates. Interest rate swaps have been entered into in relation to all outstanding loans with variable interest rate.

In addition, the tariff methodology of 30 September 2014 established by the VREG for the transitory tariff period 2015-2016 might alter the Embedded Debt Approach by adding an additional efficiency incentive for new funding whilst maintaining the Embedded Debt Approach for historical funding and corresponding historical interest rates. This tariff methodology is still being reviewed and not yet confirmed by the VREG. However, as indicated in section *Principles for the tariff methodology*

[13] This means in practice that the cost of debt allowance can be set to cover the actual cost paid by a DSO on its borrowings.

established by the VREG for the transitory tariff period 2015-2016, the Issuer and the Guarantors have not confirmed the procedural timing proposed by the VREG for this transitory tariff period, nor the global content of the tariff methodology and have as such reserved all their rights and remedies. It remains possible that the prolonged tariffs from 2012 applied in 2013 and 2014 (and applying the Embedded Debt Approach) may further be prolonged until the end of 2015, or that other alternatives are established, in case no solution is found before the end of 2014.

Risks associated with financial debt outstanding

The access of the Issuer and the Guarantors to global sources of financing to cover their financing needs or repayment of their debt could be impaired by the deterioration of financial markets. On 31 December 2012, the aggregate financial indebtedness of the Eandis Economic Group amounted to EUR 4,618,910,000. On 31 December 2013, the aggregate financial indebtedness amounted to EUR 4,968,308,000. EUR 269,223,000 of long term loans was due within one year as of 31 December 2013. Please refer to section 6.7 (*Financing of the Eandis Economic Group*) of "*Description of the Issuer and the Guarantors*" for more information hereon.

As at 31 December 2013, the ratio of long-term and short-term debt to equity of the Eandis Economic Group (calculated according to IFRS) was 1.67. The same ratio as at 30 June 2014 was 1.74. It is the intention of the Issuer and the Guarantors[14] to move in the long term towards a balance sheet structure for each individual Guarantor in which a maximum of up to two thirds of their assets is financed through debt (i.e. a ratio of up to 2, for regulatory purposes calculated according to Belgian GAAP), which proportion was considered to be the ideal financing structure by the CREG (in which respect please refer to section 3 (*Regulated tariffs for the Distribution System Operation of Gas and Electricity*) in "*Description of the Issuer and the Guarantors*" on page 72 below. However, for rating purposes and more specifically in order to maintain a favourable rating with the rating agency Moody's Investor Services Inc., the Eandis Economic Group aims at a sufficient level of equity on its balance sheet.

The level of debt of the Issuer and the Guarantors might:

- make it more difficult for the Issuer and the Guarantors to satisfy their obligations, including interest payments;
- somewhat limit their ability to obtain additional financing to operate their business;
- to a certain degree limit their financial flexibility in planning for and reacting to industry changes;
- increase their vulnerability to general adverse economic and industry conditions; and
- require them to dedicate a substantial portion of their cash flows to payments on debt, reducing the availability of their cash flows for other purposes.

The Issuer and the Guarantors may borrow additional funds to support their capital expenditures and working capital needs and to finance future acquisitions, e.g. in the form of bank loans or other debt instruments. It has to be pointed out that within the current regulatory framework regulating the DSOs and their operating company, such as Eandis, all financial costs based at fair market conditions are considered to be embedded costs and can therefore be passed through into the distribution grid fees.

If the Issuer and the Guarantors do not generate positive cash flows, they will be unable to fulfil their debt obligations

The ability of the Issuer and the Guarantors to pay principal and interest on the Notes and on their other debt depends primarily on the regulatory framework and the regulated tariffs (please see in particular the

[14] This is as long as this principle of "1/3 equity and 2/3 liabilities" as the ideal balance sheet structure for tarification purposes will be upheld in the upcoming Flemish tariff methodology. It should be noted in that respect that the VREG currently proposes to work with the assumption of a theoretical financing structure composed of 45 per cent. equity and 55 per cent. borrowed funds (the "**gearing**") in its preliminary tariff methodology for the transitory tariff period 2015-2016 (as further described in more detail in the section (*Principles for the tariff methodology established by the VREG for the transitory tariff period 2015-2016*, on page 83).

risk factors *The regulatory framework is evolving, which may affect the Issuer's and the Guarantors' operational and financial performance* on page 19 above and *Tariff decisions by the competent regulator may negatively affect the Guarantors' operations* on page 21 above), as well as on their future operating performance.

It should be noted that the amount of trade receivables of the Guarantors that remain unpaid at the date hereof is increasing. This is due to the uncertainty currently surrounding the *ex-post* verification and settlement of the tariffs applied by the Guarantors, in which respect please refer to section 6.4 (*Selected consolidated historical financial information of the Eandis Economic Group for the financial years ended 31 December 2013 and 31 December 2012*) of "*Description of the Issuer and the Guarantors*" on page 111 below. No credit insurance was taken out in respect of these claims.

Changing conditions in the credit markets and the level of the outstanding debt of the Issuer and the Guarantors can make the access to financing more expensive than anticipated and could result in greater financial vulnerability. Consequently, the Issuer and the Guarantors cannot assure investors that they will have sufficient cash flows to pay the principal, premium, if any, and interest on their debt. If the cash flows and capital resources are insufficient to allow the Issuer and the Guarantors to make scheduled payments on their debt, the Issuer and the Guarantors may have to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance their debt. There can be no assurance that the terms of their debt will allow these alternative measures or that such measures would satisfy their scheduled debt service obligations. If the Issuer and the Guarantors cannot make scheduled payments on their debt, they will be in default and, as a result:

- their debt holders could declare all outstanding principal and interest to be due and payable; and
- their lenders could terminate their commitments and commence foreclosure proceedings against its assets.

Funding risk

Funding risk is the risk that the Issuer and the Guarantors will be unable to access the funds that they need when it comes to refinance their debt or through the failure to meet the terms of their credit facilities. As part of the mitigation efforts regarding the funding risk, Eandis and the Guarantors aim at a diversification of financing sources. Short term liquidity risk is managed on a daily basis with funding needs being fully covered through the availability of credit lines and commercial paper, partially on a committed basis. Cash is maintained, where necessary, to guarantee the solvency and flexibility of the Issuer and the Guarantors at all times. Please refer to section 6.7 (*Financing of the Eandis Economic Group*) of "*Description of the Issuer and the Guarantors*" for more information hereon.

Credit, market, capital structure and liquidity risk

In the framework of their normal business, the Issuer and the Guarantors face credit, market, capital structure and liquidity risk. The credit risk faced by Eandis and the Guarantors stems from uncertainties on the liquidity and solvability of their counterparties. Eandis and the Guarantors periodically assess their balance sheet structure but have no certainty as to the appropriateness of this structure in relation to their activities and funding needs. In this regard, there is a risk that Eandis and/or the Guarantors may encounter difficulties in meeting their financial liabilities. The Issuer and the Guarantors limit this risk to the extent possible by scrutinising cash flows continually and by making sure that credit facilities are available.

Risks Related to the Shareholding Structure of the Issuer and the Guarantors

A failure of the Issuer to remain appointed as operating company of the Guarantors would seriously endanger the Issuer's viability

The Issuer's shareholders, seven of the Flemish DSOs, have appointed the Issuer as their operating company. This appointment is in line with the Flemish Energy Decree of 8 May 2009 that enables DSOs to make use of a common operating company. However, there is a remote risk that some or all of the DSOs that are currently using the Issuer as their operating company decide to terminate their cooperation with Eandis, thus endangering Eandis's viability and its ability to repay the principal and/or the interests on the Notes. In practice, this risk is mitigated by the continued existence of the Guarantees and the fact

that every termination of cooperation needs approval by the shareholders meeting of the relevant DSO with a majority of at least 75 per cent.

A failure of the Guarantors to retain their participating members could have an impact on their scale and viability

In line with legal obligations, the Guarantors were established for a limited but renewable duration of 18 years (the duration of Gaselwest and Sibelgas will be limited to 18 years as well following a recent legislative change). If the shareholders of the Guarantors do not decide according to the procedure contained in the articles of association of these respective public law entities to renew the duration of the respective Guarantors at their current termination dates, the respective Guarantor will be put in liquidation. Even in case the shareholders of a Guarantor decide to renew the duration of that Guarantor, each of the participating public authorities has the right to step out of a Guarantor at its current statutory termination date. The current termination dates of the respective Guarantors are as follows: Gaselwest (21 February 2023), IMEA (9 November 2019), Imewo (9 November 2019), Intergem (14 September 2018), Iveka (31 December 2016), Iverlek (9 November 2019) and Sibelgas (25 April 2026). For historic reasons, some of the municipalities participating in Iveka, Intergem and IMEA may already decide to terminate their association in these respective DSOs by 31 December 2014, but only for the gas distribution activity.

Such decision might have a considerable impact on the scale and the operating profits of these Guarantors. However, the share that any such resigning municipality would obtain upon its resignation in any Guarantor will be calculated by reference to the net assets of the relevant Guarantor. Given the fact that the proceeds of the Notes will be on lent by the Issuer to the Guarantors, the net assets of each of the Guarantors will reflect its prorata share in the Notes.

In addition to this, the shareholders of the respective Guarantors may liquidate a Guarantor at any time by vote of a special majority described in the articles of association of the respective Guarantors. A liquidation of one or more Guarantors may affect the Notes.

In this respect, it has to be pointed out that the coalition agreement of the Flemish government 2014-2019 states: "We enable the extension of the statutory duration of all Flemish DSOs until 2019."[15]

Other risks of a financial nature

Additional financial risks may stem from incorrect or insufficient accounting data or inadequate accounting procedures. Both Eandis's and the Guarantors' financial statements and accounting data/procedures are subject to an extensive and thorough control by their external auditors which should mitigate these risks.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Representation of Noteholders

The Terms and Conditions of the Notes and the articles of association of the Issuer contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Notes may not be a suitable investment for all Investors

Each potential Investor in any Notes 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 Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

[15] Page 88 of 167 of the said document, publicly available on < www.vlaanderen.be >.

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes 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 Notes, including where the currency for principal or interest payments is different from the potential Investor's currency;

(iv) understand thoroughly the terms of the Notes 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 Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact the investment will have on the potential Investor's overall investment portfolio.

There is no active trading market for the Notes

The Notes will, upon issue, be new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial 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 Notes. Therefore, Investors may not be able to sell their Notes easily 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 Notes.

The Issuer may, but is not obliged to, list an issue of Notes on a stock exchange or regulated market. If Notes are not listed or traded on any stock exchange or regulated market, pricing information for the relevant Notes may be more difficult to obtain and the liquidity of such Notes may be adversely affected, and therefore the price of the Notes could be affected by their limited liquidity.

If Notes are not listed or traded on a stock exchange or regulated market, they may be traded on trading systems governed by the laws and regulations in force from time to time (e.g. multilateral trading systems or "**MTF**") or in other trading systems (e.g. bilateral systems, or equivalent trading systems). In the event that trading in such Notes takes place outside any such stock exchange, regulated market or trading systems, the manner in which the price of such Notes is determined may be less transparent and the liquidity of such Notes may be adversely affected. Investors should note that the Issuer does not grant any warranty to Noteholders as to the methodologies used to determine the price of Notes which are traded outside a trading system, however, where the Issuer or any of its affiliates determines the price of such Notes, it will take into account the market parameters applicable at such time in accordance with applicable provisions of law. Even if Notes are listed and/or admitted to trading, this will not necessarily result in greater liquidity.

Impact of fees, commissions and/or inducements on the issue price and/or offer price

Investors should note that the issue price and/or offer price of any issue of Notes may include subscription fees, placement fees, direction fees, structuring fees and/or other additional costs. Any such fees may not be taken into account for the purposes of determining the price of such Notes on the secondary market and could result in a difference between the original issue price and/or offer price, the theoretical value of such Notes, and/or the actual bid/offer price quoted by any intermediary in the secondary market.

Any such difference may have an adverse effect on the value of Notes, particularly immediately following the offer and the issue date relating to such Notes, where any such fees and/or costs may be deducted from the price at which such Notes can be sold by the initial investor in the secondary market.

The Notes may be redeemed prior to maturity

In the event (i) of the occurrence of an event of default or (ii) that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Kingdom of Belgium, or any political subdivision thereof or any authority therein or thereof having power to tax, the Notes may be redeemed in accordance with the Conditions.

If a Call Option is specified in the applicable Final Terms as being applicable, the Issuer may also redeem all or parts of the Notes of the relevant Series, prior to Maturity, in whole or in part, in accordance with Condition 5(d).

An optional redemption feature benefiting the Issuer is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

Market Value of the Notes

The value of the Notes may be affected by the creditworthiness of the Issuer and the Guarantors and a number of additional factors, such as market interest 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 Notes are traded. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

No Limitation on Issuing Further Debt

The Issuer is not prohibited from issuing further debt or securities ranking *pari passu* with the Notes. The Notes do not limit the ability of the Issuer to incur indebtedness or issue securities.

Risks related to the structure of a particular issue of Notes

A number of Notes that may be issued under the Programme have features which contain particular risks for potential Investors. Set out below is a description of the most common of such features.

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Furthermore, the market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

EU Savings Directive

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 entities established , in that other EU Member State, except that Austria and Luxembourg will instead impose a withholding system 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.

Investors who are in any doubt as to their position should consult their professional advisers.

Belgian Withholding Tax

If the Issuer, the NBB, the Domiciliary Agent 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 Notes, the Issuer, the NBB, the Domiciliary Agent 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.

The Issuer will pay such additional amounts as may be necessary in order that the net payment received by each Noteholder in respect of the Notes, after withholding for any taxes imposed by tax authorities in the Kingdom of Belgium upon payments made by or on behalf of the Issuer in respect of the Notes, will equal the amount which would have been received in the absence of any such withholding taxes, except that no such additional amounts shall be payable in respect of any Note in the circumstances defined in Condition 7 of the Terms and Conditions of the Notes.

Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. Potential Investors are advised not to rely upon the tax summary contained in this Base Prospectus but to ask for their own tax advisers' advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisers are in a position to duly consider the specific situation of the potential Investor. This investment consideration has to be read in connection with the section "*Taxation*" of this Base Prospectus.

Change of law

The Terms and Conditions of the Notes are based on the laws of the Kingdom of Belgium in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws of the Kingdom of Belgium, the official application, interpretation or the administrative practice after the date of this Base Prospectus.

Relationship with the Issuer

All notices and payments to be delivered to the Noteholders will be distributed by the Issuer to such Noteholders in accordance with the Conditions. In the event that a Noteholder does not receive such notices or payments, its rights may be prejudiced but it may not have a direct claim against the Issuer therefore.

Reliance on the procedures of the Clearing System, Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer

The Notes will be issued in dematerialised form and cannot be physically delivered. The Notes will be represented exclusively by book entries in the records of the Clearing System.

Access to the Clearing System is available through its Clearing System participants whose membership extends to securities such as the Notes. Clearing System participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), and Euroclear and Clearstream, Luxembourg.

Transfers of interests in the Notes will be effected between the Clearing System participants in accordance with the rules and operating procedures of the Clearing System. Transfers between Investors will be effected in accordance with the respective rules and operating procedures of the Clearing System participants through which they hold their Notes.

The Issuer and the Domiciliary Agent will have no responsibility for the proper performance by the Clearing System or the Clearing System participants of their obligations under their respective rules and operating procedures.

A Noteholder must rely on the procedures of the Clearing System, Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer will have no responsibility or liability for the records relating to, or payments made in respect of, the Notes within the Clearing System.

The Domiciliary Agent is not required to segregate amounts received by it in respect of Notes cleared through the Securities Settlement System

The Conditions of the Notes and the Agency Agreement provide that the Domiciliary Agent will debit the relevant account of the Issuer and use such funds to make payment to the Noteholders. The Agency Agreement provides that the Domiciliary Agent will, simultaneously with the receipt by it of the relevant amounts, pay to the Noteholders, directly or through the NBB, any amounts due in respect of the relevant Notes. However, the Domiciliary Agent is not required to segregate any such amounts received by it in respect of the Notes, and in the event that the Domiciliary Agent were subject to insolvency proceedings at any time when it held any such amounts, Noteholders would not have any further claim against the Issuer in respect of such amounts, and would be required to claim such amounts from the Domiciliary Agent in accordance with applicable Belgian insolvency laws.

Exchange rate risks and exchange controls

The Issuer may pay principal and interest on the Notes in the Specified Currency and the Guarantors will make any payments under their respective Guarantee (as defined below) in the Specified Currency. 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 the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that 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 Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) 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.

Potential Conflicts of Interest

The Co-Arrangers might have conflicts of interests which could have an adverse effect to the interests of the Noteholders.

Potential Investors should be aware that the Issuer is involved in a general business relation or/and in specific transactions with the Co-Arrangers and that they might have conflicts of interests which could have an adverse effect to the interests of the Noteholders. Potential Investors should also be aware that

each of the Co-Arrangers may hold from time to time debt securities, shares or/and other financial instruments of the Issuer.

There are no conflicts of interests between the members of the board of directors, the HR Committee, the Audit Committee and the Strategic Committee of the Issuer, and between the members of the board of directors of the Guarantors, and their respective private interests or other duties (in which respect please refer to sections 4.1 (*Corporate organisation of the Issuer*) and 5.3 (*Board of directors of the Guarantors*) of "*Description of the Issuer and the Guarantors*" on respectively page 86 and 96 below.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation (as defined on the cover page of this Base Prospectus) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Notes and Markets Authority ("**ESMA**") on its website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings will be disclosed in the applicable Final Terms.

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 (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. The Investors should consult their legal advisers to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The payment of all amounts in respect of the Notes is guaranteed on a several but not joint basis, subject to the pro rata limitations

The obligations of each Guarantor under its respective Guarantee (as defined below) are on a several but not joint basis, meaning that each Noteholder will need to make a claim against each of the seven Guarantors, each claim for a portion of the total claim of such Noteholder against the Issuer. The obligations of each Guarantor under its respective Guarantee (as defined below) shall, at all times, be limited to the proportional share such Guarantor holds in the share capital of the Issuer as of the date of the issue of the relevant Notes. As of the date of publication of the Base Prospectus, the share capital of the Issuer is held as set out under the heading *Shareholders of the Issuer* on page 91 of this Base Prospectus.

The holding of the share capital of the Issuer may evolve over time.

DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the audited consolidated financial statements of the Issuer for the year ended 31 December 2013 and for the year ended 31 December 2012, together in each case with the audit report thereon, as well as with the interim condensed consolidated financial statements as at 30 June 2014 of the Issuer, which have been subject to a review by the auditors of the Issuer, in each case drawn up in accordance with the International Financial Reporting Standards as adopted for use in the European Union.

Such documents shall be incorporated in, and form part of this Base 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 Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus. Copies of documents incorporated by reference in this Base Prospectus may be obtained (without charge) from the registered offices of the Issuer and the website of the Issuer (*http://www.eandis.be/eandis/ir_rating_and_bonds.htm*).

The table below sets out the relevant page references for (i) the audited consolidated financial statements for the financial years ended 31 December 2013 and 31 December 2012 for the Issuer, and (ii) the interim condensed consolidated financial statements as at 30 June 2014 of the Issuer, which have been subject to a review by the auditors of the Issuer.

The Issuer confirms that it has obtained the approval from its auditors to incorporate by reference in this Base Prospectus the statutory auditor's reports for the financial years ended 31 December 2013 and 31 December 2012, and for the review report for the half year period ending 30 June 2014 both in relation to the Issuer.

Any information not listed in the cross reference list but included in the documents incorporated by reference is given for information purpose only and do not form part of this Base Prospectus.

Audited consolidated financial statements, audit report and explanatory notes of the Issuer for the financial year ended 31 December 2013 and 31 December 2012

Eandis CVBA consolidated financial statements 2013

Income statement	Page 2
Balance sheet	Page 3
Cash flow statement	Page 5
Explanatory notes	Pages 6 to 36

Audit of Eandis CVBA consolidated financial statements 2013 (separate document)

Audit of historical consolidated financial information	Pages 1 and 2

Eandis CVBA consolidated financial statements 2013

Income statement	Page 2
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Cash flow statement	Page 5
Explanatory notes	Pages 6 to 32

Audit of Eandis CVBA consolidated financial statements 2012 (separate document)

Half-Year condensed consolidated financial statements of the Issuer, auditor's review report and explanatory notes of the Issuer for the six-month period ended 30 June 2014

Half Year Report 2014 of the Issuer

PROSPECTUS SUPPLEMENT

If at any time the Issuer and/or any Guarantor shall be required to prepare a prospectus supplement in accordance with Article 34 of the Prospectus Law, the Issuer and/or the relevant Guarantor will prepare and make available an appropriate supplement to this Base Prospectus which, in respect of any subsequent issuance of Notes to be listed and admitted to trading on Euronext Brussels' regulated market, shall constitute a prospectus supplement in accordance with Article 34 of the Prospectus Law.

Each of the Issuer and the Guarantors has given an undertaking to the Dealers that if at any time during the life of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Base Prospectus is necessary for the purpose of allowing an Investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Guarantors, and the rights attaching to the Notes, the Issuer shall prepare a supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

Where a prospectus relates to an offer of Notes to the public, investors who have already agreed to purchase or subscribe for the Notes before the supplement is published shall have the right, exercisable within two working days after the publication of the supplement, to withdraw their acceptance, provided that the new factor, mistake, inaccuracy triggering the preparation of the supplement arose before the final closing of the offer and the delivery of the Notes. That period may be extended by the Issuer. The final date of the right of withdrawal shall be stated in the supplement.

TERMS AND CONDITIONS OF THE NOTES

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

The Notes are issued by Eandis CVBA (the "**Issuer**") pursuant to an amended and restated agency agreement (the "**Agency Agreement**") dated on or about 25 November 2014, between the Issuer, Belfius Bank SA/NV as paying agent, domiciliary agent, calculation agent and listing agent (the "**Listing Agent**") and a clearing services agreement (the "**Clearing Services Agreement**") dated 13 October 2011 between the Issuer, the National Bank of Belgium and Belfius Bank SA/NV as domiciliary agent. The paying agent, the domiciliary agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Paying Agent**", the "**Domiciliary Agent**" and the "**Calculation Agent(s)**". The Noteholders (as defined below) are deemed to have notice of all of the provisions of the Agency Agreement and of the Clearing Services Agreement applicable to them.

The payment of all amounts in respect of the Notes has been guaranteed by whichever of the Guarantors, in accordance with, and subject to the *pro rata* limitation of, its respective Guarantee. The original of each Guarantee is held by the Domiciliary Agent on behalf of the Noteholders, at its specified offices.

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

References to the "**Agent**" shall include a reference to the Listing Agent, Paying Agent, Domiciliary Agent and/or the Calculation Agent as the context requires.

The final terms for each Series of the Notes (or the relevant provisions thereof) are set out in Part A of the Final Terms incorporated by reference into the Notes and supplement these Conditions. References to the "**applicable Final Terms**" are to Part A of the Final Terms (or the relevant provisions thereof) incorporated by reference into the Notes.

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

1. Form, Denomination and Title and Redenomination

The Notes are Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown in the applicable Final Terms.

(a) ***Form***: The Notes are issued in dematerialised form in accordance with Article 3, § 2 of the Belgian law of 14 December 2005 on the suppression of bearer securities and the articles of association of the Issuer and cannot be physically delivered. The Notes are accepted for clearance through the clearing system operated by the National Bank of Belgium[16] (the "**NBB**") or any successor thereto (the "**Securities Settlement System**"), and are accordingly subject to the applicable clearing regulations, including the Belgian law of 6 August 1993 on transactions in certain securities (*Wet betreffende de transacties met bepaalde effecten*), its implementing Belgian Royal Decrees of 26 May 1994 and 14 June 1994 (each as amended or re-enacted as their application is modified by other provisions from time to time) and the rules of the clearing system (*de reglementering van het effectenvereffeningsstelsel*) 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 Notes of the same Series are tradable on a fungible basis in accordance with the Royal Decree Number 62 of 10 November 1967 on the promotion of the circulation of securities. The Noteholders will not be entitled to exchange the Notes into notes in bearer form.

[16] For additional information, please see http://www.nbb.be/pub/Home?l=fr&t=ho.

The Notes 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 and accordingly the NBB is the entity in charge of keeping the records. Such participants include Euroclear and Clearstream, Luxembourg. Noteholders, unless they are participants, will not hold Notes 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.

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

(b) ***Denomination***: Denominations will be specified in the applicable Final Terms (i) save that the minimum denomination of each Note admitted to trading on a European Economic Area exchange and/or offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and (ii) unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the UK Financial Services and Markets Act 2000 will have a minimum denomination of £100,000 (or its equivalent in other currencies).

(c) ***Title***: Title to the Notes is evidenced by book entries in the Noteholder's securities account with the NBB or with a approved participant or sub-participant of the Securities Settlement System as referred to under paragraph (a) to above. The person who is for the time being shown in the records of the Securities Settlement System or of a approved participant or sub-participant of the Securities Settlement System as the holder of a particular nominal amount of Notes shall for all purposes be treated by the Issuer and the Domiciliary Agent as the holder of such nominal amount of Notes, and the expressions "**Noteholders**" and "**holders of Notes**" and related expressions shall be construed accordingly.

(d) ***Redenomination***: The Issuer may (if so specified in the applicable Final Terms) without the consent of the holder of any Note, by giving at least 30 days' notice in accordance with Condition 12 (*Notices*), redenominate into euro all, but not some only, of the Notes of any Series on or after the date on which the European Member State in whose national currency the Notes are denominated has become a participating member state in the European Economic and Monetary Unions (as provided in the Treaty establishing the European Community, as amended from time to time, all as more fully provided in the applicable Final Terms). The date on which such redenomination becomes effective shall be referred to in these Conditions as the "**Redenomination Date**".

2. **Status of the Notes and the Guarantees**

Status of the Notes

The Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (*Negative Pledge*) unsecured obligations of the Issuer and rank and shall at all times rank *pari passu* and rateably, without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer, present and

future, but, in the event of insolvency, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

Status of the Guarantees

Each Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer in accordance with, and subject to the *pro rata* limitation of, its respective guarantee dated 17 September 2013 (as confirmed on or about 25 November 2014) (each a "**Guarantee**" and together the "**Guarantees**"). The obligations of each Guarantor under the Guarantee are direct, unconditional, unsubordinated and unsecured obligations of such Guarantor and (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations of the relevant Guarantor, from time to time outstanding. The obligations of each Guarantor under its respective Guarantee are limited to the proportional share such Guarantor holds in the share capital of the Issuer as of the date of the issue of the relevant Notes as set out in the Final Terms. As of the date of publication of the Base Prospectus, the share capital of the Issuer is held as set out in section 4.3 (*Shareholders of the Issuer*) of "*Description of the Issuer and the Guarantors*" on page 91 of this Base Prospectus.

The holding of the share capital of the Issuer may evolve over time.

3. **Negative Pledge**

(a) ***Restriction***: So long as any of the Notes remains outstanding, neither the Issuer nor any of its Subsidiaries (as defined below) nor any Guarantor will create or have outstanding any mortgage, charge, lien, pledge or other security interest (each, a "**Security Interest**"), upon or with respect to the whole or any part of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Debt, or to secure any guarantee or indemnity in respect of any Relevant Debt, without at the same time or prior thereto according to the Notes the same security as is created or subsisting to secure any such Relevant Debt, guarantee or indemnity or such other security as shall be approved by an extraordinary resolution of the Noteholders.

(b) ***Relevant Debt***: for the purposes of this Condition, "**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 or other similar debt instruments, 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 stock exchange, or in any securities market (including, without limitation, any over the counter market); for the avoidance of any doubt, any bank loan or intra-group loan that is granted on the basis of a loan agreement is not Relevant Debt.

(c) ***Subsidiary***: for the purposes of this Condition, "**Subsidiary**" means, at any particular time, a company or other entity which is then directly or indirectly controlled, or more than 50 per cent. of whose issued share capital (or equivalent) is then beneficially owned by the Issuer and/or one or more of its respective Subsidiaries. For this purpose, for a company to be "controlled" by another means that the other (whether directly or indirectly and whether by ownership of share capital, the possession of voting power, contract or otherwise) has the power to appoint and/or remove all or the majority of the members of the Board of Directors or other governing body of that company or otherwise controls or has the power to control the affairs and policies of that company.

4. **Interest and other Calculations**

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

"**Business Day**" means:

(i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or

(ii) in the case of euro, a day on which the Securities Settlement System and the TARGET system is operating (a "**TARGET Business Day**") and/or

(iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres

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

(i) if "**Actual/ Actual**" or "**Actual/Actual - ISDA**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)

(ii) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365

(iii) if **"Actual/365 (Sterling)"** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366

(iv) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30.

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, it means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30

if "**30E/360 (ISDA)**" is specified in the applicable Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30

(vii) if "**Actual/Actual-ICMA**" is specified in the applicable Final Terms,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation

Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

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

"**Determination Date**" means the dates specified as such in the applicable Final Terms or, if none is so specified, the Interest Payment Dates

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

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

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified in the applicable Final Terms as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified in the applicable Final Terms

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

"**Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and

each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified in the applicable Final Terms

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the applicable Final Terms

"**Rate of Interest**" means the rate of interest payable from time to time in respect of these Notes and that is either specified or calculated in accordance with the provisions in the applicable Final Terms

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified in the applicable Final Terms

"**Reference Rate**" means the rate specified as such in the applicable Final Terms.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified in the applicable Final Terms (or any successor or replacement page, section, caption, column or other part of a particular information service)

"**Specified Currency**" means the currency specified as such in the applicable Final Terms or, if none is specified, the currency in which the Notes are denominated

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto.

(b) ***Interest on Fixed Rate Notes***: Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(i).

(c) ***Interest on Floating Rate Notes****:*

(i) *Interest Payment Dates*: Each Floating Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date. The amount of interest payable shall be determined in accordance with condition 4(i). Such Interest Payment Date(s) is/are either shown in the applicable Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the applicable Final Terms, **"Interest Payment Date"** shall mean each date which falls the number of months or other period shown in the applicable Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in

which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes*: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the applicable Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the applicable Final Terms.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option is as specified in the applicable Final Terms

(ii) the Designated Maturity is a period specified in the applicable Final Terms and

(iii) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the applicable Final Terms.

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

(B) *Screen Rate Determination for Floating Rate Notes*

(i) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation,

one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

(ii) if the Relevant Screen Page is not available or if sub-paragraph (i)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (ii)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent;

(iii) if paragraph (ii) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Calculation Agent and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the

foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period); and

(iv) Any reference to LIBOR or EURIBOR shall be a reference to LIBOR or EURIBOR and any successor thereto.

(C) *Linear Interpolation*

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Applicable Maturity**" means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(d) ***Zero Coupon Notes***: Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)(i)).

(e) ***Accrual of Interest***: Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgement) at the Rate of Interest in the manner provided in this Condition 4 (*Interest and other Calculations*) to the Relevant Date (as defined in Condition 7 (*Taxation*)).

(f) ***Margin, Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding***:

(i) If any Margin is specified in the applicable Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph

(ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified in the applicable Final Terms, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

(g) ***Calculations***: The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified in the applicable Final Terms, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(h) ***Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts***: The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. If the Notes are listed on Euronext Brussels, the aggregate nominal amount, if any, outstanding on Notes after an early redemption pursuant to Condition 5(b) shall be communicated to Euronext Brussels. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9 (*Events of Default*), the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(i) ***Calculation Agent***: The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the applicable Final Terms and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5. **Redemption, Purchase and Options**

(a) ***Final Redemption***:

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the applicable Final Terms at its Final Redemption Amount (which, unless otherwise provided in the applicable Final Terms, is its nominal amount).

(b) ***Early Redemption***:

Zero Coupon Notes:

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 5(c), (d) or (e) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the applicable Final Terms.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the applicable Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c), (d) or (e) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*) is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgement) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(d).

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

Other Notes: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 5(c), (d) or (e) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*), shall be the Final Redemption Amount together with accrued interest, if applicable unless otherwise specified in the applicable Final Terms.

(c) ***Redemption for Taxation Reasons***: The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate Note) on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 5(b) above) (together with interest accrued to the date fixed for redemption), if

(i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Belgium or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Domiciliary Agent a certificate signed by the Minister of Finance (or a duly authorised delegate) of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

(d) ***Redemption at the Option of the Issuer***: If Call Option is specified in the applicable Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the applicable Final Terms) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified in the applicable Final Terms (which may be the Early Redemption Amount (as described in Condition 5(b) above)) together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the applicable Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the applicable Final Terms.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

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

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

(e) ***Redemption at the Option of Noteholders***: If a Put Option is specified in the applicable Final Terms, the Issuer shall, at the option of the holder of any such Note, upon the

holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the applicable Final Terms) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified in the applicable Final Terms (which may be the Early Redemption Amount (as described in Condition 5(b) above)) together with interest accrued to the date fixed for redemption.

To exercise such option the Noteholder must (i) deliver or cause to deliver to the Domiciliary Agent a certificate issued by the relevant recognised account holders certifying that the relevant Note is held to its order or under its control and blocked by it or transfer the relevant Note to the Domiciliary Agent and (ii) deposit with the Domiciliary Agent or with the Paying Agent a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from the Domiciliary Agent or from the Paying Agent in which the Noteholder must specify a bank account to which payment is to be made under this Condition.

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

(f) ***Purchases***: The Issuer may at any time purchase Notes in the open market or otherwise at any price.

(g) ***Cancellation***: All Notes so redeemed or purchased by or on behalf of the Issuer under this Condition will forthwith be cancelled. Any Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Notes pursuant to these Conditions shall be discharged.

6. **Payments**

(a) ***Payments in euro***: All payments in euro of principal or interest owing under the Notes shall be made through the Domiciliary Agent and the Securities Settlement System in accordance with the Securities Settlement System Regulations and the Clearing Services Agreement.

(b) ***Payment in other currencies***: All payments in any currency other than euro of principal or interest owing under the Notes shall be made through the Domiciliary Agent and Euroclear and/or Clearstream, Luxembourg (in accordance with the rules thereof, and in accordance with the Securities Settlement System Regulations and the Clearing Services Agreements).

(c) ***Payment subject to fiscal laws***: All payments in respect of the Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*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 7 (*Taxation*)) any law implementing an intergovernmental approach thereto.

(d) ***Appointment of Agents***: The Domiciliary Agent, the Paying Agent and the Calculation Agent(s) act solely as agent of the Issuer and do not assume any obligations towards or relationship of agency with any of the Noteholders.

The Issuer reserves the right at any time to vary or terminate the appointment of the Domiciliary Agent, the Paying Agent and the Calculation Agent(s), provided however, that the Issuer shall at all times maintain a Domiciliary Agent in the Securities Settlement System, one or more calculation Agent(s) where the Conditions so require, a Paying Agent in Belgium so long as any Notes are listed on Euronext Brussels, and such other agents as may be required by any other stock exchange on which the Notes may be listed and a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing

European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

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

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

7. **Taxation**

All payments of principal and interest by or on behalf of the Issuer and/or by a clearing system and/or a participant in a clearing system in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Belgium or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note:

(a) ***Other connection***: to, or to a third party on behalf of, a holder who is (i) entitled to avoid such deduction or withholding by making a declaration of non-residence or other similar claim for exemption, or (ii) liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with Belgium other than by reason of (a) the mere holding of or (b) the receipt of principal, interest or other amount in respect of the Note, or

(b) ***Payment to non Eligible Investors***: to, or to a third party on behalf of, a holder who on the date of acquisition of such Note, was not an Eligible Investor or who was an Eligible Investor on the date of **acquisition** of such Note but, for reasons within the Noteholder's control, ceased to be an Eligible Investor or at any relevant time on or after the issue of the Notes, for reasons within the Noteholder's control, 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

(c) ***Payment by another financial institution***: held by or on behalf of a holder who would have been able to avoid such withholding or deduction by holding the relevant Note in a securities account with another financial institution in a Member State of the European Union.

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

As used in these Conditions, "**Relevant Date**" in respect of any Note, means whichever is the later of (i) the date on which payment in respect of it first becomes due or (ii) (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 Noteholders in accordance with Condition 12 that such payment will be made, provided that such payment is in fact made as provided in these Conditions. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 (*Redemption, Payment and Options*) 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 4 (*Interest and other Calculations*) 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.

8. **Prescription**

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

9. **Events of Default**

If any of the following events ("**Events of Default**") occurs:

(a) ***Non-Payment***: the Issuer fails to pay the principal of or premium or interest on any of the Notes when due and such failure continues for a period of 7 days in the case of principal or premium and 14 days in the case of interest; or

(b) ***Breach of Other Obligations***: the Issuer does not perform or comply with any one or more of its other covenants, agreements or undertakings under or in respect of the Notes which default is incapable of remedy or, if capable of remedy, is not remedied within 20 Business Days after notice of such default shall have been given to the Issuer by any Noteholder; or

(c) ***Cross-Default***: (i) any other present or future indebtedness of the Issuer or any Guarantor for or in respect of moneys borrowed or raised being declared due and payable prior to its stated maturity by reason of any event of default (however described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or within five Brussels Business Days of becoming due if a longer grace period is not applicable or (iii) the Issuer or any Guarantor fails to pay when due or, as the case may be, within any applicable grace period or within five Business Days if a longer grace period is not applicable, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that none of the events mentioned above in this paragraph (c) shall give rise to an Event of Default if the aggregate amount of the relevant indebtedness, guarantees and indemnities is less than EUR 25,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the Euro as quoted by any leading bank on the day on which this paragraph operates); or

(d) ***Security Enforced***: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer in respect of any of its property or assets for an amount at the **relevant** time of at least EUR 25,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the Euro as quoted by any leading bank on the day on which this paragraph operates) becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person); or

(e) ***Insolvency***: the Issuer is declared bankrupt or unable to pay its debts as they fall due, stops, suspends or announces its intention to stop or suspend payment of all or, a material part of (or of a particular type of) its debts or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or any particular debt, in each case which it will or might otherwise be unable to pay when due), 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 a moratorium is declared or comes into effect in respect of all or any part of (or of a particular type of) the debts of the Issuer or any of its Subsidiaries; or

(f) ***Winding-up***: an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of the Guarantors or the Issuer or any of the Guarantors ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation,

reorganisation, merger, consolidation or solvent reorganisation that does not involve a reduction of the number of EAN-codes in respect of which the Issuer is the manager in excess of 10 per cent. of the amount of EAN-codes managed by the Issuer on the issue date of the Base Prospectus; or

(g) ***Electricity and gas distribution***: the Issuer ceases to be the operating company (*werkmaatschappij*) of the electricity and gas DSOs in the designated areas in Flanders or undergoes a reorganisation whereby its tasks in relation to the management of the electricity and gas grids are transferred to a third party, or any of the Guarantors loses its licence of DSO in the designated areas in Flanders or undergoes a reorganisation whereby its tasks in relation to the electricity and gas grids are transferred to a third party, provided that no Event of Default shall arise under this paragraph (g) if the number of EAN-codes in the designated area in respect of which the Issuer ceases to be the operating company represents 10 per cent. or less of the aggregate number of EAN-codes in the whole of the designated area covered by the Issuer on the date of the Base Prospectus; or

(h) ***Guarantee***: any of the Guarantees ceases to be valid, enforceable or in full force and effect; or

(i) ***Authorisation and Consents***: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes admissible in evidence in the courts of Belgium is not taken, fulfilled or done; or

(j) ***Illegality***: it is or will become unlawful for the Issuer to perform or comply with any or more of its obligations under any of the Notes.

then any Note may, by notice in writing given to the Domiciliary Agent at its specified office by the holder, be declared immediately due and payable whereupon the Early Redemption Amount of such Note shall become immediately due and payable without further formality unless such event of default shall have been remedied prior to the receipt of such notice by the Domiciliary Agent.

10. **Meeting of Noteholders and Modifications**

(a) ***Meetings of Noteholders***: The articles of association of the Issuer contain provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by extraordinary resolution of a modification of any of these Conditions.

All meetings of Noteholders will be held in accordance with the provisions of the articles of association of the Issuer. Subject to the quorum and majority requirements set out in the articles of association of the Issuer, the meeting of Noteholders shall be entitled to exercise the powers set out in the articles of association of the Issuer and, where applicable upon request of the Issuer, to modify or waiver any provision of these Conditions, including the proposal to (i) change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment, (ii) effect the exchange, conversion or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed, (iii) change the currency in which amounts due in respect of the Notes are payable.

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

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

11. **Further Issues and Consolidation**

(a) ***Further Issues***: The Issuer may from time to time without the consent of the Noteholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in the conditions of such notes to "Issue Date" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

(b) ***Consolidation***: The Issuer may, from time to time on any Interest Payment Date occurring on or after the Redenomination Date on giving not less than 30 days' prior notice to the Noteholders in accordance with Condition 12 (*Notices*), without the consent of the Noteholders, consolidate the Notes of one Series with the Notes of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in euro, provided such other Notes have been redenominated in euro (if not originally denominated in euro) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

12. **Notices**

Notices to Noteholders shall be valid if published in a daily newspaper in an official language of the country of publication and of general circulation in Europe (which is expected to be the *Financial Times*) and in Belgium (which are expected to be the *Tijd* and the *Écho*), except where the Noteholders can reasonably be expected to be located in Belgium, in which case the notices are validly given through a publication in two daily newspapers of general circulation in Belgium. So long as any Notes are listed on Euronext Brussels, notices to Noteholders shall be valid if published either on the website of Euronext Brussels (www.euronext.com) or in a daily newspaper with general circulation in Belgium (which are expected to be the *Tijd* and the *Écho*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange on which the Notes are for the time being listed and all applicable laws and in the case of a convening notice for a meeting of Noteholders, in accordance with the articles of association of the Issuer. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above. The costs relating to the publication of the notices to Noteholders shall be borne by the Issuer.

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

13. **Currency Indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note is due (whether as a result of, or of the enforcement of, a judgement or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer, as the case may be, to the extent of the amount in the currency of payment under the relevant Note that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such

purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any other judgement, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgement or order.

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

(a) ***Governing Law***: The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by, and shall be construed in accordance with, Belgian law.

(b) ***Jurisdiction***: The Courts of Brussels (Belgium) are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and, accordingly, any legal action or proceedings arising out or in connection with the Notes ("**Proceedings**") may be brought in such courts. The Issuer and the Guarantors irrevocably submit to the jurisdiction of such courts and waive any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) ***Waiver of immunity***: The Issuer and the Guarantors hereby irrevocably and unconditionally to the fullest extent possible waive with respect to the Notes, any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consent, to the fullest extent possible, to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgement made or given in connection with any suit, action or proceeding.

(d) ***Direct Rights***: To the extent necessary, the Issuer grants to each Noteholder such rights against the Issuer provided for in Article 12 and 13 of the Royal Decree Number 62 of 10 November 1967 on the promotion of the circulation of securities.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer for general corporate purposes. In addition, it should be noted that an amount of approximately EUR 400,000,000 to be raised through the first issue of Notes after the date of this Base Prospectus will be used by Eandis to pay part of the compensation due to Electrabel in the context of the exit of Electrabel from the share capital of the Guarantors. Please see the paragraphs "*The exit of Electrabel in the shareholding of the Guarantors*" of section 5.2 on page 96 and "The *exit of Electrabel from the share capital of the Eandis Economic Group*" of section 5.5 on page 105 in the Description of the Issuer and the Guarantors.

The general corporate purposes consist of the financing of the Guarantors' investment programmes ('capex'), as approved by the competent regulator(s), in order for the Guarantors to be able to fulfil their tasks attributed to them by law or regulation. More specifically, proceeds will be used to finance that part of the funding needs that exceed the Eandis Economic Group's auto financing capabilities at any given point in time. General corporate purposes also include repayments and interest payments under currently outstanding loans and other debt financing.

Furthermore, if, in respect of any particular issue under this Programme, there is a specific identified use of proceeds, this will be explicitly stated in the applicable Final Terms.

DESCRIPTION OF THE ISSUER AND THE GUARANTORS

1. General information on the Issuer, the Guarantors and the Eandis Economic Group

1.1 *General information on the Issuer*

Legal name, form and place of registration

The Issuer's name is Eandis CVBA ("**Eandis**" or the "**Issuer**"). The company is registered with the register of legal entities ("*rechtspersonenregister*" / "*registre des personnes morales*") of Ghent (section Ghent) under enterprise number ("*ondernemingsnummer*" / "*numéro d'entreprise*") 0477,445,084.

The Issuer is incorporated under Belgian law as a limited liability partnership ("*coöperatieve vennootschap met beperkte aansprakelijkheid*" / "*société coopérative à responsabilité limitée*") for an unlimited duration. The company's registered office is at Brusselsesteenweg 199, B-9090 Melle, Belgium. The general telephone number is +32 78 353534. The current Articles of Association of Eandis have been approved by the General Meeting of Shareholders on 6 December 2011 (notarial deed of the same date drawn up by Mr Xavier Desmet, notary public in Antwerp, Belgium – published in the Annexes to the Belgian State Gazette of 30 January 2012).

The company's website can be accessed via www.eandis.be.

The Issuer has currently four subsidiaries, De Stroomlijn CVBA ("**De Stroomlijn**"), Indexis CVBA ("**Indexis**"), Atrias CVBA ("**Atrias**") and SYNDUCTIS CVBA ("**SYNDUCTIS**") (the "**Subsidiaries**"). De Stroomlijn and Indexis are fully consolidated with Eandis. Atrias is consolidated according to the equity method. SYNDUCTIS was only incorporated on 21 December 2012 and the participation of the Issuer is included as "other investment" in the consolidation. Please refer to section 4.2 (*Eandis's Subsidiaries*) on page 89 for more information hereon.

The Issuer, the Guarantors and the Subsidiaries of the Issuer together form the Eandis Economic Group.

Summary of principal activities of the Issuer and role within the Eandis Economic Group

The Issuer develops, manages and maintains low voltage and mid voltage distribution networks for electricity as well as low pressure and mid pressure distribution networks for gas, owned by the Guarantors. Eandis has been mandated as operating company (*werkmaatschappij*) of the seven mixed Flemish DSOs that are the Guarantors, and its role is limited to the operation and maintenance of the networks. In their name and for their account, Eandis operates the distribution network and exercises public service obligations for electricity and gas. Eandis carries out its operational activities at cost without charging any commercial margin to the Guarantors. This means that all costs incurred by Eandis (materials and services, personnel costs…) are passed through to the Guarantors according to fixed allocation rules. Each month Eandis invoices each of the Guarantors for the operational services rendered.

As further outlined in article 2 of the Issuer's consolidated articles of association, Eandis's mission is:

- to operate distribution networks for electricity, natural gas and public lighting,
- to operate the connections to these distribution networks,
- to repair damages, outages or faulty equipment,
- to collect metering data and to manage consumption data,
- to carry out public service obligations,
- to promote the rational use of energy,

- to manage the access register.

Relevant markets

Eandis operates in 234 cities and communities, mostly in the Flemish Region (Belgium). Eandis has no activities outside Belgium.

1.2 ***A brief history of the Issuer***

The Issuer was incorporated under Belgian law as a limited liability company ("*naamloze vennootschap*" / "*société anonyme*") named "*Electrabel Netmanagement Flanders*", abbreviated to "ENF", by notarial deed of 29 April 2002, drawn up by Mr Thierry Van Halteren, associated notary public in Brussels, and published in the Annexes to the Belgian State Gazette on 11 May 2002 under number 20020511-609. The name "Electrabel Netmanagement Flanders - ENF" was changed into "Electrabel Netten Vlaanderen - ENV" by decision of the Extraordinary General Meeting of Shareholders on 22 September 2003.

On 30 March 2006 the company's Articles of Association were changed: the company's name "Electrabel Netten Vlaanderen" (ENV) was changed into its current name "Eandis", the company took the form of a limited liability partnership and a merger was realised with GeDIS and Indexis' Flemish platform (notarial deed of the same date, drawn up by Mr Xavier Desmet, notary public in Antwerp, and published in the Annexes to the Belgian State Gazette on 27 April 2006 under number 06074304). All of the Issuer's capital shares have since then been held by the Guarantors. Until this merger on 30 March 2006, Electrabel Netten Vlaanderen was Electrabel's ("**Electrabel**") subsidiary for the management of distribution networks for gas and electricity in the Flemish Region, operating under the name "Netmanagement". GeDIS, a limited liability partnership ("*coöperatieve vennootschap met beperkte aansprakelijkheid*" / "*société coopérative à responsabilité limitée*") with as full name "*Gemeentelijk Samenwerkingsverband voor Distributienetbeheer*", incorporated to conform to the legal provisions as to independence, was also responsible for the public service obligations and the implementation of the DSOs' policy on the Rational Use of Energy (RUE). Indexis, a limited liability partnership ("*coöperatieve vennootschap met beperkte aansprakelijkheid*" / "*société coopérative à responsabilité limitée*"), was the metering company that collected energy consumption data and managed this data for billing purposes.

The merger of these three operating companies into a single operating company, Eandis, has contributed to a higher degree of transparency and clarity in the Flemish energy market benefiting consumers and suppliers alike.

1.3 ***General information on the Guarantors***

Legal name and place of registration

Eandis is the operating company for the Guarantors, which are all DSOs distributing both electricity and gas. The Guarantors are:

1. *GASELWEST* (registered office at 12 President Kennedypark, 8500 Kortrijk, Belgium general telephone number: +32 78 353534; with enterprise number 215,266,160 (RLE Ghent, section Kortrijk)): services a territory of 60 cities and municipalities in the provinces East- and West-Flanders that includes the cities of Kortrijk, Ypres and Oudenaarde. Gaselwest's operating territory also includes five Walloon municipalities.

2. *IMEA* (registered office at 233 Merksemsesteenweg, 2100 Deurne-Antwerp, Belgium; general telephone number: +32 78 353534; with enterprise number 204,647,234 (RLE Antwerp, section Antwerp)): services a territory of 6 cities and municipalities in the Antwerp region, including the city of Antwerp.

3. *IVERLEK* (registered office at 58 Aarschotsesteenweg, 3012 Wilsele-Leuven, Belgium; general telephone number: +32 78 353534; with enterprise number 222,343,301 (RLE Leuven)): services a territory of 52 cities and municipalities in the provinces Flemish-Brabant and Antwerp, including the cities of Mechelen and Louvain.

4. *IMEWO* (registered office at 199 Brusselsesteenweg, 9090 Melle, Belgium; general telephone number: +32 78 353534; with enterprise number 215,362,368 (RLE Ghent, section Ghent)): services a territory of 42 cities and municipalities in the Provinces East- and West-Flanders, including the cities of Ghent, Bruges, Lokeren and Ostend.

5. *SIBELGAS* (registered office at 12 Sterrenkundelaan, 1210 Sint-Joost-ten-Node (Brussels), Belgium; general telephone number: +32 78 353534; with enterprise number 229,921,078 (RLE Brussels)): services a territory of 5 cities and municipalities to the north of Brussels.

6. *IVEKA* (registered office at Koningin Elisabethlei 38, 2300 Turnhout, Belgium; general telephone number: +32 78 353534; with enterprise number 222,030,426 (RLE Antwerp, section Turnhout)): services a territory of 46 cities and municipalities in the Province Antwerp, including the city of Turnhout.

7. *INTERGEM* (registered office at 11 Franz Courtensstraat, 9200 Dendermonde, Belgium; general telephone number: +32 78 353534; with enterprise number 220,764,971 (RLE Ghent, section Dendermonde)): services a territory of 23 cities and municipalities in the Provinces Flemish-Brabant and East-Flanders, including the cities of Aalst, Sint-Niklaas and Dendermonde.

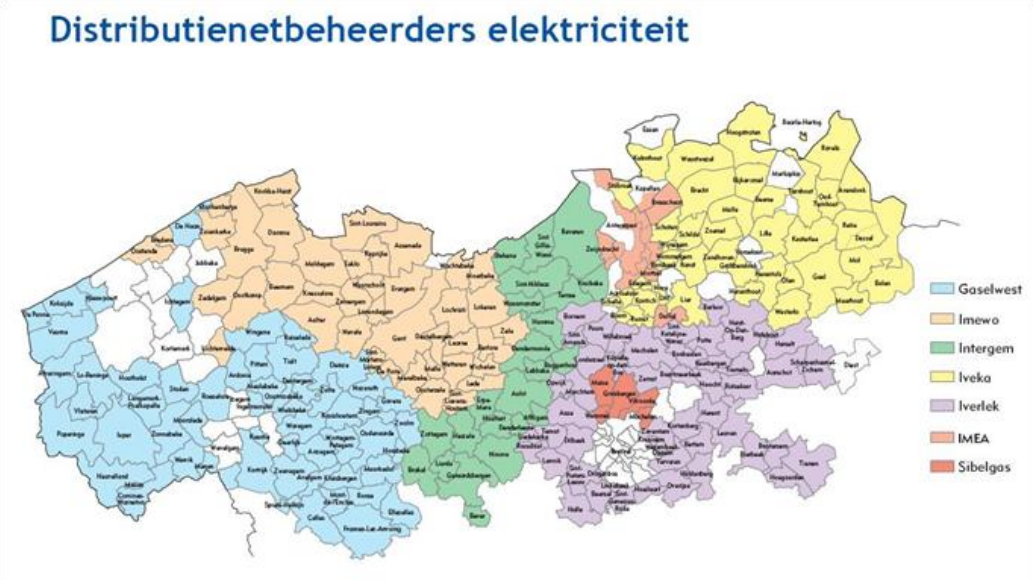
Legal form

The Guarantors are regulated public law entities. Please refer to section 5.2 (*Regulatory regime applicable to the Guarantors* (*including administrative review of the decisions made by certain Guarantors*)) on page 108 for information on the legal regime applicable to the Guarantors and its consequences.

Please refer to the next page for information on the markets in which the Guarantors operate.

Markets

The Guarantors have no activities outside Belgium. The map below indicates the operating territories of each of the seven Guarantors for their activities relating to the distribution of electricity.



The map below indicates the operating territories of each of the seven Guarantors for their activities relating to the distribution of for gas.

Summary of principal activities of the Guarantors and role within the Eandis Economic Group

The object and purpose of the Guarantors is comprised in article 3 of their respective articles of association and comprises of the management and operation of gas and electricity distribution systems. This comprises responsibility for the development of these systems, as well as for their viability and security. The Guarantors also organise public lighting and are responsible for certain social and other public service obligations.

The Guarantors own the low voltage and mid voltage distribution networks for electricity as well as low pressure and mid pressure distribution networks for gas operated by Eandis, and are also the holders of the DSO licence granted by the VREG. Finally, the Guarantors also invoice customers (*i.e.* the suppliers) themselves.

The table below presents some aggregated basic figures on the network infrastructure for electricity and gas distribution under the management of Eandis. Although managed by Eandis, the grid assets remain fully owned by the seven Guarantors.

All figures as per 31 December 2013	**Electricity**	**Gas**
Total net length	95,149 km	41,831 km
of which	low voltage 61,343 km	low pressure 34,059 km
	mid voltage 33,8006 km	mid pressure 7,772 km
Number of connections	2,592,442	1,672,268
Number of public lighting points	833,878	not applicable
Number of social clients	62,908	48,823
Budget meters installed	84151	40,402
Active budget meters	33,991	23,651

The Guarantors have appointed Eandis as their operating company in application of the Flemish Energy Decree of 8 May 2009, and the Resolution of the Flemish Government of 19 November 2010. All seven Guarantors were allowed to use the services of Eandis as their operating company by decision of the VREG on 29 October 2009.

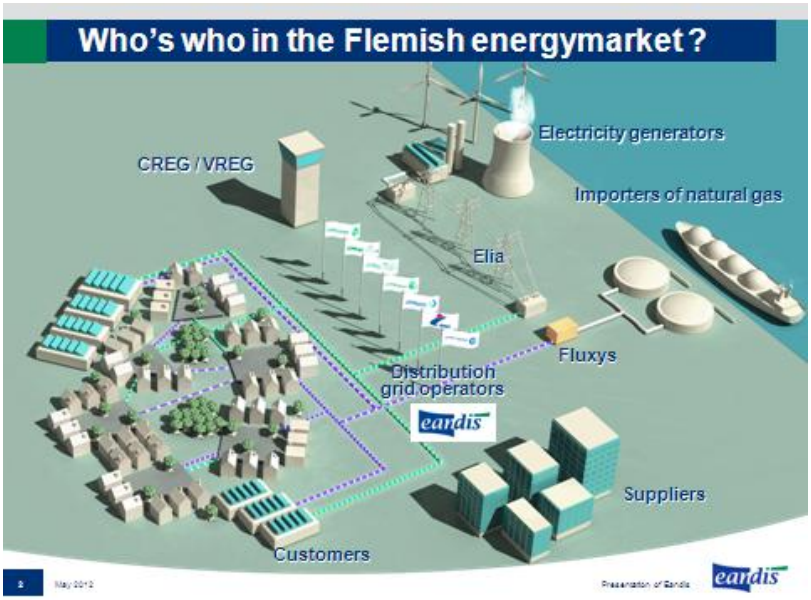
For a further description of the Guarantors principal activities and their position in the energy market, we refer to sections 2.1 (*Organisation of the Belgian Electricity Market*) on page 64 and 2.2 (*Organisation of the Belgian Gas Market*) on page 69 below. In section 3 (*Regulated tariffs for the Distribution System operation of Gas and Electricity*) on page 72, the regulations applicable to the tariffs used by the Guarantors are set out.

1.4 *A brief history of the Guarantors*

Before the liberalisation of the energy market in Flanders, the so-called intermunicipal companies were integrated entities: owner of the grids, they transported electricity and gas over these grids, operated, maintained and developed them. They also collected the energy consumption data and supplied electricity and gas to end consumers (being households, small and medium sized companies and public authorities).

Due to the liberalisation process, the energy landscape changed drastically: commercial activities and infrastructure operation could no longer be conducted by a single entity. As a result, the intermunicipal companies had to dispose of their electricity and gas supply activities and became DSOs active in the business of operating distribution grids only.

2. Description of the Belgian Electricity and Gas Market

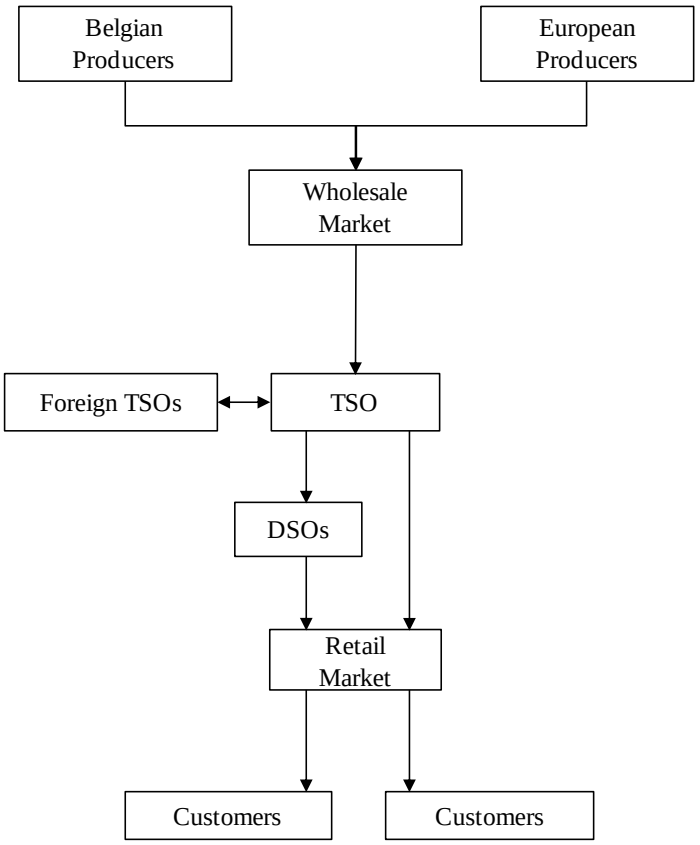


2.1 *Organisation of the Belgian Electricity Market*

The major players on the liberalised Flemish electricity market are the electricity producers, the transmission system operator ("**TSO**") and the distribution system operators ("**DSOs**"), the wholesale and retail suppliers, the end consumers and the regulators[17]. Their functions are briefly outlined below.

[17] As indicated below, the CREG was only responsible for the regulation of the distribution tariffs until the end of June 2014. Since 1 July 2014 the VREG is the competent regulator for the regulation of the distribution tariffs in the Flemish Region.

The picture below sketches the Belgian electricity market.



Electricity Production

Currently, the major players on the electricity generating market are Electrabel, EDF-Luminus and E.ON. The remaining generation capacity consists of the co-generation plants at the sites of large industrial consumers (such as T-Power) and units for renewable energy (such as small-scale hydropower units, photovoltaic electricity generation, offshore and onshore wind turbines and biomass installations).

Building and operating new electricity generating facilities is open for each authorised electricity producer. Units with a generating capacity exceeding 25 MW need the approval of the federal Minister for Energy, who will decide after having received a prior advice by the federal energy regulator, the CREG ("*Commissie voor de Regulering van de Elektriciteit en het Gas*" / "*Commission de Régulation de l'Electricité et du Gaz*"). Smaller generating facilities (equal to or below 25 MW) are exempt from the prior individual license, but some of them have to be notified with the CREG, the competent federal minister or his representative.

Over the years the electricity producers have adapted their portfolio of primary energy sources for electricity generation. In the sixties coal and petroleum were the major primary combustibles. At the end of the seventies the use of petroleum declined after having reached a peak in 1973. Later the contribution of nuclear production started to form a substantial part of the production mix. The use of nuclear energy started in 1975. In the early eighties nuclear energy became more important (in 1986 already 67.2 per cent of electricity was generated through nuclear energy) together with gas and cogeneration units; this trend continued during the nineties (the average contribution of nuclear energy in the nineties amounted to 58 per cent - gas and combined production units accounted for 17 per cent). Currently, the share of renewable energy sources is increasing, mainly due to the use of wind turbines, solar installations and biomass. Eurostat figures show that the share of electricity generated from renewable sources in the gross electricity consumption in Belgium has increased from 4.6 per cent in 2008 to 11.1 per cent in 2012.

On 4 July 2012 the Belgian federal government agreed on a general framework for the energy provision and in particular a revised phase-out plan for its nuclear installations. This agreement

includes the closure of the nuclear plants Doel 1 and Doel 2 in 2015 as scheduled in the calendar of the 2003 phase-out law. The nuclear plant Tihange 1 will remain in operation for ten additional years until 2025. 1000 nuclear MWh will be put at the market's disposal to stimulate competition between suppliers and to keep prices at the lowest possible level for the end consumers. The government will also create stimulus measures for investments in additional generation capacity, both in classical non-nuclear technology as in renewable technologies.

The EU's and the Belgian federal government's general energy policies aim at increasing the share of renewable energy generation and combined heat and power production (CHP). In order to stimulate these types of electricity production the federal government has taken legal initiatives enabling the construction of offshore wind farms. The regional governments have worked out several measures to attain this goal. Measures include the imposition of minimum supply levels for renewable energy and CHP by creating the legal framework for a mechanism of so-called "green power certificates" and "CHP-certificates" and the minimum price guarantee for green power certificates provided for by the Royal Decree of 16 July 2002. The functioning of the green power certificates systems in the Flemish region is further outlined sub heading *Green Power Certificates* of section 9 (*Trends in the market in which the Issuer and the Guarantors are active*) on page 145 below; the working of the CHP-certificates system is almost identical. The Walloon and Brussels regions have taken very similar measures. By means of the certificates systems, the installed generation capacity for renewable energy and CHP in Flanders should increase to 20.5 per cent of the total electricity consumption by 2020.

Technological evolutions result in an increasing number of smaller installations being put in place, continually increasing the share of decentralised and combined heat and power production:

Electricity generation capacity in Belgium (August 2014 – rounded figures)

Nuclear generation capacity	6.000 MW
Renewable capacity	3.000 MW
Other sources	6.000 MW
Import capacity	3.500 MW
Total available capacity (maximum)	18.500 MW

The table below summarises the sources of electricity generated in Belgium:

Key Figures for Electricity Production in Belgium

(*source: Febeg*)

Electricity production 2012:		75,39 TWh
of which	nuclear power plants:	38,5 TWh
	combustion plants:	30,9 TWh
	hydropower plants:	1,7 TWh
	renewable energy:	4,3 TWh
Electricity demand 2012:	79,9 TWh	
Electricity import 2012:	16,9 TWh	
Electricity export 2012:	6,9 TWh	
Net electricity import 2012:	9,9 TWh	

Wholesale Market for Electricity

Suppliers on the wholesale market (e.g. traders and intermediaries) buy, in Belgium and abroad, energy from electricity producers or other wholesale suppliers and/or sell energy to either other wholesale suppliers or retail suppliers. Since retail supply is an activity for which a license is required (as opposed to trading), traders most often do not directly sell electricity to end customers.

Transmission System Operation

Transmission system operation refers to the regulated activity linked to the transport of electricity over the medium to high and very high voltage grids with a voltage of 70 kV and higher. The major users of these grids are the electricity producers, electricity traders, DSOs and industrial consumers with a direct connection to the high voltage electricity transmission network.

A transmission system operator or TSO operates and manages its grids independently from electricity producers and suppliers. TSOs have to organize an objective, non-discriminatory and transparent access to their electricity network. Transmission system operation is a regulated activity that is usually granted a legal monopoly. To fulfil this objective efficiently, TSOs are in charge of the operation, maintenance and development of their grid. They also provide the required ancillary services.

The very high voltage electricity networks are also used for the import and export of electricity between interconnected national grids and for purposes of mutual assistance between TSOs according to international standards set by ENTSO-E[18] operation rules. Belgium's very high voltage electricity network is connected to France, Luxembourg and the Netherlands. Currently, Belgium and the Netherlands are a net importer of electricity originating from France.

By a Ministerial Resolution dated 13 September 2002, Elia was appointed as Belgium's sole electricity TSO for a renewable period of twenty years. In addition, on 6 December 2012, the CREG, the federal energy regulator, certified Elia as the electricity TSO in accordance with the 'full ownership unbundling' model.

Distribution System Operation

Distribution refers to the transmission of electricity over medium and low voltage electricity networks, generally below 36 kV, to retail consumers (small and medium-sized enterprises and household customers) using electricity for their own use. An operator of such a network is called a distribution system operator or DSO. The Guarantors are DSOs. Following a decision by the Flemish energy regulator VREG of 5 July 2013, the licence of the DSOs Gaselwest, Imewo, Intergem, Iveka, Iverlek and Sibelgas has been expanded to the operation of electricity distribution grids up to 36 kV (formerly 30 kV). Due to historic reasons, the DSO IMEA already possessed a licence up to 70 kV.

A DSO operates, maintains and develops its network and is required by law to organize access to its network in an objective, non-discriminatory and transparent manner. Distribution system operation is a regulated activity that is usually granted a legal monopoly within the boundaries of the operating territory attributed to each DSO.

The main customers of the DSOs are wholesale suppliers and retail suppliers[19].

As a result of the liberalisation process, most appointed DSOs in Belgium are intermunicipal companies. An intermunicipal company essentially is a partnership of public authorities that is charged with certain activities of municipal interest common to its members. Intermunicipal companies can either be "public" or "pure", in which case they are wholly owned by public authorities (such as municipalities or other intermunicipal companies), or "public-private" or "mixed", in which case they are jointly held by public authorities and by private sector entities such as Electrabel.

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[18] ENTSO-E refers to the 'European Network of Transmission System Operators for Electricity', an association of 41 TSOs from 34 European countries. It is the successor of a number of former associations, including UCTE (Union for the Coordination of the Transmission of Electricity') that operated in continental Europe.

[19] A third type of customers constitutes of retail users that because of payment problems have been dropped by commercial suppliers of electricity. Flemish regulation provides that the DSOs have in such instance an obligation to supply these customers with electricity.

At the moment there are 14 DSOs in Belgium engaged in the distribution of electricity[20]. In the Flemish region, a total number of 11 electricity DSOs are active, 7 of which are of the mixed type[21]. These 7 mixed Flemish DSOs are the Guarantors and cover around 80 per cent of the Flemish region, both in terms of the number of end customers as well as in geographical area.

With a view to ensuring the DSOs' independence, the participation of producers and suppliers in the DSOs' share capital is limited by law. In the Flemish Region, producers and suppliers may not hold more than 30 per cent of a DSOs share capital. DSOs in the Walloon and Brussels region are bound by similar rules.

While in the Flemish Region DSOs are appointed by the VREG, the Flemish autonomous gas and electricity regulator ("*Vlaamse Regulator van de Elektriciteits- en Gasmarkt*"), in Brussels and Wallonia they are designated by the respective governments of the two regions.

For reasons of clarity it should be noted that, although the intermunicipal companies (either pure or mixed) usually hold the legal monopoly of managing the electricity distribution network with a voltage below 36 kV, Elia[22] operates the electricity network between 36 kV and 70 kV that is normally not considered as a distribution network from a technical point of view but is considered part of the electricity distribution network by Flemish regulation. Elia was granted this legal monopoly for the Flanders region by appointment of the VREG for a 12 year term starting from 5 September 2002. It was also granted the legal monopoly to operate the grid between 30 kV and 70 kV for the Walloon and Brussels regions.

Retail Supply

Retail supply of electricity refers to the sale of electricity to end customers. Since 1 July 2003 several commercial suppliers, who compete against each other, have been active in the Flemish supply market.

A licence is required to engage in retail supply. In the Flemish Region, such licence may only be granted by the VREG to individuals or companies that operate independently from the TSO and the DSOs and that comply with the criteria laid down by law, such as sufficient technical and financial capacity. A supply licence is also required to supply electricity to customers located in the Brussels Region and the Walloon Region. In Brussels and Wallonia, such licence is respectively granted by the Brussels Government and the Walloon minister of Energy.

Customers

Pursuant to the Second EU Electricity Directive[23], Member States were required to ensure that all non-household customers be eligible to choose their electricity supplier by 1 July 2004, and that all household customers be eligible to do so by 1 July 2007. The chosen supplier must, in turn, be provided with a "**right of access**" to the relevant electricity network (being very high, high, medium or low voltage) to ensure that electricity is supplied from the producer to the relevant end customer.

At this moment, all Belgian customers are eligible to choose their electricity supplier.

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[20] Source: Synergrid. Until 31 December 2013 there were 24 DSOs but this number decreased following the merger of the mixed DSOs into one single mixed Walloon DSO, ORES Assets SCRL.

[21] In Flanders, the following companies have been appointed as distribution system operators for electricity: PBE (appointed on 5 September 2002), Infrax West (appointed on 12 January 2010), IVEG (appointed on 5 September 2002), Inter-Energa (appointed on 17 April 2004), Imewo (appointed on 5 September 2002), Intergem (appointed on 5 September 2002), Gaselwest (appointed on 5 September 2002), Iverlek (appointed on 5 September 2002), IMEA (appointed on 5 September 2002), Sibelgas (appointed on 5 September 2002), Iveka (appointed on 5 September 2002) and Elia (appointed on 8 February 2012).

[22] Elia has been appointed as local transmission system operator for that purpose.

[23] Directive 2003/54/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in electricity and repealing Directive 96/92/EC.

Regulators in Belgium

Due to the Belgian federal structure, there are currently four regulators for the electricity market:

Federal level. The federal energy regulator, the CREG, is competent amongst other things for supervising the electricity market at a voltage higher than 70 kV and for advising on the licensing of energy generation facilities with a capacity higher than 25 MW. Tariff setting for the TSO is also within the scope of the CREG's authority, irrespective of the voltage of the electricity network.

Regional level. Regional regulators are competent, amongst other things, for supervising the electricity market operations at a voltage equal to or below 70 kV and for renewable sources of energy. The powers relating to the grid distribution tariffs in Belgium have been transferred from the federal level to the respective regions as agreed pursuant to the Belgian Sixth State Reform as from 1 July 2014. From that date onwards, the Flemish regulator (the VREG) is vested with the powers to establish the tariff methodology and the approval of the proposals of the tariffs submitted by the DSOs.

The regional regulators in the Flemish, Walloon and Brussels-Capital Regions are respectively the VREG, CWaPE[24] and Brugel[25].

2.2 ***Organisation of the Belgian Gas Market***

Import

Belgium does not possess gas fields on its own territory. Therefore, all natural gas for consumption in Belgium has to be imported from abroad. Finding an optimal sourcing and diversification of gas supplying countries is an essential element in Belgium's energy policy.

Currently, natural gas for the Belgian market is being imported from several sources (figures for 2010; source: Energy Observatory - Federal Public Service Economic Affairs), the most important of which are:

1. The Netherlands (29.5 per cent): the Dutch gas fields are connected to Belgium via pipelines;

2. Norway (36.6 per cent): Norway is an important gas producer thanks to its oil and gas fields in the North Sea; Norwegian gas is delivered in the Zeebrugge hub, operated by Huberator NV, a subsidiary of Fluxys NV ("**Fluxys**") via pipelines;

3. Qatar (14.3 per cent): natural gas is shipped to Belgium in liquefied form (LNG or Liquefied Natural Gas) by high capacity LNG tanker ships, delivering the gas in the Zeebrugge harbour LNG terminal owned by Fluxys LNG NV, a subsidiary of Fluxys;

4. Russia (2.3 per cent): Russian gas reaches Belgium through transcontinental pipelines;

5. The United Kingdom (5.9 per cent);

6. Germany (2.5 per cent); and

7. Other (9.0 per cent)

Wholesale

Suppliers on the wholesale market (e.g. traders and intermediaries) buy natural gas abroad or on the international spot market. They then sell on these volumes to industrial customers,

[24] Commission Wallonne pour l'Energie.

[25] Reguleringscommissie voor Energie in het Brussels Hoofdstedelijk Gewest / Commission de Régulation pour l'Energie en Région de Bruxelles-Capitale.

intermediaries, distribution companies and electricity producers. Since gas retail supply, very much like electricity retail supply, is an activity for which a license is required (as opposed to trading), traders most often do not directly sell natural gas to end consumers.

Transport System Operation

Transport system operation refers to the regulated activity related to the high-pressure gas networks and the energy flows on these networks. The main users of these networks are the electricity producers, wholesale gas suppliers, gas traders, the DSOs and the large industrial users of gas.

In Belgium, Fluxys was appointed on 23 February 2010 as the sole federal transport system operator for the gas transmission grid. The gas transport system operator is frequently referred to as the "**transport company**".

Transport system operators or TSOs, such as Fluxys in Belgium, operate their networks in complete independence from electricity producers and gas suppliers and are bound to organise an objective, non-discriminatory and transparent access to their gas network. Transport operations are regulated activities that are usually granted a legal monopoly. To fulfil this objective efficiently, TSOs are in charge of the operation, maintenance and development of their network and also provide required ancillary services such as pressure reduction, odorisation, balancing, storage facilities, et cetera.

TSOs are not only responsible for the off take and redelivery of natural gas within Belgium for Belgian consumption, they also fulfil a crucial role in the transit of gas to and from border states since redelivery points will often be connection points with the gas transportation networks of other national networks. This is especially true for Belgium, given its good connection to natural gas and LNG supplies and given its central position and multiple entry points linking the Belgian gas transportation grid to the grids of France, Germany, Southern Europe and the Netherlands.

It must be noted that the Belgian grid caters for two different types of natural gas: (1) high calorific natural gas and (2) low calorific natural gas (with this last type of gas being imported from the Netherlands). It is expected that the supplies of low calorific natural gas might be ended within a few years' time. This will then necessitate large investments, mostly by the DSOs, to finance the transformation of the low calorific gas networks in large parts of the Flemish Region.

Distribution System Operation

Distribution system operation refers to the transport of natural gas on mid pressure and low pressure networks towards the end consumers (industry, small and mid scale companies, households), that use the supplied gas for their own consumption. The operator of such networks is usually called a distribution system operator or DSO.

A DSO operates, maintains and develops its own mid- and low- pressure network. As is the case for TSOs, DSOs are obliged to give objective, non-discriminatory and transparent access to their networks to distribution network users. The operation of a distribution network is a regulated activity that is granted a legal monopoly within the boundaries of the operating territory attributed to each DSO.

Wholesale and Retail Suppliers are a DSO's customers[26].

As indicated above, most appointed gas DSOs in Belgium constitute of intermunicipal companies charged with certain activities of municipal interest. Intermunicipal companies can either be "public" or "pure", in which case they are wholly owned by public authorities (such as municipalities or other intermunicipal companies) or "public-private" or "mixed", in which case they are jointly held by public authorities and by private sector companies (Electrabel).

[26] A third type of customers constitutes of retail users that because of payment problems have been dropped by commercial gas suppliers. Flemish regulation provides that the DSOs have in such instance an obligation to supply these customers with gas.

Currently, Belgium has 13 DSOs for gas[27]. In Flanders, a total number of 10 gas DSOs are active, 7 of which are of the mixed type[28]. These 7 DSOs of the mixed type are the Guarantors and cover just over 80 per cent of the Flemish region in terms of the number of end customers as well as in geographical area.

With a view to ensuring the independence of the DSOs in the gas sector, the participation of producers and suppliers in the DSOs' share capital is limited by law. In the Flemish Region, producers and suppliers may not hold more than 30 per cent of a DSOs share capital. DSOs in the Walloon and Brussels region are bound by similar rules.

Retail Supply

The retail supply of gas refers to the sale of gas to end consumers. Since 1 July 2003 the retail supply to household consumers in the Flemish Region is being coordinated and managed by several commercial suppliers competing in a liberalised market. In all three regions (*i.e.* Flanders, Wallonia and Brussels) a license is required to engage in retail supply of gas. The relevant authority (*i.e.* the VREG, the Walloon minister of Energy and the Brussels Government) will only grant such license to individuals or companies that comply with certain criteria, e.g. relating to technical and financial capabilities.

Customers

Pursuant to the Second EU Gas Directive, and very much in line with the liberalisation process for the electricity market, Member States were required to ensure that all non-household customers be eligible to choose their gas supplier by 1 July 2004, and that all household customers be eligible to do so by 1 July 2007[29]. The chosen supplier must, in turn, be provided with a "right of access" to the relevant gas transportation network to ensure that gas is supplied to the end customer[30].

Currently, all Belgian customers are eligible to choose their own gas supplier.

Belgian Regulators

Very much in line with the competencies of the respective regulators for electricity distribution, the federal regulator CREG, together with the three regional regulators (VREG, CWaPE and Brugel), are responsible for monitoring and surveying the Belgian gas market, each within the competencies attributed to it by law. Similar to the developments in the electricity sector, the Belgian Sixth State Reform has resulted in the transfer of the gas distribution grid tariff-setting competence from the federal to the regional level as from July 2014. From that date onwards, the VREG is vested with the powers to establish the tariff methodology and the approval of the proposals of the tariffs submitted by the DSOs.

Basic Figures for the Gas Market

According to the most recent statistics[31], there were 3,161,000 gas customers in Belgium (2012), based on the number of gas meters. Total net length (pipelines for gas) on Belgian territory

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[27] Until 31 December 2013 there were 19 DSOs but this number decreased following the merger of the mixed Walloon DSOs into one single mixed Walloon DSO, ORES Assets SCRL.

[28] In Flanders, the following companies have been appointed as distribution system operators for gas: Infrax West (appointed on 12 January 2010), IVEG (appointed on 14 October 2003), Inter-Energa (appointed on 17 April 2007), Imewo (appointed on 14 October 2003), Intergem (appointed on 14 October 2003), Gaselwest (appointed on 14 October 2003), Iverlek (appointed on 14 October 2003), IMEA (appointed on 17 December 2008), Sibelgas (appointed on 14 October 2003), Iveka (appointed on 14 October 2003) and Intergas Energie (appointed on 20 January 2010).

[29] Article 23 of Directive 2003/55/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in gas and repealing Directive 98/30/EC.

[30] See article 18 of the above mentioned Directive.

[31] Source: Eurogas, Statistical Report 2013.

amounts to 73,744 km. According to Eurostat figures, total inland natural gas sales in 2012 amounted to 178.8 TWh.

3. Regulated tariffs for the Distribution System Operation of Gas and Electricity

3.1 *Introduction*

Before the liberalisation of the energy markets in 2003 the intermunicipal companies for electricity and gas realised most of their revenues from the sale of electricity and gas to end consumers. Since then, commercial activities and transport and distribution activities have been unbundled, meaning that one legal entity can no longer exercise the activities of generation and supply on the one hand and transport or distribution on the other hand. While the supply and sale of electricity and gas were entrusted to commercial suppliers, the network operation was entrusted to the intermunicipal companies, which from that moment on became distribution system operators (DSOs).

For their distribution services, DSOs charge a fee to the energy suppliers. The suppliers add this fee to the end consumers' energy bill. The bill that goes out to customers thus includes not only the energy that was used (and a profit margin), but also the fees that were invoiced by the TSOs and DSOs for the transport and distribution of the energy. However, costs for the connection to the distribution grid are directly billed to the end customer.

The fee charged by the DSOs is called a distribution grid fee. The tariffs of this distribution grid fee, are based on a "cost-oriented" system, and are fixed for each individual DSO and for each of electricity and gas distribution separately. In practice this means that there may be differences between the tariffs charged by each DSO, dependent on the level of their operational costs.

The DSO tariffs are regulated, which entails that the distribution grid fees have to be submitted for prior approval (*i.e.* before being actually charged) to the energy regulator.

The regulatory framework consists of multi-annual tariffs during which tariffs in principle can only change in limited circumstances, aims at sufficiently remunerating the DSOs. This should enable them to carry out the duties imposed on them and to realise a fair remuneration as a return on the capital invested.

Tariffs are public, apply for the whole of the territory of each DSO and are not subject to negotiation with customers. The currently applicable tariffs can be found on the CREG website and on the Issuer's website.

3.2 *Regulatory framework*

(1) *Overview*

As a consequence of the effective implementation of the Belgian Sixth State Reform, from 1 July 2014 onwards, the tariff-setting competences for grid tariffs are transferred to the Regions giving the regional legislators and regulators the opportunity to put in place the tariff regime. On 30 September 2014 the VREG published the tariff methodology which it intends to use for the transitory tariff period 2015-2016 (as further described in section *Principles for the tariff methodology established by the VREG for the transitory tariff period 2015-2016*). This tariff methodology departs from the hybrid model embodied in the Tariff Decrees (i.e. combining elements of both a rate of return model and a revenue cap model) to evolve to a revenue cap model in which a cap determines the maximum revenue a DSO can collect from its consumers, with the exclusion of so-called “exogenous” costs that are beyond the DSO's control. However, as indicated in section (*Transfer of tariff-setting competencies to the regions*) below, the Issuer and the Guarantors have explicitly contested certain important elements of the tariff methodology established by the VREG and reserved their rights and continue to reserve their rights, in this respect. In addition, the Issuer and the Guarantors have rejected the procedural time line put forward by the VREG for the approval of the tariffs 2015-2016. Hence, at this stage, a final decision on the tariffs for the transitory tariff period 2015-2016 has not been made yet and it remains possible that the prolonged tariffs from 2012 applied in 2013 and 2014 may further be prolonged until the end of

2015, or that other alternatives are established, in case no solution is found before the end of 2014. Hence, the tariffs that will be applied as from 1 January 2015 remain hence uncertain. From 2017 onwards, the VREG intends to establish a full-fletched new tariff methodology on the basis of the anticipated new regional legislation.

It should also be noted that, as far as substance is concerned, the principles, structure and methodology of tariff setting are still set out in the federal Law of 12 April 1965 on the transport of gaseous substances and others through pipes ("**Gas Law**")[32] and the federal Law of 29 April 1999 on the organisation of the electricity market ("**Electricity Law**")[33] and its respective implementing royal decrees, *i.e.* the Royal Decrees of 2 September 2008 (the "**Tariff Decrees**")[34], ratified by a Law of 15 December 2009 (the "**Confirmation Law**")[35]. Following the implementation of the Third Energy Package by the Law, these Tariff Decrees were abolished even though the main principles contained therein are still applied in substance. As explained in more detail below, the tariffs determined for 2012 have been prolonged by the CREG and are applied in the years 2013 and 2014 as well.

Since the regulatory scheme originally established for the regulatory period 2009-2012 continues to apply in the tariff period 2013-2014 and its core principles maintain their importance in the transitory tariff period for the years 2015-2016 post-regionalisation, we provide below a detailed overview of its main rules, the material litigations which could impact the tariffs applied in this tariff period and the current and future regulatory changes to these tariffs. In the last paragraph a brief overview will be provided on the principles and changes (compared to the 2009-2012 tariff) which the VREG is contemplating to implement for the transitory tariff period 2015-2016.

(2) *Regulatory framework applicable during the regulatory period 2009-2012*

General

In this regulatory period, the regulatory framework for the tariffs was set out in the Electricity Law and the Gas Law and the Tariff Decrees.[36] The structure of the tariff proposals that were submitted by the DSOs to the CREG conformed to the requirements laid down in these Decrees.

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[32] Federal Law of 12 April 1965 on the transport of gaseous substances and others through pipes, *Belgian State Gazette*, 7 May 1965.

[33] Federal Law of 29 April 1999 on the organisation of the electricity market, *Belgian State Gazette*, 11 May 1999.

[34] For electricity distribution, this is the Royal Decree of 2 September 2008 containing the rules on the determination of and the supervision on the total income and the fair remuneration, the general tariff structure, the balance between costs and income and the basic principles and procedures on the proposal and the approval of the tariffs, of the reporting and cost control by the operators of distribution networks for electricity (*Belgian State Gazette*,12 September 2008).

For gas distribution, this is the Royal Decree of 2 September 2008 containing the rules on the determination of and the supervision on the total income and the fair remuneration, the general tariff structure, the balance between costs and income and the basic principles and procedures on the proposal and the approval of the tariffs, of the reporting and cost control by the operators of distribution networks for gas (*Belgian State Gazette*, 12 September 2008).

[35] Federal Law of 15 December 2009 on the ratification of several Royal Decrees issued pursuant to the Federal Law of 29 April 1999 on the organisation of the electricity market and the Federal Law of 12 April 1965 on the transport of gaseous substances and others through pipes, *Belgian State Gazette*, 23 December 2009.

[36] Note that although the Tariff Decrees have been repealed by the Law the provisions contained therein remain relevant given the current prolongation of the tariffs for 2013 and 2014 for decisions in respect of any period up to the end of 2014 as indicated in paragraph "*Prolongation of the tariffs for 2013 and 2014*", on page 38.

First the distribution grid fees make a distinction between one-shot tariffs and periodical tariffs. One-shot tariffs include e.g. tariffs for the connection to the distribution grid, for studies related to a connection or for adaptations to the metering system. Periodical tariffs include tariffs for the use of the distribution grid, for public service obligations, for the use of the transport grid and for a number of ancillary services.

Revenues of the DSO

Pursuant to the scheme applicable to the regulatory period 2009-2012 (and which continues to apply in 2013-2014), the total revenues of a DSO consist of the following four elements:

1. reimbursement of all operational costs deemed reasonable for the performance of the tasks of the DSO during the regulatory period;

2. depreciations and fair capital remuneration for the optimal functioning, the required future investments and the continuity of the distribution system;

3. cost for the performance of its public service obligations; and

4. necessary surcharges to be included in the tariffs.

Operational Costs

The DSO can recuperate all reasonable costs it incurs in carrying out its legal assignments through the distribution grid fee. These costs are split into 'manageable costs' and 'non-manageable costs'. All costs over which the DSO has direct control are considered to be manageable costs; the costs over which the DSO does not have such direct control are considered to be non-manageable. The following costs are, amongst others, being considered non-manageable costs: part of the operational costs, the costs for public service obligations, depreciations, the cost incurred for electricity transmission[37] (*i.e.* the costs charged by Elia for bringing the electric energy over its transmission grid to the connection points with the distribution grids), the embedded costs, fair capital remuneration, and transfers from previous financial years.

The regime of multi-annual tariffs includes stimuli for DSOs to operate more productively and efficiently and provides for a "minimal efficiency improvement factor" that puts an upper limit on manageable costs within a regulatory period (as described in the section *Tariff Evolution Within a Regulatory Period and Productivity Stimuli* on page 75 below).

The Tariff Decrees expressly stipulate that the CREG cannot reject costs that directly and fully arise from measures taken by the competent government bodies or that result from an allocation procedure imposed by the competent authorities.

Depreciations and Fair Capital Remuneration

The value of all infrastructure elements that make up a distribution grid is depreciated in accordance with the rules established by the CREG. This depreciation cost is integrally included into the distribution grid fee.

The DSO is also entitled to receive a fair remuneration for the resources that its shareholders have invested in the distribution grid in the form of share capital and other equity elements. To this aim a return margin on the grid's value has been established. This regulated grid value is calculated as the net economic reconstruction value, *i.e.* the investment amount needed to build a technically equivalent new grid, but based on the age of the current grid. The evolution of the regulated grid value, also called Regulated Asset Base or RAB, is monitored through a technical inventory and the yearly changes

[37] Unlike the system in place for electricity, the costs charged by Fluxys for transporting gas to the connection points with the distribution grids are charged directly to the suppliers, and not to the DSOs.

thereof (being the investments in new grid infrastructure and infrastructure elements being put out of operation). Rules for the calculation, control and certification of the annual grid value have also been established and are contained in the Tariff Decrees.

The margin for the fair remuneration of the invested capital is expressed as a percentage, that results from the CAPM[38] pricing formula. The calculation method is based on the general interest level (the risk-free interest rate measured as the interest on Belgian government bonds "OLO" with a ten year term), an additional premium for the market risk of 3.50 per cent, a parameter reflecting the risk profile of the DSO (the so-called beta factor) established at 0.65 for electricity and 0.85 for gas, and, finally, the illiquidity factor on equity of 1.2 that is being applied for as long as the DSOs shares are not listed.

For the regulatory period 2009-2012 the calculation formula is further adapted according to the proportion of a DSO's balance sheet being financed by debt. As such, the capital remuneration formula is advantageous for those DSOs whose balance sheet is closer to having two thirds of their assets financed by debt and one third of the assets financed by equity, which proportion is deemed to be the ideal financing structure by the regulator.

The remuneration of liabilities such as bank loans, commercial paper, bonds and other types of external financing is based on the "**embedded cost**" principle, whereby the actual financing costs of borrowed funds are included in the regulated tariffs irrespective of their size. Based on this principle, the real costs of debt financing can be passed on through the distribution grid fee. As described in more detail below in section *Weighted average cost of capital* on page 84, the VREG intends to only partially maintain this principle for the transitory tariff period 2015-2016, i.e. only for a DSO's historical financing though not for any new financing obtained in this tariff period.[39]

Costs for Public Service Obligations

The authorities have imposed on the DSOs a number of public service obligations, mostly social, technical and ecological measures. The costs incurred by the DSOs in this respect are also fully passed on to customers through the distribution grid fee.

Applicable Surcharges

These surcharges are very diverse and contain *inter alia* a surcharge to pay for the regulator's operations, remuneration of pension costs of the DSOs' operating company's retired personnel, financial obligations towards the pension funds for the non-active staff, taxes, levies and retributions.

Tariff Evolution Within a Regulatory Period and Productivity Stimuli

For the regulatory period 2009-2012, the Tariff Decrees assume a reference tariff for the first year of the regulatory period. The income for the second, third and fourth year of the regulatory period is then calculated on the basis of a number of development rules applied to this reference tariff. This mechanism boils down to the distribution grid fees fluctuating in function of the evolution of some indexing parameters (*e.g.* inflation rate evolutions), in function of the investments and their corresponding depreciations, and in function of certain cost elements such as interest rates changes on outstanding loans.

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[38] CAPM refers to the "**Capital Asset Pricing Model**", a commonly used formula for the determination of required return on investment and intrinsic share values as also explained in more detail below in section (*Principles for the tariff methodology established by the VREG for the transitory tariff period 2015-2016*) on page 83.

[39] However, as indicated in section *Transfer of tariff-setting competencies to the regions* on page 82, the Issuer and the Guarantors have explicitly contested certain provisions of the draft tariff methodology established by the VREG. In addition, the Issuer and the Guarantors have not confirmed the procedural timing proposed by the VREG for this transitory regulatory period. Hence, a final decision on the tariffs for the transitory tariff period 2015-2016 has not been made yet at this stage.

The Tariff Decrees also include a stimulus for DSOs to operate more productively and efficiently. For the regulatory period 2009-2012 a compulsory productivity improvement coefficient was fixed at 2.50 per cent of the DSOs budgeted manageable costs (basis 2008), as accepted by the CREG. This corresponds to a non-cumulative yearly cost reduction for the Mixed Flemish DSOs of EUR 5.60 million for electricity and EUR 2.76 million for gas. This coefficient does not apply to the years 2013-2014.

The Law determined that the incentive regulation mechanism shall be incorporated in the tariff methodology to be established by the regulator and that it shall need to indicate on which categories of costs the incentive regulation shall apply. The latter provision has been annulled by the Constitutional Court in its decision of 7 August 2013. Hence, in the future it will be up to the regulator to determine on what categories of costs the incentive regulation will apply. It cannot be excluded that the regulator will apply it to a greater number of categories of costs. The regulator could for instance apply the incentive mechanism not only to the manageable costs, as is the case to date, but also to certain non-manageable costs of the Guarantors. For instance as further described in more detail in section 3.2, (*Principles for the tariff methodology established by the VREG for the transitory tariff period 2015-2016*), on page 83, in its currently proposed tariff methodology, the VREG intends to apply the incentive mechanism to certain costs in relation to public service obligations as well.[40]

Nonetheless, for future tariff periods, the guidelines in the Law (which have been confirmed by the Constitutional Court in its judgement of 7 August 2013 as described in more detail in paragraph (*The Law of 8 January 2012* on page 80)) provide that for the comparative efficiency analyses the regulator should only evaluate the existing DSOs against comparable DSOs. Moreover, the CREG should take into account the objective differences between the DSOs and apply high standard criteria and transparent, homogeneous and trustworthy data and should ensure that a DSO whose efficiency performance is approximately around market average can recuperate all its costs and receive a normal remuneration of its capital.

Furthermore, when an infrastructure element (registered on the balance sheet as a tangible asset) is sold off or put out of operation, the Tariff Decrees allow for the depreciation of the generated surplus value and pass through of this depreciation into the distribution grid fee a ratio of 2 per cent. per year. of the generated surplus value. The conditions for this advantageous treatment is that the depreciation is properly registered as an investment reserve and can accordingly be used as a source of self-financing by the DSO. Following verification and approval by the regulator, the proposed average depreciation is reviewed on the basis of the four previous years and the reviewed average is applied in the subsequent tariff period. This method of de-allocation of the surplus value should ensure that the average evolution of invested capital remains reasonable whilst maintaining a DSO's financial capacity to guarantee the necessary capital expenditures in the long term.

Tariff Procedure: Control

The regulator exercises a double control on the distribution grid fees. A first check is carried out in advance ("*ex ante*") when the DSOs' tariff proposals are submitted for approval. At this moment the regulator can reject elements of the budgeted costs. A second control is carried out afterwards ("*ex post*") when the regulator has received the actually incurred costs and is thus able to analyse the deviations between these actually incurred costs and the budgets on which the original tariff proposals were based.

Pursuant to the Tariff Decrees, at the end of the four-year regulatory period, deviations in the manageable costs fall to the benefit or are at the expense of the DSOs and their

[40] However, as indicated in section (*Transfer of tariff-setting competencies to the regions*) on page 82, the Issuer and the Guarantors have explicitly contested certain provisions of the draft tariff methodology established by the VREG. In addition, the Issuer and the Guarantors have not confirmed the procedural timing proposed by the VREG for this transitory regulatory period. Hence, a final decision on the tariffs for the transitory tariff period 2015-2016 has not been made yet at this stage.

shareholders. Deviations in the non-manageable costs are registered on an accrual account prior to a final settlement at the end of a regulatory period either as a receivable (in case the non-manageable costs actually incurred are higher than the budgeted costs) or as liability (in case the non-manageable costs actually incurred are lower than the budgeted costs). Such deviations are thus not added to or subtracted from the DSOs' profits.

(3) *Material litigations which could challenge previous tariff decisions made by the CREG*

Challenge of previous CREG tariff decisions regarding the distribution fees paid during the years 2009 and 2010.

A pending litigation could affect the tariffs charged for the regulatory period 2009-2012.

In a ruling dated 8 June 2009, the Court of Appeal of Brussels took the view that the Tariff Decrees breach the Law and therefore refused to apply these Decrees. In addition, the Royal Decree of 2 September 2008 regarding the tariffs for electricity was challenged before the Council of State, Belgium's highest administrative court. In order to assure the application of the Tariff Decrees, these Decrees were confirmed in the Confirmation Law.

The Confirmation Law regarding the Royal Decree of 2 September 2008 for electricity was challenged before the Constitutional Court. In a ruling dated 31 May 2011, the Court annulled certain provisions of the Confirmation Law concerning this decree. The Court considered in fact that certain provisions of the Royal Decree are not in line with the Third Electricity Directive. Although the ruling of the Constitutional Court only applies to the Royal Decree of 2 September 2008 for electricity, the reasoning of the ruling can also be applied to the Royal Decree for gas.

Following this judgement, several consumers filed a civil action against Electrabel before the *Vrederechter / Juge de paix* of Deurne to reclaim the distribution fees paid during the years 2009 and 2010 on the motivation that they would have been charged without valid legal basis. Electrabel in turn called in the distributions system operators (including the Guarantors) in the pending proceedings to indemnify it in case of condemnation. Also the CREG and the Belgian State have been called into this procedure. The judge of Deurne has declared itself incompetent to rule on this matter and referred the case to the Court of Appeal of Brussels. This referral is in line with the Guarantors' consistent view that only the Court of Appeal of Brussels can decide on the alleged non-validity of these distribution tariffs. Up until now the latter has not yet been seized. Although the outcome of such proceedings can never be predicted with any certainty, the DSOs are of the opinion and are arguing – in addition to the argument that the claim before the Court of Appeal of Brussels is expired - that the illegality of the Confirmation Law and the possible illegality of certain provisions of the Tariff Decrees should not lead to a repayment of distribution fees.

This argument was supported by the CREG as well in these proceedings before the Justice of the Peace of Deurne.

The latter argument has been reinforced by a judgement of the Court of Appeal of Brussels of 26 June 2012 regarding the validity of the CREG's decision to increase the existing distribution tariffs of the Mixed Flemish DSOs (see section *Challenge of tariff increase for the pending regulatory period 2009-2012* on page 78). In this case the Court reaffirmed that the illegality of the certain provisions of the federal legislation with respect to the distribution tariffs does not imply that the complete legal framework underpinning the distribution tariffs should be set aside and that tariff decisions could still be based on the existing legislation.

It is unlikely that the Guarantors would ultimately have to reimburse the distribution tariffs. The arguments presented by the DSOs in the relevant litigation are robust and reinforced by the already cited judgement of the Court of Appeal of Brussels. In addition, it could be convincingly argued that the prolongation of the tariffs by the

CREG for 2013 and 2014 (as further described in the risk factor "*Prolongation of the tariffs for 2013 and 2014*" on page 24 above could be considered as an implicit confirmation of the tariffs of the regulatory period 2009-2012. Furthermore, there is a strong argument to make that the prolongation of the tariffs by the CREG for 2013 and 2014 constitutes an implicit validation of the tariffs of the regulatory period 2009-2012. Finally, in the worse-case scenario that the Court of Appeal of Brussels decides in favour of the claimants, it is likely that the regulator will not allow a situation whereby the DSOs would be unable to recover any distribution fees for their effectively rendered services and would therefore most likely ratify the relevant distribution tariffs., including those of the Guarantors.

Challenge of tariff increase for the pending regulatory period 2009-2012

In March 2011 the Guarantors sought the CREG's approval to increase the then existing distribution tariffs for the regulatory period 2009-2012 in order to recuperate costs which were unforeseeable and not manageable. The CREG approved the tariff increase to avoid an exponential increase in the next regulatory period and to ensure that these extra costs are proportionally recuperated from the consumers. The CREG took this decision on the basis of the Third Electricity Directive by setting aside the Belgian laws and regulations, which it considered to be in conflict with the European Directives (as already described the risk factor "*Risk of challenge of previous CREG tariff decisions*" on page 23 above).

However, a limited number of consumers filed a request for annulment before the Court of Appeal of Brussels to challenge this tariff increase. They claimed that the CREG was not allowed to found its decision on the Third Electricity Directive, because the Directive was not yet transposed into Belgian law and because it lacked any direct effect.

The Court of Appeal of Brussels decided on 26 June 2012 in an interlocutory judgement that although the tariff increases were necessary and in principle justified, the CREG founded its decisions on the wrong legal basis. In its judgement the Court clarified that the said decisions could still be based on the existing legal framework as the illegality of certain provisions of the federal legislation with respect to the distribution tariffs does not imply that the complete legal framework underpinning the distribution tariffs should be set aside. Hence, instead of referring to the provisions in the Third Energy Package which were not yet implemented into Belgian law, the CREG had to base its decision on the relevant provisions in the existing legislation allowing to adjust the tariff decisions during a regulatory period and which were not deemed in conflict with the European Directives.

Although the Court thus decided that the decisions to increase the tariffs were formally invalid, the Court refused to annul these decisions and submitted a preliminary ruling to the Constitutional Court inquiring whether the impossibility for the Court of Appeal of Brussels to uphold certain effects of annulled tariff decisions is not contrary to the constitutional principle of non-discrimination since the Council of State does have this capacity. On 9 July 2013 the Constitutional Court delivered a judgement on this matter and considered that this is not the case since tariff decisions by the CREG are not regulations but individual administrative decisions for which even the Council of State lacks modulating competences. It is now to be seen whether the Court of Appeal will annul the Guarantors' tariff decisions following this preliminary ruling.

In addition, it is also important to note that an appeal has been lodged on 14 February 2013 by the CREG before the Supreme Court against the Brussels Court of Appeal preliminary judgment of 26 June 2012. The CREG *inter alia* questions the argument raised by the Court of Appeal of Brussels that the CREG could not refer to the provisions in the Third Energy Package to establish a legal basis for the tariff decrease. The Supreme Court has not yet rendered its judgement. Yet, in any event the CREG stated on 20 September 2013 that following resumption of the case by the Brussels Court of Appeal, it would take further action (including with respect to the reimbursement of invalid distribution tariffs paid).

While the decision of a judge can never be forecasted, it can be argued that since the preliminary decision of the Court of Appeal of 26 June 2012, the decisions by the CREG of 6 December 2012 approving the injection tariffs (as further described in section "*Introduction of injection tariffs*", page 81) constitute an implicit validation of the previous tariffs and that these cannot be annulled retroactively by the claimants in this case. Yet, until the Court of Appeal has delivered a final judgement or the CREG has taken a rectifying decision, there is a risk that consumers file a civil action before a court in order to reclaim the distribution fees paid since the tariff increase on the motivation that they would have been charged without valid legal basis.

Challenge of the injection tariffs

The decision of the CREG to approve an injection tariff chargeable to Prosumers by the Guarantors (as further explained in section "*Introduction of injection tariffs*", page 81) has been challenged before the Court of Appeal of Brussels by several owners of photovoltaic panels and organisations defending their interests. The claimants argued *inter alia* that the CREG's decisions were insufficiently motivated, discriminate between different producers of decentralised installations and have no valid legal basis. As described in more detail in section "*Introduction of injection tariffs*", on page 81) the Court of Appeal of Brussels annulled on 28 November 2013 the CREG's decisions to approve the injection tariffs by criticising the decisions on several grounds.

Equally, in its judgement of 6 February 2013, the Court of Appeal of Brussels annulled a similar decision of the CREG regarding injection tariffs imposed on Belgian electricity producers for their access to the transmission grid. This judgement does not exclude the validity of injection tariffs *per se* but it clearly stresses that any injection tariff should be adequately motivated by the regulator, cost-reflective, specific for the services rendered and not-compensatory.

Litigation on the historical balances

The CREG has not taken any decision regarding the tariff balances resulting from the previous regulatory period (2009-2012) and the year 2013. Consequently a procedure is initiated before the Court of Appeal of Brussels by the pure Flemish DSOs (regrouped under the name Infrax) in order to oblige the CREG to take a decision on the outstanding regulatory balances. In principle pleadings before the Court of Appeal will take place on 3 December 2014.

Essent litigation

The Guarantors are involved in proceedings before the Court of First Instance of Brussels regarding the promotion of environmental-friendly electricity through the distribution of green energy certificates as described in more detail below in section (*Compatibility of the Flemish Green Certificates Scheme with EU law*), page 130. The proceedings were initiated by the supplier Essent Belgium NV against the Flemish Region; the Guarantors and the DSOs of the Infrax-group, as well as the Flemish energy regulator VREG, have voluntarily intervened in these proceedings. Essentially, Essent disputes the decisions of the Flemish Government which only accept the certificates from producers in Flanders, as the current scheme provides that only green energy that was produced within the Flemish Region's territory is eligible for green energy certificates. The Guarantors intervened as defendant, because the grid operators in the Flemish Region had billed the claimant (February and April 2005) for a total amount of EUR 3.5 million for costs related to the distribution of green power generated by Essent, based on the Flemish Decree of 24 December 2004. The debates before the Court of First Instance of Brussels were closed on 13 February 2014, but no final judgment has been delivered yet. It should be noted however that the European Court of Justice (ECJ) had already delivered a judgment on 1 July 2014 which can be interpreted as supporting the defendants' arguments in the proceedings before the Court of First Instance of Brussels. In line with this decision in the aforementioned case, the Court of Justice subsequently rendered a judgment in the Essent case on 11 September 2014 . The Flemish support scheme is compatible with the principle of free movement enshrined in

the EU Treaty. The ECJ's judgment might be construed as a new element and it is therefore likely that the debates in the Essent proceedings before the Belgian Court of First Instance will be reopened. As to the amounts billed by the Guarantors, they have, in the meantime, asked for the statute of limitation of these bills to be interrupted.

(4) *Changes to the regulatory framework*

Overview

The above described regulatory framework for the regulatory period 2009-2012 changed by the implementation of the Third Energy Directive into federal law by the Law as already highlighted above. The impact of the Law in the next two following years was, however, limited as the CREG has decided to freeze the distribution grid fees for the years 2013 and 2014. In addition, as described in more detail below in the sections *Transfer of tariff-setting competencies to the regions* and *Principles for the tariff methodology established by the VREG for the transitory tariff period 2015-2016* on pages 82 and 83 the transfer of the tariff-setting competencies to the regions might differently regulate the distribution grid fees.

The Law of 8 January 2012

After the implementation of the Third Energy Package and the entry into force of the new Law the powers of the regulator were broadened and its independence reinforced. The regulator now has the exclusive power to establish (although after "structured, documented and transparent" consultation with the DSOs) the tariff methodologies to be used by the DSOs as a basis for their tariff proposals, and subsequently to approve these tariff proposals or in the negative to set itself provisional tariffs. Nevertheless, when establishing the tariff methodology the regulator still remains bound by a list of 21 guidelines incorporated in the Law.

The CREG filed a request for annulment before the Constitutional Court in June 2012 invoking that the Law infringes the rules laid down in the European Directives, arguing amongst others that the guidelines to be followed by the regulator when establishing the tariff methodology and other provisions breach the independency standard of the regulator required by the Third Energy Package. Yet, on 7 August 2013 the Constitutional Court rendered a judgement in which it decided that the vast majority of provisions of the Law in relation to the tariff setting rules are valid and compliant with the European directives. Most importantly, the Constitutional Court confirmed the validity of the guidelines which the regulator has to take into account when establishing the tariff methodology and when taking other decisions with an impact on the tariffs. In its judgement the Court explicitly confirmed that these guidelines are in line with respectively article 35, paragraph 4 of the Third Electricity Directive and article 39, paragraph 4 of the Third Gas Directive allowing certain "general policy guidelines issued by the government" as these guidelines do not impede the regulator's independence and its capability to exercise its powers impartially and transparently. In short the Constitutional Court annulled only a limited number of provisions of the Law and such annulment will only have a remote impact on the activities of the Issuer and the Guarantors.

It should be noted however that the VREG in its Advice of 26 June 2014[41] announced that the future Flemish legislation on distribution tariffs should not automatically incorporate all provisions of the Law in relation to the distribution tariffs. The VREG *inter alia* suggests deleting the provision which stipulates that the tariff methodology should remain in force during the entire tariff period to allow the regulator to modify the methodology if necessary. In addition, the VREG openly questions the guideline in the Law which ensures that a DSO with an operational and financial efficiency around the market average should be able to recuperate all its costs. The VREG is of the opinion that this guideline may hinder its benchmarking exercises. Furthermore, the VREG

[41] Advies van de VREG met betrekking tot een stabiel decretaal kader voor de distributienettarieven (ADV-2014-2), 26 juni 2014 (http://www.vreg.be/sites/default/files/adviezen/adv-2014-02.pdf)

supports the view that the costs in relation to public service obligations should not automatically be excluded from the scope of incentive regulation as is the case in the current guidelines in the Law. Although these recommendations of the VREG may influence the future regulatory framework in the Flemish Region, it should be emphasised that it is the Flemish legislator which is vested with the power to decide on the Flemish general principles in relation to the distribution grid fees, and thus the extent to which the current guidelines will be maintained. In addition, in the absence of the enactment of such new Flemish legislation, the VREG remains obliged to apply the principles contained in the federal Law during the transitory tariff period 2015-2016.

Tariff freeze for 2013 and 2014

To anticipate the transfer of the tariff-setting competence for distribution, the DSOs, including the Guarantors, reached an agreement on 26 April 2012 with the CREG to prolong the tariffs of 2012 for the next two years, *i.e.* for the period following the regulatory period 2009-2012 and preceding the date of the effective transfer of tariff-setting competences to the VREG. The CREG thus decided to freeze the distribution grid fees for the years 2013 and 2014, thus leaving it up to the regional regulator(s) to set the tariff framework for the tariff period thereafter. Moreover, it is possible that the prolongation of the 2012 distribution grid tariffs to 2013 and 2014 may be extended for one more year until the end of 2015 if the legislative and regulatory work to be carried out in order to complete the transfer of tariff-setting competences to the regional regulators and the establishment and confirmation of the tariffs and the tariff procedures takes more time than initially expected (as further described in the paragraph below "*Transfer of tariff-setting competencies to the regions*", page 82). However, at present no formal decision has been taken by the VREG on such a prolongation.

The decisions by the CREG to prolong the previous tariffs for 2013 and 2014 remain silent in respect to what will happen with the tariff balances resulting from the previous regulatory period (2009-2012) and the year 2013. The CREG has not taken any decision in that respect. Yet, a procedure is initiated before the Court of Appeal of Brussels by the pure Flemish DSOs (regrouped under the name Infrax) in order to oblige the CREG to take a decision on the outstanding regulatory balances. It is uncertain whether a decision on these residual balances will be taken by the CREG and, if so, exactly when, by whom and what such a decision might entail for the Guarantors. As described in more detail below in the section *Historical balances* on page 85, the VREG proposes to include the balances of 2008 and 2009, which have already been determined though not yet allocated by the CREG, in the 2015 and 2016 tariffs.[42]

Introduction of injection tariffs

Prosumers only have to contribute to the costs of the network at the rate of the balance measured on their meter between the quantities consumed and injected on the network ("**Compensation**"). As a consequence of the Compensation the distribution tariffs of the DSOs in the past did not reflect the actual electricity volumes which were transiting over the grid (*i.e.* both offtake and injection).

To tackle this grid fee deficit the Guarantors submitted a dual proposal to the CREG on 31 October 2012. In particular the Flemish mixed DSOs proposed to either (i) install smart meters capable of separately measuring a Prosumer's electricity offtake on the one hand and his injection of electricity on the other hand, or (ii) charging the Prosumers an injection tariff consisting of a fixed grid fee corresponding to their average installed production capacity. On 6 December 2012 the CREG approved this dual proposal and since then the Guarantors tariffs proceeds contain an additional injection tariff.

[42] However, as indicated in section *Transfer of tariff-setting competencies to the regions* on page 82, the Issuer and the Guarantors have explicitly contested certain provisions of the draft tariff methodology established by the VREG. In addition, the Issuer and the Guarantors have not confirmed the procedural timing proposed by the VREG for this transitory regulatory period. Hence, a final decision on the tariffs for the transitory tariff period 2015-2016 has not been made yet at this stage.

However, several owners of photovoltaic panels and organisations defending the interests of Prosumers have challenged the decisions in connection with these injection tariffs before the Court of Appeal of Brussels. In addition, the five major electricity suppliers in the Flemish market (*i.e.* Electrabel, Eni, Eneco, EDF-Luminus and Essent) have refused to pass through this tariff element into the bills for the end consumers. The Flemish Minister for Energy has publicly condemned the suppliers' attitude and the VREG has been asked to mediate in this conflict. On 28 November 2013 the Court of Appeal of Brussels finally annulled the CREG's decisions to approve the injection tariffs by criticising the decisions on several grounds. The Court held *inter alia* that (i) the legal basis supporting the decisions was inadequate, (ii) the injection tariffs discriminate between regular consumers and Prosumers whilst the Flemish Technical Regulations (*Technisch Reglement*) do not provide for a different treatment of these categories and (iii) injection tariffs should be more cost-reflective and thus not consist of a flat-rate amount. Although the Issuer is still of the view that the DSOs should be adequately remunerated for the services rendered by them to Prosumers, it has implemented the judgement and reimbursed the injection tariffs already collected.

The tariff methodology for the transitory tariff period 2015-2016, described in more detail in section 3.2 (*Principles for the tariff methodology established by the VREG for the transitory tariff period 2015-2016*) below[43], already caters for this discrimination. From 2015 onwards, in case confirmed during the current formal consultation procedure, Prosumers will have to contribute to the costs of the network at the rate of their actual electricity offtake and no longer on the basis of the balance measured on their meter between the quantities consumed and injected on the network. It has to be seen whether the discrimination between Prosumers and consumers will be fully remedied by this measure to avoid an impact on the financial position and the profits of the Issuer and the Guarantors.

Transfer of tariff-setting competencies to the regions

As of 1 July 2014, the date of the entry into force of the Special law in relation to the Belgian Sixth State Reform, published in the Belgian State Gazette on 6 January 2014, the tariff-setting competences for the electricity and gas distribution grids have been transferred from the federal level to the regional level. The entry into force of this reform will entail certain immediate institutional changes. From 1 July 2014 onwards the establishment and determination of the tariff methodologies and the tariffs is a regional matter, and no longer dealt with by the federal authorities. The VREG has replaced the CREG and (until the Flemish legislator decides to deviate from the general principles of public law) the Council of State will replace the Court of Appeal in Brussels.

On 14 March 2014, the Flemish Parliament approved the Flemish Decree[44] containing the provisions for the actual transfer of competence and appointing the VREG as the competent tariff-setting regulator for the Flemish Region. However, no further legislative measures are currently in place to accommodate the transfers of competences and until the Flemish Region has not taken any additional legislative actions to repeal and/or replace the federal legislative framework in relation to the regulation of distribution tariffs (*i.e.* article 12bis of the Electricity Law and article 15/5ter of the Gas

[43] However, as indicated in section *Transfer of tariff-setting competencies to the regions* below, the Issuer and the Guarantors have explicitly contested certain provisions of the tariff methodology established by the VREG. In addition, the Issuer and the Guarantors have not confirmed the procedural timing proposed by the VREG for this transitory regulatory period. Hence, a final decision on the tariffs for the transitory tariff period 2015-2016 has not been made yet at this stage.

[44] Flemish Decree of 14 March 2014 amending the Energy Decree of 8 May 2009, as to the transposition of the European Union Directive 2012/27/EU of 25 October 2012 on energy efficiency and the adjudication of green power certificates, cogeneration certificates and guarantees of origin (Decreet houdende wijziging van het Energiedecreet van 8 mei 2009, wat betreft de omzetting van de Richtlijn van de Europese Unie 2012/27/EU van 25 oktober 2012 betreffende energie-efficiëntie en de toekenning van groenestroomcertificaten, warmte-krachtcertificaten en garanties van oorsprong), published in the Belgian State Gazette on 28 March 2014.

Law) will remain applicable for the Flemish Region. As a consequence, the guidelines of the federal laws continue to apply.

In principle the years 2015 and 2016 will consist of a of transitory tariff period in which the tariff methodologies defined by the VREG will be partially inspired by the tariff methodologies established by the CREG pursuant to the Tariff Decrees for the tariffs during the regulatory period 2009-2012 (and extended by the CREG until the end of 2014). On 30 September 2014 the VREG published the tariff methodology which it intends to use for this transitory tariff period 2015-2016. This tariff methodology, of which the details are described in the paragraph below (*Principles for the tariff methodology established by the VREG for the transitory tariff period 2015-2016*) is established following an *ad hoc* procedure and departs from the hybrid model embodied in the Tariff Decrees (i.e., combining elements of both a rate of return model and a revenue cap model) to evolve to a revenue cap model in which a cap determines the maximum revenue a DSO can collect from its consumers, with the exclusion of so-called "exogenous" costs that are beyond the DSO's control.

It should be emphasised however that the Issuer and the Guarantors have explicitly contested the tariff methodology established by the VREG and reserved their rights and continue to reserve their rights in this respect. In addition, the Issuer and the Guarantors do not envisage accepting the procedural timing proposed by the VREG for this transitory tariff period and the approval of the tariffs.

Hence, at this stage the procedure for the approval of the tariffs and the tariff methodology for the transitory tariff period 2015-2016 have not taken a definite form and it remains possible that the prolonged tariffs from 2012 applied in 2013 and 2014 may further be prolonged until the end of 2015, or that other alternatives are established, in case no solution is found before the end of 2014. From 2017 onwards, the VREG intends to establish a full-fletched new tariff methodology on the basis of the anticipated new regional legislation.

In any event, the regional legislator and the VREG will be bound by the general principles inserted in the Third Energy Package. In particular, the VREG should bear in mind that it is necessary that the tariff methodology for both 2015-2016 and from 2017 onwards should guarantee the long-term ability of the system to meet reasonable demands for the distribution of electricity and gas. In addition, the tariff methodology should allow the DSOs to ensure the necessary investments in the networks to be carried out in a manner allowing those investments to ensure the viability of the networks.

Principles for the tariff methodology established by the VREG for the transitory tariff period 2015-2016

As indicated above, on 30 September 2014 the VREG published the tariff methodology which it intends to use for the transitory tariff period 2015-2016. It has to be emphasised that the Issuer and the Guarantors do not accept and have not acknowledged the tariff methodology. Moreover, the Issuer and the Guarantors have not confirmed the procedural timing proposed by the VREG for the approval of the tariffs during this transitory tariff period. Hence, at this stage the procedure for the approval of the tariffs and the tariff methodology for the transitory tariff period 2015-2016 have not taken a definite form and it remains possible that the prolonged tariffs from 2012 applied in 2013 and 2014 may further be prolonged until the end of 2015, or that other alternatives are established, in case no solution is found before the end of 2014.

The content of the tariff methodology is however indicative of the general principles which the VREG, from its point of view, envisages to implement in the transitory 2015-2016 tariff period or in the tariff periods thereafter. The main principles and changes (compared to the principles embodied in the Tariff Decrees) can be summarised as follows:

- *General***.** The tariff methodology and procedure should not discriminate and provide stability, transparency, business continuity, administrative efficiency and avoid tariff shocks.

- *Revenue cap model***.** The VREG endorses a revenue cap model for the distribution grid fees forming the basis for the DSOs' revenues. As such, the hybrid model (*i.e.* combining elements of both a rate of return model and a revenue cap model), embodied in the Tariff Decrees, is put aside. In essence this "price control" model takes the form of a cap which determines the maximum revenue a DSO can collect from its consumers. However as explained below, "exogenous" costs will be excluded from this revenue cap. The cap formula allows for the allowed revenues to be updated annually for the change in the retail price index. The VREG defends the revenue cap model on the grounds that it incentivises cost efficiencies of the DSOs and their operating companies and that it best remedies the regulator's information handicap.

- *Exogenous costs***.** So-called 'exogenous costs' are left out of the revenue cap. Exogenous costs are for instance the costs for green power certificates and RUE Subsidies and in general constitute the costs "beyond the control" of the DSO (as such similar to the non-controllable costs concept applied in the regulatory period 2009-2012). It should be noted that the cost of debt will not constitute an exogenous cost as described in more detail below (*Weighted average cost of capital*). In addition, the VREG in principle considers the historically accumulated regulatory balances to be exogenous as well. However, considering the legal uncertainty regarding these historical balances (as described below), the VREG proposes to include only the already approved balances of 2008 and 2009 to be integrated in the tariffs in the transitory tariff period 2015-2016. The amount of exogenous costs to be incorporated in the grid fees for a certain year may be modified annually by the VREG depending on the exogenous costs actually incurred in (the) previous year(s). In addition, the future balances as a consequence of the actually incurred exogenous costs and the actual revenues which should cover these costs are subtracted from or added to the grid fees. The annual update of the exogenous costs should however prevent the over-accumulation of regulatory balances which characterised the federal regulatory scheme 2008-2012 (as extended to 2014).

- *Non-exogenous costs*. In the revenue cap model the non-exogenous costs will be subject to incentive regulation to stimulate a DSO to work as cost efficient as possible and to ensure a sustainable management of the grid. Hence, to cover the non-exogenous costs, the tariff methodology should allow each DSO a certain amount of fixed revenues ("**allowed income**") which should correspond with the revenues of an efficient DSO. The VREG has indicated that the initial cost budget in 2015 for a DSO should reflect the recent historical evolution of the non-exogenous sector costs and the actual share of each individual DSO therein. The non-exogenous costs will in principle consist of (i) depreciations, (ii) operational net expenditures and (iii) a remuneration for the cost of capital (*i.e.* equity and debt as described below (*Weighted average cost of capital*). This revenue cap will be adapted annually, taking into account (i) inflation, (ii) an x-factor reflecting positive/negative results of the relevant DSO and (iii) a q-factor to stimulate the persistent high quality of service to be delivered by the DSO.

- *Weighted average cost of capital*. The VREG has also already elaborated on how it intends to treat the DSOs' weighted average cost of capital ("**WACC**") used to calculate the remuneration for the DSOs' cost of capital (both equity and debt). In general the WACC should incentive the DSOs to work as cost-efficient as possible. The WACC will be determined ex-ante and should be efficient and realistic. By using the WACC the VREG traditionally distinguishes between the

cost of equity and debt and thus proportionally weighs each category of capital by using a gearing factor[45].

Cost of equity

First, the calculation of the cost of equity is slightly altered compared to the principles set out in the Tariff Decrees. The VREG still uses the CAPM[46] but the following changes will apply:

(i) the measurement of the risk-free interest rate based on the two-year average of the historical interest on both German Bund and Belgian OLO with a ten year term over the last two years (*i.e.* 2 per cent.);

(ii) an increase of the additional equity premium to 5.1 per cent;

(iii) the assumption by the VREG of a theoretical financing structure composed of 45 per cent. equity and 55 per cent. borrowed funds (the "**gearing**");

(iv) the establishment of the so-called beta factor (measuring a DSO's market risk profile) at 0.73 for both electricity and gas; and finally

(v) the illiquidity factor on equity of 1.2 is no longer used.

After using the elements described above the VREG proposes the use a cost of capital of 5.7 per cent. in the transitory tariff period 2015-2016.

Cost of debt

Secondly, for the calculation of the debt expenditures, the embedded debt approach, in which the cost of debt allowance can be set to cover the actual cost paid by a company on its borrowings (contrary to determination of the debt allowance on the basis of market rates) is partially maintained, *i.e.* only for historical financing used by the DSOs. The cost of debt in general will consist of the sum of the risk-free interest rate, a risk premium and a fixed add-on for transaction costs. Note that that the VREG proposes to use the same gearing parameter as described above. The most important elements are the following:

(i) the VREG proposes to use the same risk-free interest rate parameters as described above (albeit with a risk-free interest rate for historical debt of 3.3 per cent. compared to 2 per cent. for new debt);

(ii) a risk premium of 1.2 per cent. will apply (both for new and historical funding, compared to the 0.70 per cent. used in the Tariff Decrees);

(iii) a fixed amount of 15 basis points is added to the cost of debt to cater for transaction costs (such as the fees paid to advisers).

Using the elements above the VREG proposes to use a cost of debt of 4.1 per cent.

In sum the VREG has announced to use a WACC of 4.8 per cent. in the transitory tariff period 2015-2016 to calculate the remuneration for the DSOs' cost of capital.

- *Historical balances*. In the current consultation document the VREG clearly acknowledges the existence of the historical regulatory balances of the Flemish

[45] The level of a DSO's debt related to its equity capital, usually expressed in percentage form.

[46] The CAPM presupposes that the expected return of a security or a portfolio equals the rate on a risk-free security plus a risk premium. For the VREG this means that a DSOs expected rate of return on equity will equal the sum of (i) risk free rate and (ii) the difference between the expected market return and the risk free rate multiplied with the beta of the security (the latter being the correlation between return on equity and the market as a whole).

DSOs and as described above qualifies these balances as exogenous costs. These balances consist of the yearly regulatory balances accumulated since 2008 until 2014 (albeit that the balances of 2014 still need to be determined at the end of the year). As the CREG only confirmed the determination of the balances for the years 2008 and 2009 and considering the procedure initiated by the pure Flemish DSO (as described in more detail in section 3.2 (*Tariff freeze for 2013 and 2014*) on page 81), the VREG proposes to only include the balances of 2008 and 2009 in the 2015 and 2016 tariffs. The decision on the destination of the balances accumulated in the period 2010-2014 should be made in a later stage according to the VREG.

- *Other costs*. Other costs (e.g. fines) should be borne by the DSOs themselves and cannot be passed through to the grid user.

Likely tariff harmonisation and a possible merger of DSOs

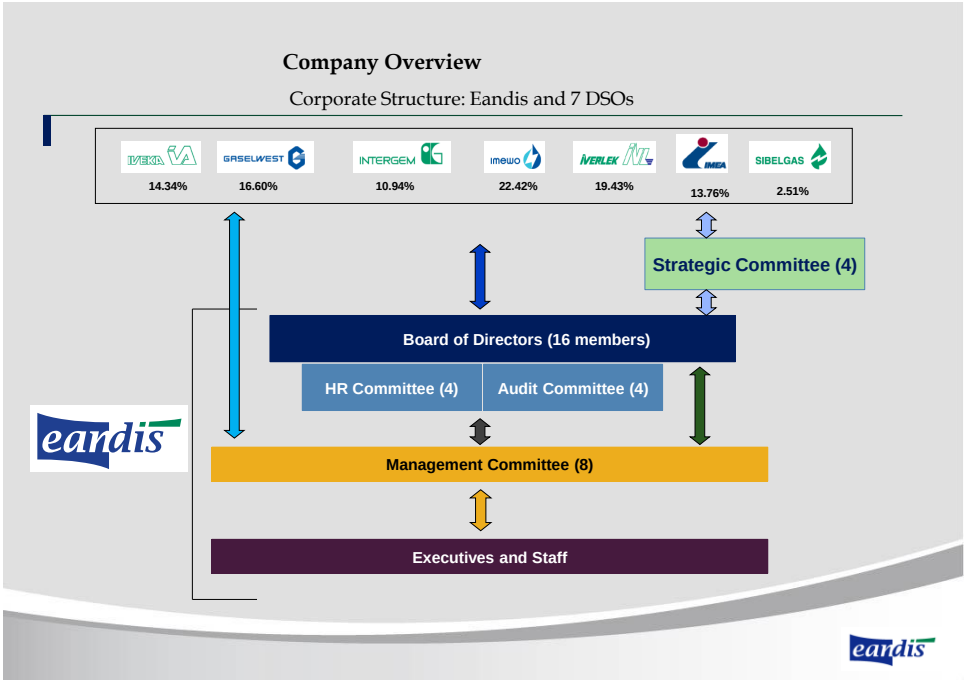
The Issuer and Infrax (which is the operating company of the other Flemish DSOs (*i.e.* other than the Guarantors) have discussed with the former Flemish government in May 2013 the possibility to gradually introduce a uniform distribution tariff in the Flemish Region from 1 January 2016 onwards. To facilitate the introduction of such a uniform tariff the Guarantors may merge into one DSO.

It has not yet been decided whether a uniform distribution tariff will be applied in the future and, if so, how it will be implemented by the VREG and the Flemish authorities and whether such a uniform tariff will adequately reflect the cost base of the Guarantor(s) and the Issuer. Considering the uncertainty of the tariff methodology for the transitory tariff period 2015-2016 as described in more detail above, it is unlikely that a uniform distribution tariff will be introduced by the VREG before 1 January 2017.

4. The Issuer

4.1 *Corporate organisation of the Issuer*

At the end of June 2014, Eandis employed 4,196 people, corresponding to 4,049.36 full-time equivalents (FTE). Its corporate structure, its corporate bodies and key personnel are briefly described in the sections below.



Board of Directors

The Board of Directors of Eandis, which according to the company's Articles of Association consists of a maximum of twenty members, is responsible for Eandis's general policy decisions. Currently the shareholders of the Issuer have appointed sixteen[47] Board members.

Name and function	**Major other functions at the date of the Base Prospectus.**
Piet BUYSE, *Chairman*	Mayor of the City of Dendermonde; Chairman of the Board of Directors of Intergem
Koen KENNIS, *1st Vice-Chairman*	Alderman of the City of Antwerp; Chairman of the Board of Directors of IMEA
Geert VERSNICK, *2nd Vice-Chairman*	City councillor in Ghent; Provincial alderman of East-Flanders
Louis TOBBACK, *3rd Vice-Chairman*	Mayor of the City of Louvain; Minister of State; member of the Board of Directors of Iverlek
Jean-Pierre DE GROEF, *Director*	Mayor of Machelen; Chairman of the Board of Directors of Sibelgas
Christoph D'HAESE, *Director*	Mayor of the City of Aalst; member of the Federal Parliament
Christof DEJAEGHER, *Director*	Mayor of Poperinge; member of the Board of Directors of Gaselwest
Paul DIELS, *Director*	Mayor of Lille; Chairman of the Board of Directors of Iveka
Greet GEYPEN, *Director*	Alderman in the City of Mechelen; Chairman of the Board of Directors of Iverlek
Luc JANSSENS, *Director*	Alderman in Kapellen; member of the Board of Directors of IMEA
Piet LOMBAERTS, *Director*	Chairman of the Municipal Council of the City of Kortrijk; member of the Board of Directors of Gaselwest
Luc MARTENS, *Director*	Mayor of the City of Roeselare; Chairman of the Association of Flemish Cities and Municipalities; Chairman of the Board of Directors of Gaselwest
Katrien PARTYKA, *Director*	Alderman in the City of Tienen; member of the Flemish Parliament
Ilse STOCKBROEKX, *Director*	Member of the Municipal Council in Schoten; Vice-chairman of the Board of Directors of Iveka
Sven TAELDEMAN, *Director*	City councillor in Ghent; Chairman of the Board of Directors of Imewo
Filip THIENPONT, *Director*	Mayor of Merelbeke; member of the Board of Directors of Imewo

Nick Vandevelde was appointed Secretary to the Board of Directors. He is Secretary General of Eandis, and in that function responsible for corporate administration, investor relations, legal affairs and the complaints commission Eandis. The above Directors, as well as the Secretary of

[47] These Board seats are distributed among the DSOs as follows: IMEA: two seats; GASELWEST: three seats; IVERLEK: three seats; IVEKA: two seats; IMEWO: three seats; SIBELGAS: one seat; and INTERGEM: two seats.

the Board of Directors have their business address at Brusselsesteenweg 199, B-9090 Melle, Belgium.

Management Committee

The Board of Directors has entrusted the Management Committee with the day-to-day management of the company from an operational and organizational perspective. The day-to-day execution of the decisions taken by the Guarantors and certain daily management tasks of these DSOs have also been entrusted to the Management Committee. The members of the Management Committee take part in the Eandis Board of Directors meetings, solely with an advisory role and without exercising any voting rights.

The current members of the Management Committee are:

Walter Van den Bossche, CEO and Chairman of the Management Committee, was born in 1956. He holds an Economics Degree. He has built his career in the energy sector at Intercom, Electrabel and Electrabel Netten Vlaanderen in several executive and management positions, mostly within financial and administration departments. Prior to his current function at Eandis, Mr Van den Bossche was Head of the Finance & Administration Department at both Electrabel Netten Vlaanderen and Eandis, and Vice-Chairman of Eandis's Management Committee.

Guy Cosyns, born in 1962, is an electrotechnical engineer. He has built a long career in the energy sector (at Intercom, Electrabel, ENV, Electrabel Customer Solutions and Eandis) in commercial, technical and regulatory affairs management positions. In 2005, he became responsible for Eandis's operating area Leie-Schelde. He joined Eandis's Management Committee in 2013 as Director Customer Operations.

Frank Demeyer, born in 1955, is currently responsible for the Department HR & Organization Management at Eandis. He started his career at Ebes, which later became Electrabel. He joined GeDIS from the start of this company as its HR-officer. Prior to his current position, Mr Demeyer was responsible for Corporate Governance & Audit at Eandis. Mr Demeyer will retire as from 1 January 2015.

Wim Den Roover is currently responsible for the Department Network Operations at Eandis. Born in 1961, he obtained an engineering degree. Prior to his current function at Eandis, he was responsible for the different Smart Programmes at Eandis. He has developed his career in several infrastructure areas and was also responsible for a number of internal projects.

Luc Desomer is in charge of the Department Public Affairs & Communication at Eandis. He holds a Law Degree. Mr Desomer was born in 1951 and has developed his career in several communication and PR functions in the energy sector (successively at Intercom, Electrabel and Electrabel Netten Vlaanderen). Mr Desomer will retire as from 1 January 2015.

Jean Pierre Hollevoet, responsible for Network Management, was born in 1962. He holds a technical engineering degree. Previous to his current position, Mr Hollevoet was a.o. responsible for supply chain and facility management, procurement and asset management at Eandis. He has gained experience in several operational functions in the utility business during a 27 year career.

David Termont CFO, is currently responsible for Financial, Administrative & ICT Management at Eandis. He was born in 1970 and holds an Economics Degree. He started his professional career as advisor to an Alderman of the City of Ghent. Prior to joining Eandis, he was in charge of GeDIS's Customer Care Department. Until 2013, Mr Termont was responsible for the Customer Care Department.

Donald Vanbeveren is bearing responsibility for Eandis's Regulation & Strategy Department. Mr. Vanbeveren was born in 1958 and he is a civil engineer. He started his professional career at Vynckier (now GE). In the energy sector, he took up several functions starting with technical functions, but also financial functions, unbundling of the energy market and asset management.

Audit Committee

Eandis has installed an Audit Committee. Currently, its members are Paul Diels (Chairman), Luc Janssens[48], Koen Kennis and Sven Taeldeman.

The Audit Committee has an advisory competence and reports its findings to the Board of Directors. The responsibilities of the Audit Committee relate to control over the company's accountancy, its control systems, the proper application of accounting rules, financial reporting and budgeting.

HR Committee

Eandis has also installed an HR Committee. It is chaired by Mr Piet Buyse and its other members currently are Greet Geypen, Koen Kennis and Sven Taeldeman.

The HR Committee has an advisory competence and reports its findings and guidelines to the Board of Directors. The HR Committee's tasks include advising on Eandis's general salaries policy. The Committee is also consulted on nominations of managers within the company.

Eandis's current Articles of Association stipulate that both the HR Committee and the Audit Committee are composed of a maximum of five members. However, only four members in each of these committees have been appointed at the moment.

Strategic Committee

The Strategic Committee is functioning as a consultation platform between the company and its shareholders. It is composed of four members. According to the company's Articles of Association, this committee is being chaired by the Chairman of the Board of Directors, currently Mr Piet Buyse. The three vice-chairmen of the Board are the other members of the Strategic Committee.

Conflicts of interest

There are no conflicts of interest between the duties of the persons listed above in this section 4.1 "*Corporate organisation of the Issuer*" to the Issuer and their private interests or other duties. It should be noted that possible conflicts of interest between the duties of the directors of the Guarantors and their private investments or other duties are permanently being scrutinised by the DSOs' own Corporate Governance Committees, by the Flemish authorities and by the regional energy regulator VREG.

Corporate governance

Since the Belgian Corporate Governance Code for Listed Companies (known as the Code Daems, the "**Code**") is primarily aimed at companies with listed shares and given the extensive legal and regulatory requirements applicable on Eandis, the Issuer has published its own Corporate Governance Charter, which was inspired both by the Code and the Corporate Governance Code for Non-listed Companies (known as the Code Buysse). This Corporate Governance Charter is updated on a regular basis when required by internal or external elements. Eandis's Corporate Governance Charter can be accessed via the company's website "http://www.eandis.be/eandis/pub_over_eandis.htm".

4.2 ***Eandis's Subsidiaries***

De Stroomlijn

De Stroomlijn CVBA was established as a limited liability partnership ("*coöperatieve vennootschap met beperkte aansprakelijkheid*" / "*société coopérative à responsabilité limitée*") on 28 December 2006 by notarial deed of the same date, published in the Annexes to the Belgian State Gazette of 22 January 2007 under number 07012863. Its registered office is at 9090 Melle,

[48] Luc Janssens replaces Geert Versnick as of 1 September 2014.

Brusselsesteenweg 199. The company, hereafter called "**De Stroomlijn**", is registered with the legal enterprise registry of Ghent under number 0886,337,894.

Eandis possesses 1,650 shares out of the 2,577 shares in De Stroomlijn, or 64.03 per cent of the share capital. The other 927 shares are owned by T.M.V.W., an intermunicipal company active in the distribution and treatment of water (850 shares) and SYNDUCTIS (77 shares).

The Articles of Association of De Stroomlijn attribute to Eandis the right to nominate four out of seven members of the Board of Directors. David Termont, member of Eandis's Management Committee, is chairman of the Board of Directors of De Stroomlijn. Nick Vandevelde, secretary to the Board of Directors of Eandis, holds the same position in De Stroomlijn's Board of Directors.

De Stroomlijn's financial statements are fully consolidated with Eandis, according to the integral method.

De Stroomlijn operates as the independent customer contact centre for distribution related matters. On 30 June 2014 the company employed 254 people (or 226,45 full-time equivalents). In 2013 De Stroomlijn processed almost 1.9 million calls, 78.26 per cent of these calls are related to Eandis's activities.

Indexis

Indexis CVBA was established as a limited liability partnership ("*coöperatieve vennootschap met beperkte aansprakelijkheid*" / "*société coopérative à responsabilité limitée*") on 24 June 2002 by notarial deed of the same date, published in the Annexes to the Belgian State Gazette of 16 July 2002 under number 200220716-254. Its registered office is at 1000 Brussels, Ravensteingalerij 4, box 2. The company, hereafter called "**Indexis**", is registered with the legal enterprise registry of Brussels under number 0477,884,257.

Eandis owns 2,251,291 shares of Indexis' 3,216,131 shares, or 70.0 per cent of the share capital. The other Indexis shares are owned by Ores, the operating company of the Walloon mixed DSOs for electricity and gas (964,839 shares) and by Fernand Grifnée, CEO of Ores (one share).

The articles of association of Indexis attribute to Eandis the right to nominate four out of eight members of the Board of Directors. Mr Guy Cosyns, director Customer Operations at Eandis and member of Eandis's Management Committee, is the current chairman of the Board of Directors. Nick Vandevelde, secretary to the Board of Directors of Eandis, holds the same position in Indexis' Board of Directors.

Indexis's financial statements are fully consolidated with Eandis, according to the integral method.

Indexis is a company active in Flanders and Wallonia that delivers a number of services in the liberalised energy market to Eandis and Ores, its shareholders. Indexis's activities relate on the one hand side to the treating and forwarding of metering data on electricity and gas consumption, and on the other hand side, Indexis is responsible for the administration of these metering data in an independent and confidential manner.

On 30 June 2014 Indexis counted 50 employees (48.54 full time equivalents).

Atrias

Atrias CVBA was established as a limited liability partnership ("*coöperatieve vennootschap met beperkte aansprakelijkheid*" / "*société cooperative à responsabilité limitée*") on 9 May 2011 by a notarial deed of the same date, published in the Annexes to the Belgian State Gazette of 25 May 2011. Its registered office is at 1000 Brussels, Ravensteingalerij 4, box 2. The company, hereafter called "**Atrias**", is registered with the legal enterprise register of Brussels under number 0836.258.873.

Eandis owns 93 shares of Atrias' 372 shares, or 25 per cent of the share capital. The other Atrias shares are owned by other entities in the energy distribution sector, being Ores, Infrax, TECTEO, Sibelga, AIEG, AIESH and Régie de Wavre.

Eandis has the statutory right to nominate three Board members and has appointed Paul Gistelinck, David Termont and Walter Van den Bossche. Eandis also has the statutory right to nominate the Chairman of the Board of Directors. Walter Van den Bossche was appointed in this function.

Atrias's financial statements are consolidated with Eandis according to the equity method.

Atrias's mission was defined as assuming the function of a central clearing house for the benefit of the DSOs and as such it is charged with the project for the development of the Message Implementation Guide (MIG) version 6, the development of a Clearing House application and the management and maintenance of this application. MIG is a data transmission protocol being used for the structured data exchange between market parties on the liberalised energy market in Belgium.

On 30 June 2014, Atrias had 14 employees (corresponding to 14.00 full-time equivalents). It has to be noted, however, that Atrias's organisation and organigram are still in evolution.

SYNDUCTIS

This Eandis subsidiary was established on 21 December 2012 as a limited liability partnership ("*coöperatieve vennootschap met beperkte aansprakelijkheid" / "société cooperative à responsabilité limitée*") by a notarial deed of the same date, published in the Annexes to the Belgian State Gazette of 25 January 2013. Its registered office is at 9090 Melle, Brusselsesteenweg 199. The company, hereafter called "**SYNDUCTIS**", is registered with the legal enterprise register of Ghent under number 0502.445.845. The founding partners of SYNDUCTIS were Eandis (930 shares – 50.0 per cent.), the water company T.M.V.W. (883 shares – 47.5 per cent.) and the water company I.W.V.A. (47 shares – 2.5 per cent.). Since the establishment date the water company I.W.V.B. has joined SYNDUCTIS. With the telecom operator Belgacom, a collaboration agreement for the duration of one year was concluded, after which Belgacom will take a decision whether to definitively join SYNDUCTIS.

The first financial year ended on 31 December 2013. Its 2013 accounts have not been consolidated with the Eandis accounts since no transfer billing has taken place between Eandis and SYNDUCTIS for the year 2013.

SYNDUCTIS has the vocation to better coordinate infrastructure works with an impact on the public domain. Coordination of planning and execution of infrastructure works by SYNDUCTIS should lead to more synergy between utilities, minimal costs for grid operators and local authorities, and less hindrance for the population. As a first step, a number of projects were selected to test the joint approach of infrastructure works.

4.3 ***Shareholders of the Issuer***

The Guarantors are Eandis's sole shareholders. No shareholder exercises control over the Issuer. The table below reflects their exact shareholding in Eandis as at the date of the Base Prospectus:

SHAREHOLDERS	**NUMBER OF SHARES**	**% ON TOTAL**
GASELWEST 8500 Kortrijk	57,830	16.5973%
IMEA 2100 Deurne (Antwerp)	47,944	13.7600%
IMEWO 9090 Melle	78,105	22.4162%
INTERGEM 9200 Dendermonde	38,139	10.9459%
IVEKA 2300 Turnhout	49,976	14.3432%
IVERLEK 3012 Wilsele (Leuven)	67,701	19.4302%
SIBELGAS 1210 Sint-Joost-ten-Node	8,736	2.5072%
TOTAL	**348,431**	**100.0000%**

All of Eandis's capital shares are ordinary nominative shares, each representing an equal share in the company's capital totalling EUR 18,550.00. All shares have been fully paid up and are registered in Eandis' company share register. Each shareholder is entitled to one vote per share in Eandis' General Assembly.

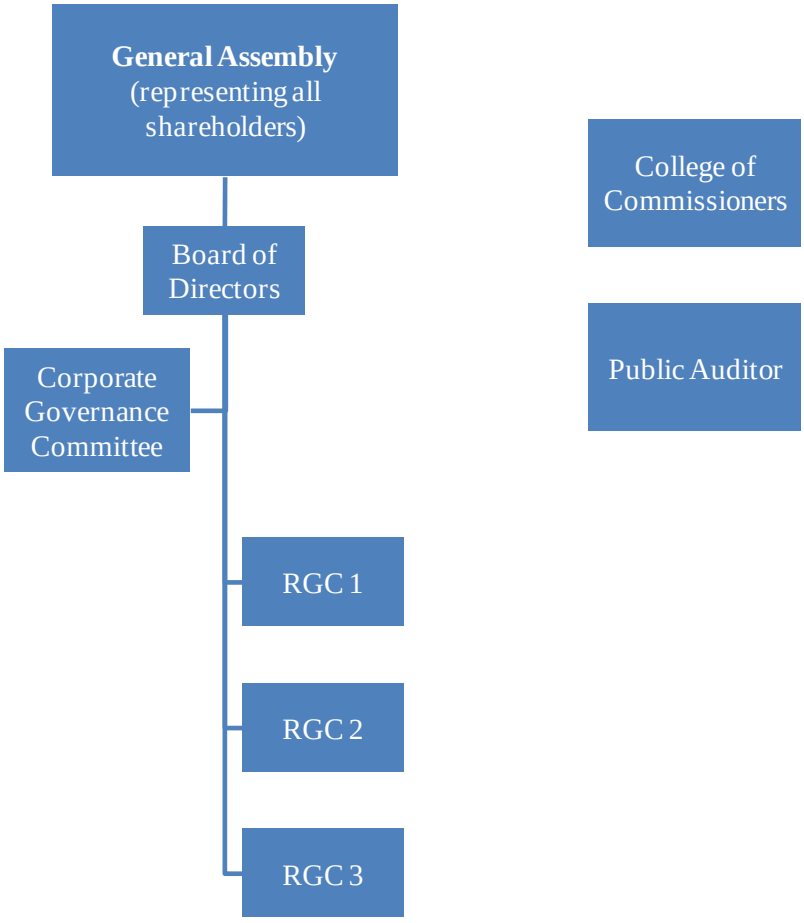
Eandis has not issued profit sharing certificates.

The shareholding of the respective Guarantors in Eandis is based on the number of EAN-codes in the geographical area covered by each of the Guarantors as of the date of Eandis's constitution on 30 March 2006[49]. Each EAN-code represents a single physical connection to the distribution grid. As such, the number of EAN-codes is considered as a proxy to the operational activities within a certain geographical area and each of the seven Guarantors holds a participation in Eandis that is in line with Eandis's activities in the territories of its respective shareholders.

5. Guarantors

5.1 *Corporate structure*

The typical corporate structure of the DSOs is outlined below. Although the Guarantors are very similar as far as their governance structure is concerned, there are some differences between them in order to meet specific local circumstances or differences in scale.



At this moment, the above structure does not yet apply to Sibelgas.

The exact number of Regional Governing Committees (named RGC in the graph above) in each DSO (2 or 3) depends on the size of the DSO. Only in Gaselwest and Sibelgas, due to their status as intermunicipal companies according to the federal Act on the Intermunicipal Companies of 1986, there is also a College of Commissioners entrusted with the financial control. These

[49] The shares held by ex-IGAO were redistributed over IMEA, Intergem and IVEKA as of January 2009.

Colleges of Commissioners should however disappear by 1 July 2015 at the latest in accordance with the Flemish Decree of 25 April 2014[50].

5.2 ***Regulatory regime applicable to the Guarantors (including administrative review of the decisions made by certain Guarantors)***

General overview and administrative review

With the exception of Gaselwest and Sibelgas, all Guarantors currently qualify as a "mission entrusted company" ("*opdrachthoudende vereniging*" in Dutch), governed by the Flemish Decree of 6 July 2001 on the intermunicipal cooperation (the "**Intermunicipal Cooperation Decree**"). Gaselwest and Sibelgas will have to conform to this status of a mission entrusted company according to Flemish legislation by 1 July 2015 at the latest and have adopted their articles of association accordingly.

By virtue of the Intermunicipal Cooperation Decree, the mission entrusted companies are subject to administrative supervision by the Flemish tutelle authorities. The intermunicipal companies must provide the Flemish authorities with a copy of all decisions that are taken by them. Decisions that breach the law, the articles of association of the company, or the public interest may be suspended or, by decision of the Flemish government, annulled.

Mission entrusted companies have adopted the form of and follow in general rules outlined in the Belgian Company Code for limited liability partnerships ("*coöperatieve vennootschap met beperkte aansprakelijkheid*" in Dutch / "*société coopérative à responsabilité limitée*" in French). However, on certain key points they differ from these rules; for example:

- they are established for a limited duration. In the current state of legislation the maximum duration is 18 years; a prolongation of this limited duration is possible if approved by their participants after having completed a strict approval procedure. The current termination dates that are stated below diverge very much between the five mission entrusted companies that are shareholders of Eandis. IVEKA is first in line with a current termination date of 31 December 2016. The termination dates of the other mission entrusted companies fall later in time[51];

- the Intermunicipal Cooperation Decree provides that as of 31 December 2018, it will no longer be possible for private partners, such as Electrabel, to participate alongside with local authorities in mission entrusted companies. In the companies of which the statutory duration expires on an earlier date, private partners will be forced out of the venture on this earlier date: this will be the case for IVEKA (31 December 2016) and for Intergem (14 September 2018);

- local authorities that are venturing into an Intercommunale, have by rule of law transferred, for the statutory duration of the company, their relevant municipal competencies to the Intercommunales;

- the Intercommunales are considered to be administrative authorities, whose decisions may be challenged before the Council of State (*i.e.* Belgium's highest administrative court, or "*Raad van State*" in Dutch and "*Conseil d'Etat*" in French).

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[50] Flemish Decree of 25 April 2014 on the approval of the collaboration agreement between the Flemish Region, the Walloon Region and the Brussels Capital Region regarding the intermunicipal companies going beyond the regional boundaries (*Decreet van 25 April 2014 houdende instemming met het samenwerkingsakkoord tussen het Vlaamse Gewest, het Waalse Gewest en het Brussels Hoofdstedelijk Gewest betreffende de gewestgrensoverschrijdende intercommunales*), published in the Belgian State Gazette of 4 July 2014.

[51] It is to be noted however that the 29 municipalities that were formerly united in IGAO, which dissolved as of 1 January 2009 in IVEKA, Intergem and IMEA, are still bound by IGAO's former termination date, i.e. 31 December 2014. The last general meeting of IVEKA, Intergem and IMEA scheduled before 31 December 2014 can decide with a 75 per cent. majority to prolong the partnership of the involved municipalities for the gas distribution activity.

- the Intercommunales are submitted to the general principles of the public service; and
- the Intercommunales have to comply with public procurement rules and regulations that are applicable to them.

At the date of this Base Prospectus, Gaselwest and Sibelgas are not governed by the Intermunicipal Cooperation Decree but by the federal Law of 22 December 1986 on Intermunicipal Companies (the "**Law of 22 December 1986**") since their operating territories stretch out beyond the boundaries of the Flemish Region. Consequently, they do not yet qualify as mission entrusted companies but as intermunicipal companies, governed by the law of 22 December 1986. As already indicated above, these Guarantors should conform to the status of mission entrusted company, as defined by Flemish legislation, on 1 July 2015 at the latest.

Nevertheless, like the mission entrusted companies, Gaselwest and Sibelgas are today being considered public law entities; since they are governed by the law of 22 December 1986 certain rules regarding their functioning and organization are different. For example:

- under the law of 22 December 1986 intermunicipal companies may not only be incorporated as a limited liability partnership ("*coöperatieve vennootschappen met beperkte aansprakelijkheid*" in Dutch or "*société coopérative à responsabilité limitée*" in French) but also as a limited liability company ("*naamloze vennootschap*" in Dutch or "*société anonyme*" in French) or a non-profit association ("*vereniging zonder winstoogmerk*" in Dutch or "*association sans but lucratif*" in French);
- the law of 22 December 1986 does not prohibit private partners, such as Electrabel, to hold a participation in the share capital in intermunicipal companies (but as described in subparagraphs 2.1 (*Organisation of the Belgian Electricity Market*) and 2.2 (*Organisation of the Belgian Gas Market*), energy regulation limits the interest of private partners in DSOs to 30 per cent); and
- the maximum duration for which an intermunicipal company governed by the law of 22 December 1986 may be incorporated amounts to 30 years; this duration can be prolonged upon request of two thirds of the shareholders present or represented in a general meeting **provided that** at least the majority of the municipality-shareholders vote in favour; the current termination dates of Gaselwest and Sibelgas are stated below.

Following their respective amendment of their articles of association in line with the Flemish decree of 25 April 2014, the duration of Gaselwest and Sibelgas will be limited to 9 November 2019.

The law of 22 December 1986 provides that the supervising authority may suspend or annul decisions of intermunicipal companies that breach the law, the articles of association of the company or the public interest and leaves it to the regions to reach a cooperation agreement in this regard. Such an agreement has been reached and is materialised in the aforementioned agreement between the three regions in Belgium and reflected in the Flemish decree of 25 April 2014. These arrangements also stipulate the provisions regarding the administrative supervision over intermunicipal companies that operate on the territory of more than one region.

Finally, since all Guarantors are public law entities, all of them must comply with general principles of public service and with public procurement rules.

Current termination dates of the Guarantors

It was indicated above that the Guarantors were established with a limited, but renewable, duration. The table below contains the date of incorporation of each of the Guarantors, as well as their current termination date:

	Date of incorporation	**Current termination date**
GASELWEST	08/07/1975	21/02/2023*
IMEA	18/10/1932	09/11/2019
IMEWO	10/03/1975	09/11/2019

	Date of incorporation	Current termination date
INTERGEM	15/09/1980	14/09/2018
IVEKA	24/11/1981	31/12/2016
IVERLEK	29/03/1982	09/11/2019
SIBELGAS	19/12/1986	25/04/2026*

The Guarantors marked with * in the table above will have a termination date of 9 November 2019 at the latest following their respective amendment of their articles of association in line with the Flemish decree of 25 April 2014.

Note, in respect of IMEA, Iveka, and Intergem, also footnote 26 above.

In addition, the Issuer has entered into negotiations with all stakeholders on the possible exit of the 5 Walloon municipalities from the Guarantor Gaselwest. These talks have not yet been finalised.

Non-commercial nature of the Guarantors

Both from the Intermunicipal Cooperation Decree and the law of 22 December 1986 it flows that none of the Guarantors can be considered as a merchant ("*koopman*" / "*commerçant*"). As a consequence, the Guarantors are not subject to bankruptcy laws and bondholders will not enjoy protection of the bankruptcy laws.

Immunity of execution

The Guarantors are public law entities. Under Belgian law, such entities have the duty to perform at all times their tasks of public service (concept of the continuity of the public service). Pursuant to Article 1412bis of the Belgian Judicial Code, assets owned by a public law entity (such as the Guarantors) benefit from an immunity of execution as a result of which they cannot be seized. This immunity of execution does not apply to assets that are manifestly not useful for the performance or the continuity of the public service. This means that e.g. the distribution networks (cables and pipelines) owned by a Guarantor cannot be seized by Noteholders in case of default. Although this limits the enforceability of the obligations of the Guarantors, it also means that each of the Guarantors will be in a position to continue to perform its duties of public service and hence to generate revenues. This immunity of execution is not to be considered as an immunity of jurisdiction.

Licensing Requirements for DSOs

The VREG appoints the DSOs for electricity and/or gas in the Flemish Region as stipulated in the Flemish Energy Decree of 8 May 2009. The conditions and procedure for such appointment are laid down in the Energy Order of the Flemish Government of 19 November 2010.

The key characteristics to be demonstrated by a candidate-operator relate to:

- legal ownership or sufficient exploitation rights over a distribution network;
- financial and technical capabilities;
- professional reliability;
- managerial and legal independence of the candidate-operator (*vis-à-vis* companies active in electricity generation or import of natural gas, companies holding a supply license or intermediaries (the executive order sets out detailed requirements to ensure the independence of DSOs)).

The Guarantors were appointed, in respect of their activities relating to the distribution of electricity, by decision of the VREG on 5 September 2002 for a twelve year period, and, in respect of their activities relating to the distribution of gas, by decision of the VREG on 14 October 2003 for a twelve year period.

After the initial appointment of the Guarantors, a number of corrective measures were taken for IMEA, Iveka and Intergem (gas activity), due to the split-up of the former gas DSO IGAO into these three entities. The initial appointment of Gaselwest has also been amended in the past, following a number of territory exchanges between Gaselwest and a pure intermunicipal company in relation to the municipalities Hooglede and Horebeke.

On the basis of the evidence provided by the operators, the VREG extensively controls on a yearly basis compliance with the appointment requirements and conditions. CWaPE, the energy regulator of the Walloon Region, exercises a similar control for the five Walloon municipalities that are associated with the Gaselwest.

On 5 May 2014 each of the 7 Guarantors formally requested the VREG to renew their DSO appointment for the distribution of electricity for a new 12-year period starting on 6 September 2014. In addition, at the end of June 2014, the Guarantors introduced a request for a renewal of the appointment of the Issuer as their operating company. By letters of 3 September 2014 addressed to each of the Guarantors, the VREG formally announced that it was investigating these renewal requests introduced.

The exit of Electrabel in the shareholding of the Guarantors

The Flemish Decree on Intermunicipal Cooperation of 6 July 2001 requires Electrabel to exit from, amongst others, the Guarantors at either (i) the occasion of a DSO's renewal of its statutory duration or (ii) on 31 December 2018 at the latest. In a few months' time, i.e. on 31 December 2014, this scenario would already play out for 29 municipalities in the DSOs IMEA, Intergem and Iveka. In order to adequately anticipate this legal obligation, negotiations were started in the course of 2013 with the aim to realise an accelerated and general 'exit' of Electrabel from all the Guarantors, as well as the parallel exit of the public sector from Electrabel Customer Solutions, an affiliate of Electrabel active in electricity supply.

Hence, on 27 August 2014 Electrabel and the Guarantors have reached a principle agreement on Electrabel's exit as a shareholder of the Guarantors by the end of 2014 at the latest. The parties agreed that in parallel the exit of the public sector from Electrabel Customer Solutions (ECS) will be organised. Both transactions will be realised through a sale of shares. Only the exit of Electrabel from the share capital of the Guarantors affects the Eandis Economic Group (as, until now, Electrabel owns 21 per cent. non-voting shares in the Guarantors and has not appointed any board members). The parallel transaction involving Electrabel Customer Solutions does not affect the Eandis Economic Group.

The preferred simultaneous exit, instead of a gradual departure between 2014 and 2018 as required by law, simplifies the operation and enhances the transparency in the energy market. The principle agreement between Electrabel and the Guarantors is submitted for approval to the Guarantors' and ECS's shareholders during the period September-December 2014. Closing and payment of this sale of shares by Electrabel and the purchase of these shares by the Guarantors' public shareholders is intended to take place on 29 December 2014.

Since Electrabel owns, on the date of this Prospectus, a 21 per cent. pure financial participation without any operational responsibilities, the exit will not have any influence on the day-to-day activities of the Guarantors.

5.3 ***Board of directors of the Guarantors***

The Board of Directors is responsible for each Guarantor's general policy decisions. Below an overview of the directors of each Guarantor as at the date of the Base Prospectus is given:

Gaselwest (business address of the directors: President Kennedypark 12, B-8500 Kortijk)

Name	**Function**	**Other Activities (*inter alia*)**
Martens Luc	Chairman	Mayor of Roeselare
Lombaerts Piet	Vice-Chairman	Chairman of the city council of Kortrijk
Callens Karlos	Director, Vice-Chairman of	Mayor of Ardooie

Name	Function	Other Activities (*inter alia*)
	the CGC	
Casier Youro	Director, member of the CGC	Mayor of Wervik
Croes Claude	Director, member of the CGC	Mayor of Deerlijk
Dejaegher Christof	Director	Mayor of Poperinge
Soens Rik	Director, Chairman of the CGC	First Alderman of Waregem
Vermeulen Jan	Director, member of the CGC	Mayor of Deinze
Vereecke Carl	Director, member of the CGC	Provincial Alderman of West-Flanders
De Groof Chris	Director	
Sarens André	Director	

IMEA (business address of the directors: Merksemsesteenweg 233, B-2100 Deurne-Antwerp)

Name	Function	Other Activities (*inter alia*)
Kennis Koen	Chairman	Alderman of Antwerp
Cordy Paul	Vice-Chairman, member of the CGC	Alderman of the district of Antwerp
Janssens Luc	Director	Alderman of Kapellen
Dehaen Koen	Director, member of the CGC	Alderman of Mortsel
De Meyer Sonja	Director, Vice-Chairman of the CGC	Councillor of the district of Merksem
Vereecken Kevin	Director, Chairman of the CGC	Councillor of Antwerp
Electrabel	Represented by André Sarens	
Wuyts Luc	Member with advisory vote	Councillor of Duffel

IMEWO (business address of the directors: Brusselsesteenweg 199, B-9090 Melle)

Name	Function	Other Activities (*inter alia*)
Taeldeman Sven	Chairman	City Councillor of Gent
De Witte Peter	Vice-Chairman, Vice-Chairman of the CGC	Alderman of Lokeren
Annys Pablo	Director, member of the CGC	City Councillor of Brugge
De Waele Christophe	Director	Alderman of Eeklo
Gobeyn Anneke	Director, member of the CGC	Councillor of Maldegem
Heyse Tine	Director, member of the CGC	Alderman of Gent
Poppe Patrick	Director, member of the CGC	Mayor of Zele
Thienpont Filip	Director	Mayor of Merelbeke
Vandecasteele Jean	Director, Chairman of the CGC	Mayor of Oostende
Burms Jenny	Director	
Sarens André	Director	
Cornelis Franky	Member with advisory vote	Councillor of Sint-Laureins

Intergem (business address of the directors: Franz Courtensstraat 11, B-9200 Dendermonde)

Name	Function	Other Activities (*inter alia*)
Buyse Piet	Chairman	Mayor of Dendermonde
Coppens David	Vice-Chairman	Councillor of Aalst
Braems Cyntia	Director, member of the CGC	City Councillor of Zottegem
Franceus Erwin	Director, member of the CGC	Fourth Alderman of Geraardsbergen
Smet Ernest	Director, Chairman of the CGC	Councillor of Beveren

Name	Function	Other Activities (*inter alia*)
Van Duyse Kris	Director, Vice-Chairman of the CGC	First Alderman of Stekene
Electrabel	Represented by André Sarens	
Verhofstadt Henk	Member with advisory vote	Councillor of Bever

Iveka (business address of the directors: Koningin Elisabethlei 38, B-2300 Turnhout)

Name	Function	Other Activities (*inter alia*)
Diels Paul	Chairman	Mayor of Lille
Stockbroekx Ilse	Vice-Chairman	Councillor of Schoten
Jacobs Lukas	Director, Chairman of the CGC	Mayor of Kalmthout
Van Hove Luc	Director, member of the CGC	Mayor of Zandhoven
Vanschoubroek Patrick	Director, Vice-Chairman of the CGC	Chairman of the council of Westerlo
Verwaest Rik	Director, member of the CGC	Alderman of Lier
Electrabel	Represented by André Sarens	
Smets Dirk	Member with advisory vote	Councillor of Retie

Iverlek (business address of the directors: Aarschotsesteenweg 58, B-3012 Wilsele-Leuven)

Name	Function	Other Activities (*inter alia*)
Geypen Greet	Chairman	Alderman of Mechelen
Tobback Louis	Vice-Chairman	Mayor of Leuven
Asselman Hugo	Director, member of the CGC	Councillor of Liedekerke
Desmeth Jan	Director, member of the CGC	Alderman of Sint-Pieters-Leeuw
Hermans Dirk	Director, Chairman of the CGC	Councillor of Kapelle-op-den-Bos
Partyka Katrien	Director	First Alderman of Tienen
Peeters André	Director, member of the CGC	Mayor of Aarschot
Vermijlen Vital	Director, Vice-Chairman of the CGC	Chairman of the council of Bornem
Dehertog Gilbert	Director, member of the CGC	Councillor of Overijse
Burms Jenny	Director	
Sarens André	Director	
Agneessens Yves	Member with advisory vote	Councillor of Roosdaal

Sibelgas (business address of the directors: Sterrenkundelaan 12, B-1210 Sint-Joost-ten-Node)

Name	Function	Other Activities (*inter alia*)
Andries Christian	Director	First Alderman of Wemmel
De Boeck Emiel	Director	Councillor of Meise
De Groef Jean-Pierre	Chairman	Mayor of Machelen
De Ridder Stefaan	Director	Councillor of Meise
De Ro Jo	Director	Alderman of Vilvoorde
Serkeyn Johan	Director	Alderman of Vilvoorde
Smets Jos	Director	Chairman of the Municipal Council of Grimbergen
Trullemans Johnny	Director	Councillor of Machelen
Van Langenhove Marcel	Director	Alderman of Wemmel
Vleminckx Kevin	Director	Councillor of Grimbergen
Burms Jenny	Director	
Lambrechts Rumold	Director	

There are no conflicts of interest between the duties of directors of the Guarantors and their private interests or other duties. The Corporate Governance Committee of each Guarantor has the statutory task to analyse potential conflicts of interest. Potential conflicts of interest are also scrutinised by the CREG, the VREG and the Flemish tutelle authorities.

Regional Governing Committees and Corporate Governance

Each DSO – with the exception of Sibelgas – has either two or three Regional Governing Committees (RGC) that have an advisory role on matters pertaining to local circumstances

The Corporate Governance Committee (the "**CGC**") supervises the independence of the network operator and analyses possible conflicts of interest. Flemish legislation on network operators makes a Corporate Governance Committee mandatory.

The Guarantors' articles of association contain stringent provisions on corporate governance. These provisions are based on several legal and regulatory provisions as to the Guarantors' independent functioning in a liberalised energy market and the rules for a non-discriminatory access to the distribution grids for all distribution network users. In this regard, reference is made to the Flemish Energy Decree of 8 May 2009 that is strictly complied with by each of the Guarantors. Since none of the Guarantors are listed companies, the Corporate Governance Code for Listed Companies (defined above as the "**Code**") does not apply to the Guarantors. The recommendations of the Corporate Governance Code for Non-listed Companies (also known as the Code Buysse) do apply to the Guarantors, that aim at complying with these recommendations. However, given the nature of the seven Guarantors and the fact that an extensive set of binding corporate governance rules has been imposed upon them, the Guarantors do not apply the Code Buysse in full where full compliance seems impossible, redundant or overly burdensome.

The powers of each of the Corporate Governance Committees also extend to powers and tasks that would typically be conducted by the Audit Committee. Budgetary control, the follow-up of audit activities, the evaluation of the reliability of financial information and the organisation of an internal control system are all tasks that have been attributed to the Corporate Governance Committee of each Guarantor. In the lists of Directors of the seven Guarantors, it is indicated which Board members are also a member of the Guarantor's Corporate Governance Committee.

For the sake of clarity, it is to be noted that none of the Guarantors has a management committee.

5.4 ***Shareholding of the Guarantors***

General

All capital shares of the Guarantors are currently still held by (i) local authorities (municipalities and provinces) and (ii) Electrabel, a subsidiary of the French utility group GDF Suez. No shareholder exercises control over any Guarantor. In each of the seven Guarantors approx. 79 per cent of the voting shares are held by the local authorities and approx. 21 per cent is held by Electrabel (the exact percentages are set out in the table below). This proportion is partly due to Flemish legislation stipulating that the shareholding of private partners in distribution DSOs is limited to a maximum of 30 per cent (please see page 93 for further reference to this legislation, and below for information regarding the exit of Electrabel from the share capital of the Guarantors). The table below gives an overview of the capital of each of the Guarantors (situation on 30 June 2014).

	Gaselwest	IMEA	Imewo	Intergem	Iveka	Iverlek	Sibelgas
				in EUR			
Fixed capital	6,094,387.94	500,000.00	250,000.00	228,068.00	250,000.00	451,000.00	247,893.53
Variable capital	380,137,878.43	186,991,907.53	423,953,166.51	179,785,207.97	297,01,213.91	369,367,998,43	79,139,451.27
Total capital	386,232,266.37	187,491,907.53	424,203,166.51	180,013,275.97	297,268,213.91	369,818,998.43	79,387,344.80
Capital fully paid-up	Yes	Yes	Yes	Yes	Yes	Yes	Yes
% voting shares held by authorities	74.99	75.00	75.00	75.00	74.87	75.00	75.00
% voting shares held by Electrabel	25.01	25.00	25.00	25.00	25.13	25.00	25.00

In respect of indirect shareholders, it should be noted that the local authorities - shareholders of the Guarantors - are public entities without shareholders. Electrabel is a wholly-owned subsidiary

of the French *société anonyme* GDF Suez, which in turn is held by the French Government (36.7 per cent. of share capital as per 31 December 2013), Group Bruxelles Lambert (GBL) (2.4 per cent. of share capital), its employees (2.4 per cent. of share capital), CDC Group (1.9 per cent. of share capital), CNP Assurances Group (1.0 per cent. of share capital), Sofina (0.5 per cent. of share capital). The management of GDF Suez has a non-significant participation and the company owns 2.2 per cent. of its own share capital. 52.9 per cent. of the share capital is held by the public[52].

Electrabel formally and voluntarily limited its voting rights at the General Shareholders' Meetings of the DSOs to 20 percent minus one vote, with the exception of six items (a.o. profit sharing mechanism, corporate purpose…) for which it will retain and execute its full voting rights. As described in more detail below in section *The exit of Electrabel in the shareholding of the Guarantors*, Electrabel and the Guarantors have reached a principle agreement on 27 August 2014 on Electrabel's exit as a shareholder of the Guarantors by the end of 2014 at the latest.

The Guarantors have also issued non-voting shares and profit certificates. For more details see the relevant tables below.

Shareholding per Guarantor

The tables below set out the number of voting shares, non-voting shares and profit certificates held by each of the Guarantor's shareholders (situation on 30 June 2014).

Gaselwest

	Total Electricity and Gas					
Shareholders	**Shares with voting rights**				**Profit certificates without voting rights**	
	A	*F*	*C*	*Total A+F+C*	*E"*	*E*
Alveringem	39,162	11,189	2	50,353	3,561	-
Anzegem	114,711	32,774	2	147,487	10,428	-
Ardooie	141,739	51,730	2	193,471	12,908	33,004
Avelgem	76,673	-	2	76,675	-	-
Celles	15,443	4,412	2	19,857	1,404	1,148
Comines-Warneton	194,048	55,442	2	249,492	17,694	-
Deerlijk	161,559	46,159	2	207,720	14,707	21,023
De Haan	179,738	51,353	2	231,093	16,381	-
Deinze	323,277	96,108	2	419,387	29,422	-
Dentergem	65,584	18,738	2	84,324	5,964	-
De Panne	207,048	59,156	2	266,206	18,870	-
Ellezelles	14,820	4,234	1	19,055	1,346	-
Frasnes-lez-Anvaing	16,728	4,779	1	21,508	1,519	2,430
Gavere	109,629	31,322	2	140,953	9,964	-
Heuvelland	100,774	28,793	2	129,569	9,166	-
Horebeke	16,515	4,719	2	21,236	1,501	2,149
Houthulst	55,723	15,920	2	71,645	5,065	-
Ichtegem	106,728	30,494	2	137,224	9,728	13,888
Ieper	442,450	141,392	2	583,844	40,322	59,752
Ingelmunster	125,918	35,977	2	161,897	11,467	-
Izegem	146,044	41,727	1	187,772	13,383	-
Kluisbergen	71,443	20,413	2	91,858	6,496	-
Koksijde	382,623	109,320	2	491,945	34,858	-
Kortemark	25,873	7,392	1	33,266	2,371	-
Kortrijk	1,053,384	339,971	2	1,393,357	96,011	-
Kruishoutem	95,729	27,351	2	123,082	8,704	12,457
Kuurne	183,479	52,423	2	235,904	16,719	28,186
Langemark-Poelkapelle	63,698	18,199	2	81,899	5,792	-
Lo-Reninge	24,232	6,923	2	31,157	2,205	3,153
Maarkedal	55,514	15,862	2	71,378	5,043	7,223
Menen	369,142	105,469	2	474,613	33,669	-
Mesen	11,558	3,303	2	14,863	1,054	-
Meulebeke	104,510	29,860	2	134,372	9,517	13,600
Mont de l'Enclus	16,111	4,603	2	20,716	1,463	700
Moorslede	92,038	26,297	2	118,337	8,385	-

[52] Source: GDF Suez Document de Référence 2013

Shareholders	Total Electricity and Gas					
	Shares with voting rights				Profit certificates without voting rights	
	A	*F*	*C*	*Total A+F+C*	*E"*	*E*
Nazareth	96,724	29,880	2	126,606	8,792	-
Nieuwpoort	167,446	47,842	2	215,290	15,256	16,143
Oostrozebeke	79,979	22,851	2	102,832	7,277	-
Oudenaarde	362,233	103,495	2	465,730	32,989	-
Pittem	90,120	25,749	2	115,871	8,205	11,728
Poperinge	175,886	50,253	2	226,141	16,024	16,029
Roeselare	716,662	204,760	2	921,424	65,325	93,258
Ronse	346,254	98,929	2	445,185	31,566	-
Ruiselede	46,983	13,423	2	60,408	4,276	-
Spiere-Helkijn	17,605	5,030	2	22,637	1,600	-
Staden	144,248	41,214	2	185,464	13,132	13,704
Tielt	274,952	78,558	2	353,512	25,040	-
Veurne	172,495	49,284	2	221,781	15,719	-
Vleteren	21,574	6,164	2	27,740	1,963	874
Waregem	472,146	134,899	2	607,047	42,993	43,373
Wervik	155,033	44,295	2	199,330	14,135	-
Wevelgem	109,468	-	1	109,469	-	-
Wielsbeke	99,691	-	2	99,693	-	9,343
Wingene	155,372	44,392	2	199,766	14,136	-
Wortegem-Petegem	57,275	16,365	2	73,642	5,203	-
Zingem	53,620	15,320	2	68,942	4,872	13,954
Zonnebeke	107,751	32,283	2	140,036	9,813	14,022
Zulte	144,853	41,387	2	186,242	13,169	-
Zwalm	62,487	17,853	2	80,342	5,677	-
Zwevegem	171,811	49,089	2	220,902	15,635	5,765
Total municipalities	**9,506,313**	**2,707,119**	**115**	**12,213,547**	**839,884**	**436,906**
Province East-Flanders	39,112	11,175	2	50,289	3,553	-
Province West-Flanders	6	-	2	8	-	-
Total public authorities	**9,545,431**	**2,718,294**	**119**	**12,263,844**	**843,437**	**436,906**
Electrabel	4,090,899	-	-	4,090,899	-	-
Total	**13,636,330**	**2,718,294**	**119**	**16,354,743**	**843,437**	**436,906**

Imea

Shareholders	Total Electricity and Gas					
	Shares with voting rights			Sharing without voting rights		Profit certificates
	A	*F*	*Total A+F*	*E"*	*E*	*C*
Antwerpen	3,500,854	1,000,237	4,501,091	416,769	789,524	2
Brasschaat	439,079	125,450	564,529	52,573	130,307	2
Duffel	232,503	66,429	298,932	27,983	68,946	2
Kapellen	184,055	52,587	236,642	21,197	8,937	2
Mortsel	235,861	67,388	303,249	28,224	58,196	2
Zwijndrecht	207,901	59,400	267,301	25,002	37,046	2
Total public authorities	**4,800,253**	**1,371,491**	**6,171,744**	**571,748**	**1,092,956**	**12**
Electrabel	2,057,250	-	2,057,250	-	-	-
Total	**6,857,503**	**1,371,491**	**8,228,994**	**571,748**	**1,092,956**	**12**

Imewo

Shareholders	Total Electricity and Gas					
	Shares with voting rights			Sharing without voting rights		Profit certificates
	A	*F*	*Total A+F*	*E"*	*E*	*C*
Aalter	154,113	44,033	198,146	896	4,947	2
Assenede	97,227	27,779	125,006	544	17,204	2
Beernem	96,830	27,666	124,496	533	17,159	2

Shareholders	Total Electricity and Gas					
	Shares with voting rights			Sharing without voting rights		Profit certificates
	A	*F*	*Total A+F*	*E"*	*E*	*C*
Berlare	92,840	26,526	119,366	477	-	2
Blankenberge	189,650	54,186	243,836	1,770	7,124	2
Bredene	93,217	26,634	119,851	722	15,858	2
Brugge	1.058,195	302,341	1,360,536	9,719	167,701	2
Damme	69,541	19,869	89,410	454	8,867	2
De Pinte	59,788	17,082	76,870	345	4,678	2
Destelbergen	139,790	39,940	179,730	1,095	3,580	2
Eeklo	234,189	66,911	301,100	2,258	29,860	2
Evergem	249,175	71,193	320,368	1,577	11,735	2
Gent	2,770,341	791,520	3,561,861	24,448	632,451	2
Jabbeke	30,301	8,657	38,958	642	3,863	1
Kaprijke	50,691	14,483	65,174	277	2,526	2
Knesselare	55,453	15,843	71,296	280	8,560	2
Knokke-Heist	496,700	141,913	638,613	4,074	-	2
Laarne	95,300	27,228	122,528	595	-	2
Lede	121,807	34,802	156,609	994	1,292	2
Lichtervelde	54,631	15,609	70,240	363	9,485	2
Lochristi	168,011	48,003	216,014	1,151	3,823	2
Lokeren	348,353	99,529	447,882	2,908	9,498	2
Lovendegem	77,424	22,122	99,546	484	13,536	2
Maldegem	202,542	57,869	260,411	1,677	-	2
Melle	101,711	29,060	130,771	982	8,321	2
Merelbeke	149,058	42,588	191,646	1,592	23,891	2
Moerbeke-Waas	42,468	12,134	54,602	290	21,645	2
Nevele	84,403	24,115	108,518	329	-	2
Oostende	795,396	227,255	1,022,651	5,375	8,890	2
Oosterzele	83,402	23,829	107,231	336	4,536	2
Oostkamp	131,943	37,698	169,641	784	23,201	2
Sint-Laureins	55,194	15,770	70,964	323	1,231	2
Sint-Lievens-Houtem	60,256	17,216	77,472	189	7,683	2
Sint-Martens-Latem	50,904	14,544	65,448	260	7,753	2
Waarschoot	68,323	19,521	87,844	529	-	2
Wachtebeke	35,619	10,177	45,796	193	4,541	2
Wetteren	227,132	64,895	292,027	1,835	28,960	2
Wichelen	78,208	22,345	100,553	433	918	2
Zedelgem	131,533	37,580	169,113	939	21,343	2
Zele	221,373	63,249	284,622	1,974	4,621	2
Zomergem	50,180	14,337	64,517	261	6,398	2
Zuienkerke	18,164	5,190	23,354	82	2,824	2
Total municipalities	**9,391,376**	**2,683,241**	**12,074,617**	**74,989**	**1,150,503**	**83**
Province East-Flanders	38,983	11,138	50,121	1	-	2
Province West-Flanders	2	-	2	-	-	2
Total public authorities	**9,430,361**	**2,694,379**	**12,124,740**	**74,990**	**1,150,503**	**87**
Electrabel	4,041,582	-	4,041,582	-	-	-
Total	**13,471,943**	**2,694,379**	**16,166,322**	**74,990**	**1,150,503**	**87**

Intergem

Shareholders	Total Electricity and Gas					
	Shares with voting rights			Sharing without voting rights		Profit certificates
	A	*F*	*Total A+F*	*E"*	*E*	*C*
Aalst	813,258	232,356	1,045,614	21,882	-	2
Affligem	63,248	18,071	81,319	1,733	-	2
Bever	6,816	1,948	8,764	192	-	2
Beveren	471,287	134,652	605,939	12,749	42,187	2
Brakel	66,783	19,080	85,863	1,847	5,978	2
Buggenhout	116,795	33,370	150,165	3,173	-	2
Denderleeuw	124,597	35,599	160,196	3,330	-	2
Dendermonde	465,105	132,885	597,990	12,354	41,634	2
Erpe-Mere	118,767	33,933	152,700	3,300	-	2
Geraardsbergen	236,219	67,490	303,709	6,299	21,146	2
Haaltert	105,591	30,169	135,760	2,868	-	2

Shareholders	Total Electricity and Gas					
	Shares with voting rights			Sharing without voting rights		Profit certificates
	A	*F*	*Total A+F*	*E"*	*E*	*C*
Hamme	204,129	58,322	262,451	5,398	20,097	2
Herzele	83,504	23,859	107,363	2,286	-	2
Kruibeke	128,303	36,658	164,961	3,421	11,485	2
Lebbeke	137,819	39,377	177,196	3,698	-	2
Lierde	26,715	7,633	34,348	738	-	2
Ninove	281,111	80,317	361,428	7,604	-	2
St.-Gillis-Waas	143,244	40,926	184,170	3,791	12,823	2
St.-Niklaas	780,379	222,962	1,003,341	20,847	-	2
Stekene	134,247	38,356	172,603	3,556	-	2
Temse	262,386	74,966	337,352	6,993	23,488	2
Waasmunster	68,825	19,664	88,489	1,855	-	2
Zottegem	174,243	49,784	224,027	4,731	-	2
Total municipalities	**5,013,371**	**1,432,377**	**6,445,748**	**134,645**	**178,838**	**46**
Province East-Flanders	27,730	7,923	35,653	785	-	2
Total public authorities	**5,041,101**	**1,440,300**	**6,481,401**	**135,430**	**178,838**	**48**
Electrabel	2,160,469	-	2,160,469	-	-	-
Total	**7,201,570**	**1,440,300**	**8,641,870**	**135,430**	**178,838**	**48**

Iveka

Shareholders	Total Electricity and Gas					
	Shares with voting rights			Sharing without voting rights		Profit certificates
	A	*F*	*Total A+F*	*E"*	*E*	*C*
Aartselaar	71,983	20,567	92,550	4,882	13,033	1
Arendonk	127,590	36,454	164,044	10,090	-	2
Baarle-Hertog	22,492	6,426	28,918	1,629	4,479	2
Balen	171,597	49,028	220,625	12,816	-	2
Beerse	172,475	49,278	221,753	14,005	-	2
Boom	128,974	36,849	165,823	10,753	-	2
Borsbeek	57,697	16,485	74,182	4,809	-	2
Brecht	241,647	69,042	310,689	18,951	-	2
Dessel	85,254	24,359	109,613	6,706	15,435	2
Edegem	141,497	40,428	181,925	11,673	-	2
Essen	38,683	11,052	49,735	3,887	-	1
Geel	371,408	106,117	477,525	29,378	-	2
Grobbendonk	68,333	19,524	87,857	4,634	12,372	1
Herentals	285,872	81,677	367,549	23,095	-	2
Herenthout	87,748	25,071	112,819	7,101	15,887	2
Hoogstraten	240,666	68,761	309,427	19,059	-	2
Hove	59,332	16,952	76,284	4,857	-	2
Kalmthout	165,230	47,209	212,439	13,201	-	2
Kasterlee	170,207	48,630	218,837	13,356	-	2
Kontich	186,914	53,403	240,317	15,212	-	2
Lier	306,011	87,432	393,443	24,785	55,404	2
Lille	164,506	47,001	211,507	13,065	37,222	2
Lint	54,596	15,599	70,195	4,499	-	2
Malle	149,868	42,819	192,687	11,966	27,134	2
Meerhout	87,580	25,023	112,603	6,672	15,857	2
Merksplas	30,265	8,647	38,912	3,041	-	1
Mol	314,450	89,842	404,292	24,726	56,933	2
Olen	119,619	34,176	153,795	9,661	-	2
Oud-Turnhout	132,979	37,994	170,973	10,678	-	2
Ranst	178,823	51,092	229,915	14,351	-	2
Ravels	160,281	45,795	206,076	12,587	-	2
Retie	105,753	30,215	135,968	8,372	-	2
Rijkevorsel	121,092	34,597	155,689	9,485	-	2
Rumst	137,581	39,309	176,890	11,310	24,910	2
Schelle	65,790	18,797	84,587	5,340	11,912	2
Schilde	182,804	52,229	235,033	14,667	33,098	2
Schoten	258,098	73,742	331,840	20,963	28,037	2
Stabroek	61,232	17,495	78,727	4,153	-	1
Turnhout	381,484	108,995	490,479	31,649	-	2

Shareholders	Total Electricity and Gas					
	Shares with voting rights			Sharing without voting rights		Profit certificates
	A	*F*	*Total A+F*	*E"*	*E*	*C*
Vorselaar	19,902	5,686	25,588	2,000	7,429	1
Westerlo	233,190	66,625	299,815	18,750	-	2
Wijnegem	82,510	23,574	106,084	6,667	14,938	2
Wommelgem	118,645	33,899	152,544	9,537	-	2
Wuustwezel	179,868	51,390	231,258	14,120	32,566	2
Zandhoven	123,853	35,387	159,240	9,891	-	2
Zoersel	176,543	50,440	226,983	14,160	31,964	2
Total municipalities	**6,842,922**	**1,955,112**	**8,798,034**	**547,189**	**438,610**	**86**
Province Antwerp	715,953	135,902	851,855	54,069	-	7
Total public authorities	**7,558,875**	**2,091,014**	**9,649,889**	**601,258**	**438,610**	**93**
Electrabel	3,239,517	-	3,239,517	-	-	-
Total	**10,798,392**	**2,091,014**	**12,889,406**	**601,258**	**438,610**	**93**

Iverlek

Shareholders	Total Electricity and Gas					
	Shares with voting rights			Sharing without voting rights		Profit certificates
	A	*F*	*Total A+F*	*E"*	*E*	*C*
Aarschot	301,419	86,119	387,538	28,838	40,097	2
Asse	305,809	87,374	393,183	30,911	-	2
Beersel	286,921	81,977	368,898	29,161	-	2
Berlaar	118,836	33,954	152,790	11,994	15,808	2
Bertem	87,354	24,958	112,312	8,460	11,621	2
Bierbeek	85,957	24,559	110,516	7,990	11,434	2
Bonheiden	142,300	40,657	182,957	13,940	37,860	2
Boortmeerbeek	101,686	29,053	130,739	9,431	13,527	2
Bornem	241,898	69,114	311,012	24,974	-	2
Boutersem	72,467	20,704	93,171	7,037	-	2
Diest	73,926	21,122	95,048	9,597	19,668	1
Dilbeek	455,806	130,230	586,036	47,276	-	2
Drogenbos	83,543	23,869	107,412	9,026	-	2
Haacht	115,612	33,032	148,644	10,484	15,380	2
Halle	433,202	123,771	556,973	45,306	-	2
Heist-Op-Den-Berg	384,743	109,926	494,669	37,211	51,181	2
Herent	192,736	55,068	247,804	19,249	25,639	2
Herselt	129,467	36,991	166,458	11,788	17,222	2
Hoegaarden	72,980	20,851	93,831	7,319	9,708	2
Hoeilaart	114,898	32,828	147,726	11,715	15,284	2
Huldenberg	82,921	23,692	106,613	7,597	11,031	2
Hulshout	90,359	25,817	116,176	8,520	12,020	2
Kapelle-Op-Den-Bos	89,803	25,658	115,461	8,911	-	2
Keerbergen	93,552	26,729	120,281	8,282	12,445	2
Kortenberg	204,763	58,504	263,267	20,950	27,239	2
Kraainem	150,734	43,067	193,801	15,995	20,052	2
Lennik	82,232	23,495	105,727	7,698	10,939	2
Leuven	1,125,203	321,486	1,446,689	118,844	149,682	2
Liedekerke	111,833	31,952	143,785	10,828	-	2
Linkebeek	59,592	17,026	76,618	6,353	7,928	2
Londerzeel	166,447	47,557	214,004	15,844	-	2
Mechelen	1,045,456	298,701	1.344,157	111,398	139,072	2
Merchtem	135,009	38,574	173,583	12,942	17,960	2
Opwijk	106,080	30,308	136,388	10,102	-	2
Overijse	279,159	79,760	358,919	28,042	37,136	2
Putte	150,383	42,967	193,350	14,361	20,005	2
Puurs	193,695	55,341	249,036	19,827	13,194	2
Roosdaal	96,478	27,565	124,043	9,138	12,834	2
Rotselaar	137,962	39,418	177,380	12,782	18,353	2
Scherpenheuvel-Zichem	194,985	55,710	250,695	17,834	37,977	2
Sint-Amands	85,464	24,418	109,882	8,733	-	2
Sint-Genesius-Rode	223,185	63,767	286,952	23,167	-	2
Sint-Katelijne-Waver	223,649	63,899	287,548	22,508	29,751	2
Sint-Pieters-Leeuw	360,978	103,136	464,114	37,088	48,019	2

Shareholders	Total Electricity and Gas					
	Shares with voting rights			Sharing without voting rights		Profit certificates
	A	*F*	*Total A+F*	*E"*	*E*	*C*
Ternat	149,331	42,666	191,997	14,538	19,864	2
Tervuren	239,082	68,309	307,391	24,838	31,804	2
Tienen	421,162	120,331	541,493	43,650	56,026	2
Tremelo	68,483	19,567	88,050	6,314	13,285	2
Wezembeek-Oppem	150,933	43,124	194,057	15,908	-	2
Willebroek	302,055	86,301	388,356	31,751	40,181	2
Zaventem	491,070	140,305	631,375	51,394	45,142	2
Zemst	210,629	60,180	270,809	20,692	28,019	2
Total public authorities	**11,324,227**	**3,235,487**	**14,559,714**	**1,148,536**	**1,144,387**	**103**
Electrabel	4,853,240	-	4,853,240	-	-	-
Total	**16,177,467**	**3,235,487**	**19,412,954**	**1,148,536**	**1,144,387**	**103**

Sibelgas

Shareholders	Total Electricity and Gas					
	Shares with voting rights				Profit certificates without voting rights	
	C	*F*	*D*	*Total C+F+D*	*E"*	*E*
Anderlecht	1	-	-	1	-	-
Brussel	2	-	-	2	-	-
Evere	2	-	-	2	-	-
Ganshoren	2	-	-	2	-	-
Grimbergen	2	-	2,826	2,828	-	-
Jette	2	-	-	2	-	-
Machelen	2	-	1,692	1,694	-	-
Meise	2	-	1,238	1,240	-	-
Sint-Joost-Ten-Node	2	-	-	2	-	-
Schaarbeek	2	-	-	2	-	-
Vilvoorde	2	-	3,116	3,118	-	-
Wemmel	2	-	1,128	1,130	-	-
T.G.E.K.	2	-	-	2	-	-
R.D.E	2	-	-	2	-	-
I.B.E.	1,432,004	404,143	-	1,836,147	-	290,707
I.B.G.	1,432,003	404,146	-	1,836,149	-	526,220
Interfin	2	-	-	2	-	-
Total public authorities	**2,864,036**	**808,289**	**10,000**	**3,682,325**	**-**	**816,927**
Electrabel	1,227,443	-	-	1,227,443	-	-
T.G.E.K.	1	-	-	1	-	-
Total	**4,091,480**	**808,289**	**10,000**	**4,909,769**	**-**	**816,927**

Following completion of the Electrabel exit, foreseen for 29 December 2014, all of the shares currently held by Electrabel in any Guarantor will be transferred to the other shareholders of that Guarantor. Each Guarantor will subsequently be fully owned by public authorities (with the exception of one share in Sibelgas CVBA, held by T.G.E.K.) The shareholding of the Guarantors in the Issuer will not change as a consequence of the transaction.

General Meeting

Twice a year the General Meeting is convened: in the course of the first semester for discussing and approving the annual financial statements of the previous financial year, and in the course of the second semester for a discussion on the budgets and the strategy for the following year.

5.5 ***The exit of Electrabel from the share capital of the Eandis Economic Group***

As described in the section 5.2 (*The exit of Electrabel in the shareholding of the Guarantors*), an agreement was reached between Electrabel and the Guarantors pertaining to an exit of Electrabel as a shareholder of the Guarantors. The actual process of such exit can be summarised in two

steps, being (i) a payment by Eandis of approximately EUR 910,000,000 to Electrabel, expected to take place on 29 December 2014, and (ii) a capital decrease by the Guarantors for the same amount, expected to take place on 2 January 2015.

The below is an illustration of the impact of the exit on the financial position of the Eandis Economic Group. The below illustration is based on the unaudited financial statements (prepared under IFRS) of the Eandis Economic Group which have been the subject of a limited review by the auditors of the Eandis Economic Group for the half year ending 30 June 2014, as set out in section 6.5 (*Historical Financial Information of the Eandis Economic Group for the half year ended 30 June 2014*).

The below illustration is prepared for the sole purpose of illustrating the impact of the exit by Electrabel from the shareholding of the Guarantors on the financial position of the Eandis Economic Group, is based on financial information that has only been subject of a limited review by the auditors and has not itself been the subject of any review by the auditors of the Issuer. Although this illustration has been prepared with all due care and attention, this illustration reflects, by its nature, a hypothetical situation. This illustration can hence not be understood as reflecting the actual financial position of the Eandis Economic Group after the exit of Electrabel has taken place.

The specific changes made to reflect the impact of the exit of Electrabel are further explained below the table.

Unaudited illustration of the impact of the exit by Electrabel

	30 June 2014	**Step 1**	**Step 2**	**30 June 2014 (after exit)**
		(In thousands of EUR)		
Non-current assets	**7,792,840**			**7,792,840**
Current assets	**1,695,176**	**965,000**	**(910,700)**	**1,749,476**
Inventories	33,012			33,012
Trade and other receivables	1,229,637	910,700	(910,700)	1,229,637
Current tax assets	0			0
Other investments	170,000			170,000
Cash and cash equivalents	262,527	54,300		316,827
TOTAL ASSETS	**9,488,016**	**965,000**	**(910,700)**	**9,542,316**
EQUITY	**3,010,641**		**(910,700)**	**2,099,941**
Total equity attributable to owners	**3,009,562**		**(910,700)**	**2,098,862**
Capital	1,924,415		(562,978)	1,361,437
Reserves	540,511		(347,722)	192,789
Other components of equity	-174,448			-174,448
Retained earnings	719,084			719,084
Non-controlling interest	**1,079**			**1,079**
LIABILITIES	**6,477,375**	**965,000**		**7,442,375**
Non-current liabilities	**5,291,205**	**965,000**		**6,256,205**
Interest bearing loans and borrowings	4,674,232	965,000		5,639,232
Employee benefit liability	431,874			431,874
Derivative financial instruments	158,848			158,848
Provisions	23,966			23,966
Other non-current liabilities	2,285			2,285
Current liabilities	**1,186,170**			**1,186,170**
TOTAL EQUITY AND LIABILITIES	**9,488,016**	**965,000**	**(910,700)**	**9,542,316**
Leverage[53]	1.74			2.96

Step 1:

- the liabilities of the Eandis Economic Group increase through long term debt being contracted for an expected amount of EUR 965,000,000, through various financing means. On the date of this Base Prospectus, EUR 565,000,000 has already been contracted by the Issuer, with the remainder expected to be issued under this Programme; the EUR 565,000,000 long term debt that is (i) the private placements closed on 27 October 2014 and referred to in paragraph "6.*7 Financing of the Eandis Economic Group*" below and (ii) a bank loan of EUR 100,000,000 amortising in constant annuities over 10 years and a bank loan of EUR 200,000,000 amortising in constant annuities over 20 years and without specific financial covenants; and

[53] Long term borrowing + short term borrowing / equity.

- trade and other receivables increase by approximately EUR 910,700,000, being the amount of the payment to be made by the Issuer to Electrabel in relation to the exit; this payment is expected to be made on 29 December 2014; as this payment is made on behalf of the municipalities shareholders of the Guarantors, it is accounted for as a receivable; the remainder (EUR 54,300,000) is cash on balance sheet, and will be used for general corporate purposes.

Step 2:

- the capital of the Guarantors is decreased with an amount of EUR 910,700,000; the capital decreases are expected to take place on 2 January 2015; the amount of the capital decrease is not paid out in cash, but reduces the receivables on the municipalities shareholders of the Guarantors for the same amount.

Note:

The amount of EUR 54,300,000 referred to in Step 1 under "Cash and Cash Equivalent Investments" follows from deducting from the total financing raised (EUR 265,000,000 private placement, EUR 300,000,000 bank loan and an assumed issue of EUR 400,000,000) under this Programme, the total amount payable to Electrabel. This excess will, together with any amount raised under this Programme in excess of EUR 400,000,000 raised in the first issue, be used for general corporate purposes, save to the extent otherwise indicated in the applicable Final Terms.

6. Selected Financial Information Concerning the Issuer and the Eandis Economic Group

6.1 *Selected historical financial information of the Issuer for the financial years ended 31 December 2013 and 31 December 2012*

The following tables set out in summary form certain balance sheet, income statement and cash flow information relating to the Issuer. The information has been extracted from the audited consolidated statements of the Issuer for the years ended 31 December 2013. The audited, consolidated financial statements of the Issuer of the year ended 31 December 2013 have been approved by the Issuer's Annual General Meeting of Shareholders on 25 April 2014. These consolidated statements of the Issuer have been prepared in accordance with IFRS. The auditors of the Issuer issued an unqualified report on the consolidated statements of the Issuer for the years ended 31 December 2013.

Consolidated Income Statement as at 31 December 2013 and 31 December 2012 (2012 restated concerning IAS 19 revised)

	2013	2012	Change between 2012-2013 (%)
	(In thousands of EUR)		
Operating revenue	**1,241,299**	**1,301,688**	-4.6
Revenue	1,225,940	1,287,267	-4.8
Other operating revenue	15,288	13,822	+10.6
Own construction capitalized	71	599	-88.1
Operating expenses	**-1,237,380**	**-1,301,893**	-5.0
Changes in inventories of finished goods and raw materials	-134,803	-144,223	-6.5
Cost for services and other consumables	-704,559	-711,060	-0.9
Employee benefit expenses	-393,039	-441,422	-11.0
Depreciation. amortisation and changes in provisions	-4,517	-5,018	-10.0
Other operational expenses	-462	-170	+171.8
Result from operations	**3,919**	**-205**	-2011.7
Finance income	64,583	42,370	+52.4
Finance costs	-66,469	-41,504	+60.2
Profit (loss) before tax	**2,033**	**661**	+207.6
Income tax expenses	**-2,033**	**-661**	+207.6
Result for the period	**0**	**0**	

Consolidated Statement of comprehensive income as at 31 December 2013 and 31 December 2012 (2012 restated concerning IAS 19 revised)

	2013	2012
	(In thousands of EUR)	
Actuarial gain (loss) on long term employee benefits	112,581	-107,749
Actuarial gain (loss) on rights to reimbursement on long term employee benefits	-112,581	107,749
Other comprehensive income	0	0
Result for the period	0	0
Total comprehensive income for the period	**0**	**0**

Consolidated Balance Sheet as at 31 December 2013 and 2012 (2012 restated concerning IAS 19 revised)

	2013	2012
	(In thousands of EUR)	
Non-current assets	**2,557,057**	**2,104,061**
Intangible assets	1,591	0
Property. plant and equipment	4,345	7,769
Investments in an associate	5	5
Other investments	988	988
Rights to reimbursement on post-employment employee benefits	419,348	589,546
Long term receivables	2,130,780	1,505,753
Current assets	**449,183**	**341,938**
Inventories	32,008	38,294
Trade and other receivables	49,177	47,851
Receivables cash pool activities	363,002	246,158
Current tax assets	0	3,010
Cash and cash equivalents	4,996	6,625
TOTAL ASSETS	**3,006,240**	**2,445,999**
EQUITY	**1,099**	**1,099**
Equity attributable to owners of the parent	20	20
Share capital and reserves	20	20
Non-controlling interest	1,079	1,079
LIABILITIES	**3,005,141**	**2,444,900**
Non-current liabilities	**2,534,799**	**2,085,142**
Interest bearing loans and borrowings	2,115,451	1,495,596
Employee benefit liability	419,348	589,546
Current liabilities	**470,342**	**359,758**
Interest bearing loans and borrowings	226,317	111,908
Government grants	242	609
Trade payables and other current liabilities	241,843	247,162
Current tax liabilities	1,940	79
TOTAL EQUITY AND LIABILITIES	**3,006,240**	**2,445,999**

Since the changes to IAS 19 (revised) are minimal for the Issuer, the adjustments were processed in the income statement and the balance sheet of 2012. The description of the adjustments and their effects is disclosed in the notes to the audited consolidated financial statements for the year ending 2013 under "*Summary of the changes in accounting policies*".

Consolidated Cash-flow Statement as at 31 December 2013 and 31 December 2012

	2013	2012
	(In thousands of EUR)	
Result for the period	**0**	**0**
Amortization of intangible assets	625	0
Depreciation on property. plant and equipment	3,886	5,028
Impairment on current assets (reversal-; recognition +)	6	-10
Gain or loss on realization receivables	12	1
Net finance expense	2,255	-703
Gain or loss on sale of property, plant and equipment	5	0
Movement in government grants	-368	-163

	2013	2012
	(In thousands of EUR)	
Income tax expense (income)	2,033	661
Operating cash flow before changes in working capital and provisions for employee benefits	**8,454**	**4,814**
Change in inventories	6,286	-6,127
Change in trade and other receivables	4,915	55,764
Change in trade payables and other current liabilities	-11,886	23,146
Net operating cash flow	**-685**	**72,783**
Interest paid	-58,816	-36,994
Interest received	57,166	36,927
Financial discount on debts	789	1,126
Income tax paid	2,837	8,052
Net cash flow from/used in operating activities	**9,745**	**86,708**
Proceeds from sale of property. plant and equipment	24	394
Purchase of intangible assets	-844	0
Purchase of property. plant and equipment	-1,862	-2,879
Purchase of financial assets	0	-9
Proceeds from sale of other investments	0	515
Net investment in other long term receivables	-27	-21
Receipt of government grants	0	618
Net cash flow used in investing activities	**-2,709**	**-1,382**
Issuance of capital	0	0
Issuance of bonds	618,770	677,650
Repayment short term loans and borrowings	114,409	-142,711
Change in cash pool	-116,844	65,917
Provide long term loans	-625,000	-685,500
Dividends received	0	0
Net cash flow from/used in financing activities	-8,665	-84,644
Net change in cash and cash equivalents	**-1,629**	**682**
Cash and cash equivalents - at beginning of period	6,625	5,943
Cash and cash equivalents - at end of period	**4,996**	**6,625**

6.2 ***Historical Financial Information of the Issuer for the half year ended 30 June 2014***

The following tables set out in summary form certain balance sheet and income statement information relating to the Issuer. The information has been extracted from the audited consolidated half year condensed financial statements of the Issuer for the half year ended 30 June 2014, which have been prepared in accordance with IFRS.

Note that the revised version of IAS 19 (Employee Benefits) that outlines the accounting requirements for employee benefits, including short-term benefits (e.g. wages and salaries, annual leave), post-employment benefits issued in June 2011 became applicable to annual periods beginning on or after 1 January 2013. The impact hereof on the accounts of the Issuer is set out on page 11 of the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2013 incorporated by reference in this Base Prospectus. The table below provides a comparison against restated historical financial information of the Issuer, assuming the revised version of IAS 19 already applied to such period.

Condensed consolidated Income Statement as at 30 June 2014

	30 June 2014	30 June 2013
	(In thousands of EUR)	
Operating revenue	**566,182**	**634,064**
Revenue	558,811	626,845
Other operating revenue	7,371	7,159
Own construction capitalized	0	60
Operating expenses	-563,949	-633,219
Changes in inventories of finished goods and raw materials	-55,126	-73,052
Cost for services and other consumables	-290,263	-336,428
Employee benefit expenses	-216,586	-220,777

	30 June 2014	30 June 2013
	(In thousands of EUR)	
Amortisation. depreciation and changes in provisions	-1,821	-2,590
Other operational expenses	-153	-372
Result from operations	**2,233**	**845**
Finance income	41,885	29,615
Finance costs	-42,921	-30,260
Profit (loss) before tax	1,197	200
Income tax expenses	-1,197	-200
Result for the period	**0**	**0**

Condensed consolidated statement of Comprehensive Income as at 30 June 2014

	30 June 2014	30 June 2013
	(In thousands of EUR)	
Result for the period	0	0
Other comprehensive income		
Items not to be reclassified to profit or loss in subsequent periods		
Actuarial gains (losses) on long term employee benefits	-20,805	82,700
Actuarial gains (losses) on rights to reimbursement on long term employee benefits	20,805	-82,700
Net other comprehensive income not being reclassified to profit or loss in subsequent periods	0	0
Total comprehensive income for the period	**0**	**0**

Condensed consolidated statement of financial position as at 30 June 2014

	30 June 2014	30 June 2013
	(In thousands of EUR)	
Non-current assets	**3,193,718**	**2,130,844**
Intangible assets	1,382	1,421
Property. plant and equipment	3,675	4,821
Investments in associates	5	5
Other investments	988	988
Rights to reimbursement on post-employment employee benefits	431,874	492,854
Long term receivables	2,755,794	1,630,755
Current assets	**540,360**	**285,388**
Inventories	33,012	33,622
Trade and other receivables	74,829	61,971
Receivables cash pool activities	0	183,736
Current tax assets	0	0
Short term deposits	170,000	0
Cash and cash equivalents	262,519	6,059
TOTAL ASSETS	**3,734,078**	**2,416,232**
EQUITY	**1,099**	**1,099**
Equity attributable to owners of the parent	20	20
Share capital and reserves	20	20
Non-controlling interest	1,079	1,079
LIABILITIES	**3,732,979**	**2,415,133**
Non-current liabilities	**3,162,075**	**2,111,777**
Interest bearing loans and borrowings	2,730,201	1,618,923
Employee benefit liability	431,874	492,854
Current liabilities	**570,904**	**303,356**
Interest bearing loans and borrowings	0	23,162
Government grants	56	433
Trade payables and other current liabilities	257,433	265,765
Liabilities cash pool activities	312,636	13,686

	30 June 2014	30 June 2013
	(In thousands of EUR)	
Current tax liabilities	779	310
TOTAL EQUITY AND LIABILITIES	**3,734,078**	**2,416,232**

6.3 ***Audit of historical financial information for the Issuer***

The independent auditor of the company is Ernst & Young Bedrijfsrevisoren BCVBA, represented by Mr. Paul Eelen.

6.4 ***Selected consolidated historical financial information of Eandis Economic Group for the financial years ended 31 December 2013 and 31 December 2012***

The following tables set out in summary form certain balance sheet, income statement and cash flow information relating to the Eandis Economic Group. The information has been extracted from the audited consolidated statements of the Eandis Economic Group for the years ended 31 December 2013 and 2012. These consolidated statements of the Issuer have been prepared in accordance with IFRS.

The auditors of the Eandis Economic Group have emphasised in their audit report the uncertainty in respect of the tariffs applied by the Guarantors in light of the ex-post control of the CREG hereon (please see the risk factor "*Settlement of deviations from budgeted values and incentive regulation mechanism*" on page 22 above and the heading "*Tariff Procedure: Control*" in section 3 (*Regulated tariffs for the Distribution System Operation of Gas and Electricity*) on page 76 above. The estimated amount of the tariff deficit for the financial years 2013 and 2012 is recorded on the balance sheet as other receivable/payable in anticipation of a final decision hereon by the CREG.

Eandis Economic Group Consolidated Income Statement as at 31 December 2013 and 31 December 2012 (2012 restated concerning IAS 19 revised)

	2013	2012	Change between 2012-2013 (%)
	(In thousands of EUR)		
Operating revenue	**2,955,571**	**2,906,762**	+1.7
Revenue	2,212,757	2,190,528	+1.0
Other operating income	97,329	53,054	+83.5
Own construction. Capitalized	645,485	663,180	-2.7
Operating expenses	**-2,484,237**	**-2,402,643**	+3.4
Cost of trade goods	-924,874	-924,997	-0.0
Cost for services and other consumables	-753,610	-741,065	+1.7
Employee benefit expenses	-393,072	-441,456	-11.0
Depreciation, amortisation. impairments and changes in provisions	-343,065	-261,925	+31.0
Other operational expenses	-55,630	-77,390	-28.1
Regulated transfers	-13,986	44,190	-131.6
Result from operations	**471,334**	**504,119**	-6.5
Finance income	43,756	2,648	+1552
Finance costs	-187,101	-205,789	-9.1
Profit before tax	**327,989**	**300,978**	+8.9
Income tax expenses	-7,831	-3,977	+96.9
Profit for the period	**320,158**	**297,001**	**+7,8**

Eandis Economic Group Consolidated Statement of Comprehensive income as at 31 December 2013 and 2012 (2012 restated concerning IAS 19 revised)

	2013	2012	Change between 2012-2013 (%)
	(In thousands of EUR)		
Actuarial gain (loss) on post employment employee benefits	112,581	-107,749	-204.4
Other comprehensive income	112,581	-107,749	-204.4
Profit for the period	320,158	297,001	+7.8
Total comprehensive income for the period	**432,739**	**189,252**	**+128.7**

Eandis Economic Group Consolidated Balance Sheet as at 31 December 2013 and 2012 (2012 restated concerning IAS 19 revised)

	2013	2012
	(In thousands of EUR)	
Non-current assets	**7,724,365**	**7,501,636**
Intangible assets	107,204	76,101
Property. plant and equipment	7,613,864	7,421,186
Investments in an associate	5	5
Other investments	988	988
Long term receivables	2,304	3,356
Current assets	**1,314,278**	**1,200,793**
Inventories	32,008	38,294
Trade and other receivables	1,275,828	1,152,161
Current tax assets	1,406	3,497
Cash and cash equivalents	5,036	6,841
TOTAL ASSETS	**9,038,643**	**8,702,429**
EQUITY	**2,979,375**	**2,779,407**
Total equity attributable to owners of the parent	2,978,296	2,778,328
Capital	1,924,415	1,924,415
Reserves	520,437	497,952
Other components of equity	-153,643	-266,224
Retained earnings	687,087	622,185
Non-controlling interest	1,079	1,079
LIABILITIES	**6,059,268**	**5,923,022**
Non-current liabilities	**5,040,594**	**4,630,870**
Interest bearing loans and borrowings	4,472,768	3,847,136
Employee benefit liability	419,348	589,546
Derivative financial instruments	121,459	163,453
Provisions	24,734	28,450
Other non-current liabilities	2,285	2,285
Current liabilities	**1,018,674**	**1,292,152**
Interest bearing loans and borrowings	495,540	771,774
Government grants	242	609
Trade payables and other current liabilities	520,948	519,685
Current tax liabilities	1,944	84
TOTAL EQUITY AND LIABILITIES	**9,038,643**	**8,702,429**

Since the changes to IAS 19 (revised) are minimal for the Eandis Economic Group, the adjustments were processed in the income statement and the balance sheet of 2012. The description of the adjustments and their effects is disclosed in the notes to the audited consolidated financial statements for the year ending 2013 under "*Summary of the changes in accounting policies*".

Eandis Economic Group Consolidated Cash-flow Statement as at 31 December 2013 and 31 December 2012 (restated concerning IAS 19 revised)

	2013	2012
	(In thousands of EUR)	
Profit for the period	**320,158**	**297,001**
Amortisation of intangible assets	37,837	23,868

	2013	2012
	(In thousands of EUR)	
Depreciation on property. plant and equipment	283,626	282,358
Change in provisions (Reversal -; Recognition +)	-3,716	-17,023
Impairment current assets (Reversal -; Recognition +)	25,319	-27,277
Gains or losses on realization receivables	11,720	26,548
Net finance costs	185,707	182,294
Change in fair value of derivative financial instruments	-41,994	21,010
Gains or losses on sale of property. plant and equipment	39,181	45,785
Movement in government grants	-368	-163
Income tax expense	7,831	3,977
Operating cash flow before change in working capital and provisions for employee benefits	**865,301**	**838,378**
Change in inventories	6,286	-6,128
Change in trade and other receivables	-159,636	-251,957
Change in trade payables and other current liabilities	-2,125	75,199
Change in employee benefits	-57,617	-16,369
Net operating cash flow	-213,092	-199,255
Interest paid	-182,629	-183,751
Interest received	425	307
Financial discount on debts	979	1,762
Income tax paid	-3,880	-128
Net cash flow from operating activities	**467,104**	**457,313**
Proceeds from sale of property. plant and equipment	2,891	1,988
Purchase of intangible assets	-67,568	-57,243
Purchase of property. plant and equipment	-519,747	-561,441
Net investments	0	-9
Proceeds from sale of other investments	0	515
Net investments in long term receivables	-27	-21
Receipt of a government grant	0	618
Net cash flow used in investing activities	**-584,451**	**-615,593**
Proceeds from issue of shares	0	0
Repayment of share capital	0	0
Repayment of borrowings	-659,866	-151,719
Proceeds from borrowings	275,000	0
Proceeds from bonds/borrowings	618,770	677,650
Change in current liabilities	114,409	-142,718
Transfer of guarantee for allotments	0	-31
Dividends paid	-232,771	-224,025
Dividends received	0	0
Net cash flow from/used in financing activities	115,542	159,157
Net decrease in cash and cash equivalents	-1,805	877
Cash and cash equivalents at the beginning of the period	6,841	5,964
Cash and cash equivalents at the end of the period	**5,036**	**6,841**

6.5 ***Historical Financial Information of the Eandis Economic Group for the half year ended 30 June 2014***

The following tables set out in summary form certain balance sheet and income statement information relating to the Eandis Economic Group. The information has been extracted from the audited consolidated half year condensed financial statements of the Eandis Economic Group for the half year ended 30 June 2013, which have been prepared in accordance with IFRS.

Note that the revised version of IAS 19 (Employee Benefits) that outlines the accounting requirements for employee benefits, including short-term benefits (e.g. wages and salaries, annual leave), post-employment benefits issued in June 2011 became applicable to annual periods beginning on or after 1 January 2013. The impact hereof on the accounts of the Eandis Economic Group is set out on page 14 of the audited consolidated financial statements of the Eandis Economic Group for the financial year ended 31 December 2013. The table below provides a comparison against restated historical financial information of the Eandis Economic Group, assuming the revised version of IAS 19 already applied to such period.

Condensed consolidated statement of profit and loss

	30 June 2014	30 June 2013
	(In thousands of EUR)	
Operating revenue	**1,411,422**	**1,525,849**
Revenue	1,108,466	1,168,521
Other operating income	23,017	32,507
Own construction. Capitalized	279,939	324,821
Operating expenses	**-1,200,849**	**-1,297,509**
Cost of trade goods	-452,953	-422,165
Cost for services and other consumables	-314,470	-361,302
Employee benefit expenses	-216,605	-220,794
Amortization. depreciation. impairment and changes in provisions	-159,563	-166,971
Other operational expenses	-23,955	-29,770
Regulated transfers	-33,303	-96,507
Result from operations	**210,573**	**228,340**
Finance income	1,079	26,024
Finance costs	-124,317	-84,734
Profit before tax	**87,335**	**169,630**
Income tax expenses	**-2811**	**-983**
Profit for the period	**84,524**	**168,647**

Condensed consolidated statement of comprehensive income

	30 June 2014	30 June 2013
	(In thousands of EUR)	
Profit for the period	**84,524**	**168,647**
Other comprehensive income		
Items not to be reclassified to profit or loss in subsequent periods		
Actuarial gains (losses) on long term employee benefits	**-20,805**	**82,700**
Net other comprehensive income not being reclassified to profit or loss in subsequent periods	**-20,805**	**82,700**
Total comprehensive income for the period	**63,719**	**251,347**

Condensed consolidated statement of financial position

	30 June 2014	30 June 2013
	(In thousands of EUR)	
Non-current assets	**7,792,840**	**7,619,115**
Intangible assets	105,752	95,622
Property. plant and equipment	7,684,473	7,519,801
Investments in an associate	5	5
Other investments	988	988
Long term receivables	1,622	2,699
Current assets	**1,695,176**	**1,202,615**
Inventories	33,012	33,622
Trade and other receivables	1,229,637	1,162,893
Current tax assets	0	1
Other investments	170,000	
Cash and cash equivalents	262,527	6,099
TOTAL ASSETS	**9,488,016**	**8,821,730**
EQUITY	3,010,641	**3,001,997**
Total equity attributable to owners of the equity holders	3,009,562	**3,000,918**
Capital	1,924,415	1,924,415
Reserves	540,511	518,025
Other components of equity	-174,448	-183,524
Retained earnings	719,084	742,002
Non-controlling interest	1,079	**1,079**
LIABILITIES	6,477,375	**5,819,733**
Non-current liabilities	5,291,205	**4,522,337**
Interest bearing loans and borrowings	4,674,232	3,860,749
Employee benefit liability	431,874	492,854

	30 June 2014	30 June 2013
	(In thousands of EUR)	
Derivative financial instruments	158,848	138,418
Provisions	23,966	28,031
Other non-current liabilities	2,285	2,285
Current liabilities	1,186,170	**1,297,396**
Interest bearing loans and borrowings	572,794	686,815
Government grants	56	433
Trade payables and other current liabilities	612,329	609,537
Current tax liabilities	991	611
TOTAL EQUITY AND LIABILITIES	**9,488,016**	**8,821,730**

6.6 ***Audit of historical financial information of the Eandis Economic Group***

The independent auditor of the company is Ernst & Young Bedrijfsrevisoren BCVBA, represented by Mr. Paul Eelen.

6.7 ***Financing of the Eandis Economic Group***

General

The Eandis Economic Group attracts financing from various sources. The Eandis Economic Group addresses short term funding needs primarily through its commercial paper programme, as well as through various short term revolving credit facilities. All bonds and notes financing of the Eandis Economic Group is contracted by Eandis, with guarantees from the Guarantors. No third parties have granted guarantees in respect of the indebtedness of the Eandis Economic Group.

Long term financing

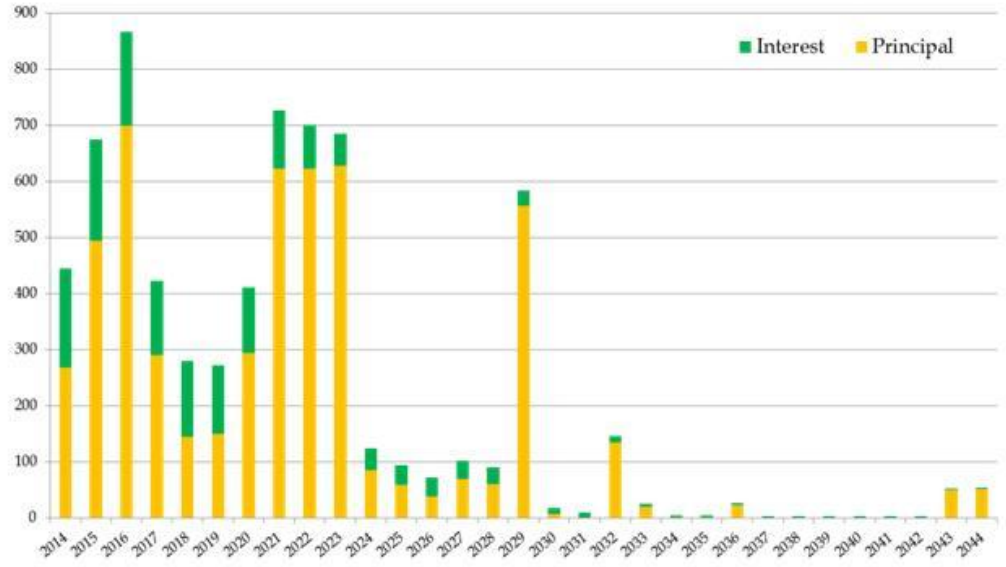
The total amount of long term financial debt of the Eandis Economic Group that is currently outstanding amounts to EUR 4.390 million as of 31 August 2014.

The below tables provide an overview of the composition of the long term financing of the Eandis Economic Group and the maturity profile.

Overview long term financing Eandis Economic Group					**31 August 2014**
Bank loans (outstanding)	**Bonds (institutional)**	**Bonds (retail)**	**Schuldschein / Namensschuldverschreibung**	**Other loans**	**Total (outstanding)**
			(in million EUR)		
1,634	2,336	320	100	0	4,390

The Eandis Economic Group strives to optimise the maturity profile of its debt. The amounts to be paid by the Eandis Economic Group on account of principal and interests on its long term financing are set out in the maturity profile below:

August 2014:



Long term financing is obtained through a broad range of different bank loans contracted with various banks through separate agreements. The Eandis Economic Group is currently not in default under any covenants set out in such agreements.

Since the Eandis Economic Group wishes to diversify its funding basis, the Eandis Economic Group increasingly funds itself through the issuance of notes and bonds, among others under this EMTN-programme. The outstanding amount of long term bank loans is 1.634 million EUR. Long term debt securities are issued and outstanding for an aggregate amount of 2.756 million EUR.

On top of the financing situation described above, the Issuer finalised a dual tranche private placement on 14 October 2014 (trade date) with issue date on 27 October 2014 outside this Programme:

- 95 million EUR at a fixed annual coupon of 2.60% with maturity on 27 October 2034; and
- 170 million EUR at a fixed annual coupon of 3.00% with maturity on 27 October 2044.

These debt instruments will be listed on the Open Market segment of the Frankfurt Stock Exchange ('*Freiverkehr*').

Short term financing

The Eandis Economic Group has the benefit of various financing arrangements to cater for its short term financing needs. The below table provides an overview hereof:

Overview short term financing Eandis Economic Group			**30 June 2014**
Instrument	**Maximum amount**	**Amount outstanding**	**Amount unused**
		(in EUR 000's)	
Commercial Paper	522,000	0	522,000
Fixed advances	50,000	0	50,000
Fixed loans	200,000	0	200,000
Total	**772,000**	**0**	**772,000**

An overview of the evolution of the total amounts of debt borrowed or raised by the Eandis Economic Group and the applicable leverage over the last periods is provided in the table below:

Evolution of financing Eandis Economic Group

	30/6/2014	31/12/2013	31/12/2012
Long term borrowing	**4,674,232**	**4,472,768**	**3,847,136**
Current portion of long term loans	572,794	269,223	659,866
Short term loans	0	226,317	111,908
Short term loans	**572,794**	**495,540**	**771,774**
Total	**5,247,026**	**4,968,308**	**4,618,910**
Leverage[54]	1.74	1.67	1.66

7. Legal and arbitration procedures

7.1 *Legal and arbitration proceedings of the Issuer*

Legal Proceedings

The Issuer is currently not involved in litigation that could have a material impact on it.

Insurance Proceedings

Eandis is currently not involved in insurance proceedings that could have a material impact on it.

7.2 *Legal and arbitration proceedings of the Guarantors*

Legal Proceedings

The summary below gives an overview of the proceedings that may have a material impact on one or more of the Guarantors.

- *DSOs* – distribution tariffs: several consumers had filed a civil action against Electrabel before the Justice of the Peace (Vrederechter/Juge de Paix) to reclaim the distribution fees paid during the years 2009 and 2010 on the motivation that they would have been charged without valid legal basis. The judge of Deurne has declared itself incompetent to rule on this matter and referred the case to the Court of Appeal of Brussels. Up until now the latter has not yet been seized. (see sub heading "*Material litigations which could challenge previous tariff decisions made by the CREG*", of section 3 (*Regulated tariffs for the Distribution System Operation of Gas and Electricity*) on page 77 above. Whatever the outcome of these proceedings, the DSOs will not be subject to any material adverse financial impact, since they will be able to translate this potential impact into the distribution grid tariffs.

- *DSOs* – distribution tariffs: the tariff decision by the CREG, dated 31 March 2011, allowing a tariff increase for the DSOs, is being challenged before the Court of Appeal of Brussels. The Court decided on 26 June 2012 in an interlocutory judgement that, although the tariff increases were in principle justified, the CREG founded its decision on the wrong legal basis. (see sub heading "*Material litigations which could challenge previous tariff decisions made by the CREG*", of section 3 (*Regulated tariffs for the Distribution System Operation of Gas and Electricity*) on page 77 above). Whatever the outcome of these proceedings, the DSOs will not be subject to any material adverse financial impact, since they will be able to translate this potential impact into the distribution grid tariffs.

- *DSOs – case brought by Essent Belgium NV*: the Guarantors are involved in a proceedings before the Court of First Instance (Brussels) regarding the promotion of environmental-friendly electricity through the distribution of green energy certificates as described in more detail below in section *Compatibility of the Flemish Green*

[54] Long term borrowing + short term borrowing / equity.

Certificates Scheme with EU law, page 130. The proceedings were initiated by the supplier Essent Belgium NV against the Flemish Region; the Guarantors and the DSOs of the Infrax-group, as well as the Flemish energy regulator VREG, have voluntarily intervened in these proceedings. Essentially, Essent disputes the decisions of the Flemish Government which only accept the certificates from producers in Flanders, as the current scheme provides that only green energy that was produced within the Flemish Region's territory is illegible for green energy certificates. The Guarantors intervened as defendant, because the grid operators in the Flemish Region had billed the claimant (February and April 2005) for a total amount of EUR 3.5 million[55] for costs related to the distribution of green power generated by Essent, based on the Flemish Decree of 24 December 2004. The debates before the Court of First Instance were closed on 13 February 2014, but no final judgment has been delivered yet. It should be noted however that the European Court of Justice (ECJ) already delivered a judgment on 1 July 2014[56] which can be interpreted as supporting the defendants' arguments in the proceedings before the Court of First Instance of Brussels. In line with this decision in the aforementioned case, the Court of Justice subsequently rendered a judgment in the Essent case on 11 September 2014[57]. The Flemish support scheme is compatible with the principle of free movement enshrined in the EU Treaty. The ECJ's judgment might be construed as a new element and it is therefore likely that the debates in the Essent proceedings before the Belgian Court of First Instance will be reopened. As to the amounts billed by the Guarantors, they have, in the meantime, asked for the statute of limitation of these bills to be interrupted.

- *IMEA*: the Municipal Autonomous Parking Company Antwerp (GAPA) has issued a provisional claim against IMEA of EUR 394,576 for alleged insufficient maintenance of a parking guiding system. IMEA is contesting the claim on the grounds that its role was limited to attributing the project to a third party and to connecting the parking guiding system to the distribution grid.

- *Several of the Guarantors* have issued a claim for the total aggregated amount of EUR 898,000 against a supplier declared bankrupt in 2008 in relation to unpaid distribution grid fees for the year 2002.

- *Litigation on historical balances*: the CREG has not taken any decision regarding the tariff balances resulting from the previous regulatory period (2009-2012) and the year 2013. Consequently a procedure is initiated before the Court of Appeal of Brussels by the pure Flemish DSOs (regrouped under the name Infrax) in order to oblige the CREG to take a decision on the outstanding regulatory balances. In principle pleadings before the Court of Appeal will take place on 3 December 2014.

- *Litigation on injection tariffs*: as further explained in section "*Introduction of injection tariffs*", page 81, several owners of photovoltaic panels and organisations defending the interests of Prosumers have challenged the decisions in connection with these injection tariffs before the Court of Appeal of Brussels. In addition, the five major electricity suppliers in the Flemish market (i.e. Electrabel, Eni, Eneco, EDF-Luminus and Essent) have refused to pass through this tariff element into the bills for the end consumers. On 28 November 2013 the Court of Appeal of Brussels finally annulled the CREG's decisions to approve the injection tariffs by criticising the decisions on several grounds.

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[55] For the sake of clarity: this amount is the total amount for the Flemish DSOs, i.e. the aggregate amount billed by the Guarantors and the Infrax-DSOs.

[56] Judgment of the Court (Grand Chamber) of 1 July 2014 in the case "Ålands vindkraft v Energimyndigheten" [case C-573/12] as described in more detail in section *Compatibility of the Flemish Green Certificates Scheme with EU law*, on page 130.

[57] Judgment of the Court (4th Chamber) of 11 September 2014 in the joined cases C-204/12 to C-208/12"Essent Belgium NV v VREG".

Insurance Proceedings

In the course of their normal activities the Guarantors are confronted with a large number of insurance proceedings that are separately not material, but taken all together could have a material impact. In the following table an aggregated overview (situation as per July 2014) of the disputed files in which at least one of the Guarantors is involved is presented (note: not all of the disputes listed below have led or will lead to a legal proceedings, many of them being settled amicably by agreement between the DSO and the end user):

Type of claim	Number of claims	Potential financial impact	Remarks
Works carried out for the account of the customer[58] *	9,621	EUR 7,037,206	
Professional drops[59] *	61		Financial impact can only be estimated after having gained access to metering installations
Residential drops[60] *	224	EUR 57,162	Exact financial impact might have to be adjusted after having gained access to metering installations
Final invoice "Move Outs"[61] *	11,294	EUR 7,578,712	
Final invoices "Social Public Service Obligations"[62] *	3,480	EUR 10,963,459	
Fraud *	904	EUR 10,963,459	
Damages to DSO network infrastructure *	867	EUR 2,499,429	
Network infrastructure displacements[63]	40	EUR[64] 10,329,821.74	In most of these cases either the Flemish Region or NMBS, the Belgian railway company, are the counterparty claiming from the DSOs.

It is to be noted that for all proceedings marked by an asterisk (*) in the above table, financial payments made by the Guarantors can be entirely passed through in the tariffs and should thus not have a negative financial impact on the Guarantors.

On an aggregate basis, the Guarantors were involved in 278 civil liability files with total claims of 18,311,498.32 EUR on 30 June 2014. However, the Guarantors have taken insurance cover for civil liability. The cover provides for a limitation of the Guarantors risk of EUR 7,500 per case, limiting the current total maximum civil liability for the seven Guarantors to 2,085,000 EUR.

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58 Invoices sent for collection to collecting agency or lawyer.

59 Professional drop: termination by a supplier of a supply contract with a non-residential customer – if no new supplier has been contracted within 30 days the DSO has to suspend energy delivery. The number of cases reported reflects the cases in which the DSO has to legally close down the access.

60 Residential drop: termination by a supplier of a supply contract with a residential customer – if no new supplier has been contracted within 60 days the DSO has to take over the energy delivery. The number of cases reported reflects the cases in which the DSO has to legally close down the access.

61 Energy bills for supplies delivered to access points for which the last known end user has correctly terminated the supply contract and for which no new end user has been identified; these energy bills are presented to the owner of the premises or to the new tenant. The number of cases reported reflects the cases in which the DSO has to legally close down the access.

62 Energy bills for access points for which the last known end user was supplied by the DSO according to the social public service obligations. The number of cases reported reflects the cases in which the DSO has to legally close down the access.

63 Bills relating to the displacements of pipes and cables on the public domain imposed by a public authority proprietor of the domain, the cost of which has to be borne by the public authority that ordered the displacement works.

64 The amount indicated constitutes the principal amount and capitalized interests on 30 June 2014.

On the other hand, the DSOs themselves are claiming an aggregate amount of 2,499,429.33 EUR from third parties relating to damages caused by these third parties to the distribution infrastructure owned by the DSOs. This concerns a total number of 867 proceedings.

8. Significant changes in the financial or trading position of the Issuer and the Guarantors

8.1 *Significant changes in the financial or trading position of the Issuer*

Trend information

There has been no significant change in the financial or trading position of the Issuer since 30 June 2014 and no material adverse change in the Issuer's prospects since 31 December 2013.

Investments

Eandis introduced FIT, a company-wide efficiency and productivity enhancing action plan in the course of the first semester of 2013. FIT's focus is on cost efficiency in investments, staff and other operational costs. The basic principles of FIT are threefold: (i) reinforcing cost awareness amongst all employees; (ii) concrete measures of cost efficiency, more specifically on 12 items of operational excellence and (iii) clear objectives on grid investments, staff and operational costs in order to raise productivity and efficiency. Financial objectives have been identified for the period 2013-2016. The 2016 investment budget should be about 100 million EUR below the 2013 budget, and also the operational budget should be about 25 million EUR below the 2013 figure. Grid investments should – thanks to FIT – be reduced to a level of 'auto financing + a maximum margin of 10 per cent'. As to staffing, management is convinced that the current level of staff is an acceptable level for carrying out the current tasks on behalf of the DSOs. Therefore, no further increases in staffing for operational departments and supporting departments alike are foreseen until 2016. On the contrary, overall staffing should slightly decrease until 1 January 2016 thanks to natural exits of employees. Finally, management has identified twelve points of attention in the general framework of operational excellence. Corrective measures, defined bottom-up, should directly or indirectly improve on the situation and thus contribute to a higher level of productivity and even more cost efficiency. It is evident that these FIT measures will have a positive impact on the grid tariffs.

Preliminary results for FIT show that Eandis is well on track to reach the objectives on efficiency gains, as well as FIT's financials targets.

The annual investment budgets for the period 2014-2017 are as follows (all figures in the table are net investments, i.e. after deduction of the financial contribution by the end users):

	2014	**2015**	**2016**	**2017**
		(million EUR)		
Electricity	380.3	341.4	331.2	331.2
Gas	169.3	160.0	144.5	142.9
TOTAL	**549.6**	**501.5**	**475.7**	**474.1**

As to smart metering, Eandis endorses a gradual introduction of smart meters and a gradual build-up towards a smart grid. This stance is, amongst others, based on the in-the-field experiences gained in the proof of concept and the pilot projects carried out by the Issuer. Eandis has already informed the Flemish government and the competent authorities of its views regarding the introduction of smart metering in the Flemish Region. The proposed gradual roll-out should – in Eandis's view – take the form of a segmented roll-out, with priority given to specific target groups amongst the end user clientele.

Note Issues and Schuldschein

In 2013 and 2014, the Issuer has issued

- on 28 March 2013, 3.75 per cent. fixed rate guaranteed notes through a private placement under this programme for an amount of EUR 20,500,000, with maturity date 28 March 2033;

- on 28 March 2013, 3.50 per cent. fixed rate guaranteed notes through a private placement under this programme for an amount of EUR 54,500,000, with maturity date 28 March 2028;
- on 24 June 2013, 3.50 per cent. fixed rate Namensschuldverschreibung through a private placement for an amount of EUR 50,000,000, with maturity date 24 June 2043;
- on 9 October 2013, 2.875 per cent. fixed rate guaranteed notes under this programme for an amount of EUR 500,000,000, with maturity date 9 October 2023;
- on 5 March 2014, 3.550 per cent. fixed rate guaranteed notes through a private placement, outside this programme, for an amount of EUR 52,000,000, with maturity date 5 March 2043;
- also on 5 March 2014, 3.550 per cent. fixed rate guaranteed notes through a private placement outside this programme for an amount of EUR 23,000,000, with maturity date 5 March 2036;
- on 7 May 2014, 2.875 per cent. fixed rate guaranteed notes under this programme for an amount of EUR 550,000,000, with maturity date 7 May 2029;
- on 27 October 2014, 2.600 per cent fixed rate guaranteed notes through a private placement, outside this programme, for an amount of EUR 95,000,000, with maturity date 27 October 2034; and finally,
- on 27 October 2014, 3.000 per cent fixed rate guaranteed notes through a private placement, outside this programme, for an amount of EUR 170,000,000, with maturity date 27 October 2044.

These financing operations are carried out by the Issuer, on behalf of and for the account of the Guarantors so as to enable the latter to finance their investment and operational activities. The funds raised by the Issuer are passed through entirely to the Guarantors at the same conditions of maturity and interest rates.

8.2 ***Significant changes in the financial or trading position of the Guarantors***

Trend information

There has been no significant change in the financial or trading position of the Guarantors since 31 December 2013 and no material adverse change in the Guarantors' prospects since 31 December 2013.

Adjustment

Note that the Guarantors have been confronted with the financial impact of the success of the renewable energy policy as carried out by the Flemish government. This financial impact is caused by two elements, both of which are directly related to public service obligations imposed on the DSOs: (1) the negative net result of the obligatory purchase by the DSOs of green power certificates and the realizable value on the market of these certificates and (2) the RUE Subsidies[65] granted to end users who invest in energy saving measures (double or triple glazing, roof insulation, high efficiency heating installations on gas etc). Therefore a proposal for an intermediate grid fee adjustment was introduced to the CREG. The CREG approved this proposal on 31 March 2011. Correspondingly, the adjusted distribution grid fee is in place since 1 April 2011. However, a request for annulment before the Court of Appeal of Brussels was filed by a limited number of consumers claiming that the CREG incorrectly based its adjustment decisions

[65] As part of its public service obligations, a Flemish DSO pays out subsidies to promote the rational use of energy to end users (companies and households) who invest in energy saving measures ("**RUE Subsidies**"). These energy saving measures include home insulation (insulation for rooftops and walls, glazing a.o.), heat pumps et cetera. Since there is a legal basis for this activity, the costs for the RUE Subsidies can be recovered through the DSO's grid tariffs.

on the Third Electricity Directive. On 26 June 2012 the Court confirmed in an interlocutory judgement, i.e. a submission for a preliminary ruling was made to the Constitutional Court, that these decisions were formally invalid but that the tariff increase was in principle justified. See also the item on page 78 sub "*Challenge of tariff increase for the pending regulatory period 2009-2012*" for a more detailed analysis of the facts and consequences of this judgement.

Investments

The Guarantors have not made any firm commitments on other future investments beside those in their short and long term investment plans to be approved by the Flemish regulator.

9. **Trends in the market in which the Issuer and the Guarantors are active**

In working out the strategic options for the company, the Board of Directors and the management of the Issuer carefully consider all relevant policy measures taken by the Flemish government and regulator, as well as the changing economic and technical realities in Eandis's working context. Eandis is always careful, however, not to compromise the current reliability and the quality of the energy grid by implementing policy changes. It therefore considers every implementation option on its financial, technical and logistical feasibility and reassures itself that any strategic choice made should be socially acceptable to grid users. A second foundation for outlining the mid-term strategic options is evidently the company's mission, vision, strategy and values, as approved by the Board of Directors. The strategy consists of five pillars: (1) compliance, (2) performance, (3) customer oriented, (4) organization oriented and (5) learn and grow. For each of these pillars, strategic actions have been outlined:

- ***Compliance***:
  - the new corporate structure for the Eandis Economic Group, which was implemented as from April 2013, enables a smooth decision making cycle, while at the same time retaining close ties with the 234 municipalities, being the shareholders of the DSOs;
  - risk management: Eandis makes use of integral risk management. This global analysis of the company risks lays the foundation for the necessary corrective and/or preventive measures;
  - based on an evaluation of the current values, Eandis's Ethical Charter takes into account general best practices in this domain and recent developments inside and outside the Issuer.
  - the regulatory context for distribution tariffs will change as a consequence of the 6th general state reform for Belgium, of which the regionalisation of distribution tariffs is an element. Eandis proactively discusses and collaborates with the Flemish energy regulator VREG (and possibly other partners as well) on all aspects of the future tariff mechanism to be implemented in the Flemish region;
  - the exit of the private partner Electrabel NV/SA out of the DSOs, as stipulated in Flemish legislation (as described in more detail in sections *The exit of Electrabel in the shareholding of the Guarantors* and *The exit of Electrabel from the share capital of the Eandis Economic Group* on, on resp. page 93 and 105), is being finalised, both from a financial and a managerial perspective.
- ***Performance***:
  - Eandis's global purchasing approach will be screened and put into a larger perspective. If efficiency gains can be detected, the necessary changes to the purchasing procedures will be implemented. The principle of 'Total Cost of Ownership' will be reinforced;

- FIT, Eandis's productivity and efficiency programme, aims at clear-cut financial and budgetary objectives (investments, operational costs, staffing) for the period 2013-2016. See above for more details on FIT;

- ***Customer oriented***:

  - Eandis will continue to put a lot of effort into the best possible repair of roads and pavements after infrastructural works on, cables and pipes have taken place in the underground. Eandis's subsidiary SYNDUCTIS (see above for more details) will play a crucial role in this respect;

  - Energy Services for Local Authorities will be expanded; public lighting applications will be one of the key areas in this domain. Eandis will differentiate its offering to the local authorities.

- ***Organisation oriented***:

  - In order to cope with the risks of electricity supply interruptions, Eandis regularly updates its emergency planning procedures, in collaboration with the public authorities and the transmission grid operators Elia (electricity) and Fluxys (gas);

  - Environmental care, due respect to corporate governance, awareness of the social impact of our operations and carrying on an open dialogue with our shareholders and other stakeholders are all inherent elements of our policies. Eandis's Corporate Social Responsibility Report 2013, published in April 2014, testifies of this;

  - Smart cities and district heating grids have the potential to contribute to reach the general climate objectives, to reduce detrimental emissions and to introduce innovative technologies. Eandis is closely monitoring the evolutions in this field and has already decided to play a prominent role in Flanders. A first concrete example is the district heating project in Kuurne/Harelbeke, in which approximately 700 residential homes will be connected to this 6.6 km grid. The project will start in the 2nd half of 2015. Eandis will not act in isolation, but will actively search for partners in establishing such projects;

  - Internal logistic procedures (kitting a.o.) and the current ICT architecture will be critically evaluated;

  - Data quality will remain one of the key topics in Eandis's everyday operational activities.

- ***Learn & grow***:

  - The general development of "smart" (including smart metering, smart grids and smart users) will be supported by Eandis.

  - The further development of Atrias as the federal energy clearing house for the Belgian energy market, and SYNDUCTIS as the synergy subsidiary of Eandis bringing together several utilities, will be continued.

The five strategic pillars are complemented by four company values which can be considered to be the DNA of the company:

- Driven by professionalism

- Always sincere

- Live up to our promises

- Stronger together

Trends identified in the Flemish Governmental Agreement (July 2014)

The new Flemish Government, which took office on 25 July 2014, has outlined a number of ideas on energy policy in its governmental agreement entitled "*vertrouwen, verbinden, vooruitgaan*"[66]. These ideas can be summarised as follows:

- *Energy efficiency and ancillary measures.* The Flemish Government will focus on energy efficiency, in order to reduce energy consumption bills and to reach the climate objectives – the transition towards a new energy system will be prepared. The free kWh policy will be aborted, since it is deemed to be inefficient and does not fulfil its social and ecological promises In addition, CO_2 reducing measures will be intensified and residential energy consumers should in the future be able to adapt their energy demand to the actual energy cost at different points in time during the day. Finally, the fight against energy poverty will be intensified and the cooperation in this matter between the DSOs, the Public Centres for Social Welfare and other parties such as the social economy will play a central role therein.

- *Renewable energy support.* The certificate system for green power and CHP will be reformed and simplified; the 'banking' of these certificates will be prolonged.

- *Harmonisation of the Flemish DSOs.* The structures of energy distribution in Flanders will be further streamlined, i.e. the statutory lifetime of the DSOs can be prolonged until 2019, an integration of the DSOs within each of the two operating companies will be stimulated, two separate operating companies (Eandis and Infrax) can be retained and a private partner not involved in the energy generation sector will be allowed to become a DSO shareholder.

- *Flemish regulatory framework for future tariffs.* The VREG should – as soon as feasible – develop a tariff methodology for energy distribution, and has already done so in respect of the transitory tariff period 2015-2016 on 30 September 2014. In addition, the Flemish Government urges that the distribution tariffs should be transformed to "*purely grid-related tariffs per target group reflecting the capacity reserved by a customer*". Tariffs should be cost reflective and integrate objective differences (e.g. grid density in urban and rural areas).

[66] Published on the official website of the Flemish Region (www.vlaanderen.be)

Trends in the energy sector

The Issuer has identified a number of general trends in the energy sector. These can be summarised as follows:

1. Evolutions in the energy landscape: synergies between utilities and the commitment of the end customer (e.g. intelligent metering);

2. Evolutions in the energy demand: changes in the energy mix with increasing electrification and a decrease in gas consumption;

3. Evolutions in energy production: more decentralized electricity and heat generation and 'green gas' production;

4. Evolutions in managing demand and supply; centralized and decentralized supply and demand management – new players in an adapted market model;

5. Evolution in grid management: micro grids and new technological advances in grid management.

Decentralised Electricity Generation

Eandis has to cope with the steady increase in the number of installations for decentralised electricity generation (solar modules, CHP, wind turbines and others) that are or have to be connected onto the distribution grid. This puts pressure on the traditional design of the electricity distribution grid. Since more and more end users inject electricity into the distribution grid themselves - rather than only be an off taker of electricity – the distribution network design needs to reflect and cater for a bidirectional use of the distribution network. This trend has also impacted the volumes of electricity being transported over the DSOs' distribution grids. Eandis has noted that the spectacular growth rate in the number of photovoltaic installations has recently somewhat decreased, partly as a result of the limitation in the subsidy mechanisms allowed for by the Flemish government. Insufficient investments in electricity distribution grids, however, might lead to insufficient capacity on these grids, associated with higher risks for fall-outs, grid disturbances and a lower quality of electricity delivery.

Another important evolution is the development of offshore wind farms in the Belgian part of the North Sea. This will entail considerable investments, especially at the level of the transmission grid operated by Elia, but will most certainly also have a fall-out on the distribution grids operated by Eandis.

Eandis wants to be ready for these developments, both by planning and budgeting for the required grid modifications, as well as executing them. It has developed the following lines of action:

- Consult the competent authorities in order to analyse the use and impact of stimuli for optimal geographic location of large decentralised generation facilities with a view to minimising electricity grid expansion costs;

- Pro-active investments in the electricity grid where it is possible to estimate the future levels of decentralised generation;

- A step by step evolution of the electricity distribution grid towards a smart grid, in which important investments in the mid voltage networks will be required in the short term to enable control of the energy flow direction. In the medium term, the realization of a smart grid will require investments to enable real time data collection. Expansive metering will allow for a better manipulation of energy flows, or a so-called "smart grid". The planning, phasing and realization thereof is the subject of a study that will lead to an investment decision.

Eandis is currently assessing the investments needed in the years beyond 2014. Its long term investment plans will be updated accordingly. Investments by Elia, the electricity transport

system operator, will have a direct impact on this assessment since such investments can directly trigger additional investments in the distribution grid.

Logically, and as explained in section 3 (*Regulated tariffs for the Distribution System Operation of Gas and Electricity*) on page 72 above, investments in the distribution grid will impact the distribution grid fee. Also, the increased costs will be distributed over smaller distributed volumes of energy since production of electricity is expected to happen in a much more decentralised way. Eandis will closely monitor the impact of these evolutions on the overall distribution grid fee and will analyse and propose options to reduce sudden increases in the grid fees. To this end, the introduction of injection tariffs coupled with the granting of financial stimuli for projects that only need marginal investments for connection to the distribution grid, could be one way of incentivising efficient investments in decentralised electricity generation aiming at bringing distribution grid fees down.

The introduction of an injection tariff, approved by the competent regulator and accepted by the Flemish government, could compensate for the additional investment costs linked to decentralised production. A flat rate grid contribution for decentralised production installations equal to or below 10 kilowatt was introduced as from 1 January 2013 (as further explained in section "*Introduction of injection tariffs*" on page 81 above); the exact amounts differ per individual DSO. The five major electricity suppliers in the Flemish market (i.e. Electrabel, Eni, Eneco, EDF-Luminus and Essent) are refusing to pass through this tariff element into the bills for the end consumers. The Flemish Minister for Energy has already publicly condemned the suppliers' attitude. The VREG has been asked to mediate in this conflict.

Smart Meters, the Market Model and Data Management

Metering and the management of metering data is a crucial task in the organisation of liberalised energy markets. A more pronounced competition in the energy markets and the drive towards more energy efficiency in the European Union put more demands on the distribution grids' metering systems. As a consequence of the increase in decentralised electricity production the network configuration changes drastically (from a waterfall principle to bidirectional distribution networks), but there is also an impact on the management of metering data. The above evolutions have put the introduction of smart meters in the limelight.

The VREG is investigating the deployment of smart meters with all network users. Such large scale introduction requires a thorough cost/benefit analysis and a clear view on the technical capabilities of these meters. Further research should be carried out and the results of pilot projects at home and abroad should be awaited. However, it is clear at this stage that the real time data that smart meters can provide, create a number of opportunities aimed at directing networks and at the evolution towards 'smart users' and 'smart, decentralised producers'. In relation to electricity the Energy Efficiency Directive[67] stipulates that Member States should have installed by the year 2020 smart meters with 80 per cent of end consumers for whom an extensive cost-benefit analysis has demonstrated clear benefits for the instalment of these electronic meters. If no such cost-benefit analysis is carried out, 80 per cent of all end consumers should be connected to the distribution grid with a smart meter by the year 2020. In relation to gas the Energy Efficiency Directive requires Member States to prepare a timetable for the implementation of smart meters if the roll-out of smart meters (potentially subject to a cost-benefit analysis) is assessed positively.

Eandis has opted for a gradual build-up for smart metering:

- As a first step, Eandis concluded a small-scale proof of concept with approx. 4,000 smart meters in Leest and Hombeek. The overall results of this project were positive and enabled Eandis to launch a large-scale pilot project in carefully selected test areas scattered around its operating area.

[67] Directive 2012/27/EU on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC, *OJ* L 315, 14.11.2012, p. 1-56 (the "**Energy Efficiency Directive**").

- As a second phase, a pilot project, involving the installation of approximately 40,000 smart meters (25,000 for electricity and 15,000 for gas) was launched in the second half of 2012. This project will allow Eandis's technical teams to gain valuable experience with smart metering in different kinds of distribution areas with varying characteristics. It will also allow to assess the best way to organise the logistic chain and benefits to energy users and society in general. Its conclusions will also be input for the general cost/benefit analysis for the introduction of smart metering in the Flemish region;

- the assessment of the added value of a general roll-out to all network users of the meters (i.e. 2.5 million meters for electricity and 1.5 million meters for gas, representing a total investment of EUR 1.5 billion). Based on the experience gained in both the proof of concept and the preliminary results from the pilot project, Eandis has proposed a gradual and segmented roll-out for smart metering in Flanders, with priority to some well-defined groups of end users (prosumers, large consumers, public authorities);

- the evolution of European legislation and the transposition of this legislation into legislation on the federal and regional levels in Belgium is also taken into account.

Eandis has furthermore obtained a European patent for its invention to provide a more reliable distributor power line communication system (PLC). A worldwide patent application has been filed with the competent authorities. For several non-European countries, this patent has already been obtained. The said invention consists of a noise and distortion filtering system and is characterised in that it comprises PLC filters on the power lines which connect the power distribution network and the end user mains network, as well as on the power lines which connect the power distribution network to the power distribution substation.

Demand Side Management

The promotion of Demand Side Management (DSM) falls squarely within Eandis's focus on rational use of energy. It comprises three key elements:

- 'change the timing' of electricity consumption, pushing consumers towards smart consumption;

- 'reduce the quantities' of energy consumption, emphasizing a more sensible energy consumption pattern; and

- creating and maintaining a focus on 'alternative energy' consumption.

Today Eandis already possesses competencies and instruments in the field of DSM. Eandis for example actively supports network users in applying energy saving measures. Further efforts in DSM will also contribute to the achievement of certain policy choices relating to climate change and environmental issues, limiting the European energy dependency, minimising the economic effects of rising energy prices, etc., all of which have been formulated in the 20-20-20 objectives for the development of decentralised electricity production. It is to be noted that in the past few years Eandis has achieved excellent results in realizing the objectives put forward by the Flemish Energy Agency ("**Vlaams Energieagentschap**" in Dutch), and is committed to even stronger efforts towards the future.

Eandis has been testing its marketing positioning relating to DSM with different types of customers, this with a view on further engaging itself into energy management services. In its relationship with the local authorities Eandis has chosen to sell its point by delivering a mix of information, advice, support, financing and suggestions as to a number of concrete energy saving measures. Eandis aims at expanding its know-how and experience and put these at the disposal of associated local authorities, so that these can embody best practices in the field of rational use of energy. Eandis has initiated the first fully fledged projects of "*Energy Services for Local Authorities*" in the course of 2010. Local authorities within Eandis's operating territory have positively reacted in large numbers to this offer.

Focus on energy balancing

A number of trends already described above, especially the rise of decentralised electricity generation, will impact the Issuer's and Guarantors' business in the long term. In electricity distribution, the need for a well-executed balance between generation and demand will become ever more crucial and this balance should work in both directions between generation and demand. Eandis believes that three types of balancing are in play: (i) individual balancing per individual customer, in which the end user balances his consumption with his own production and *vice versa*; this implies that a minimum amount of energy is injected into the distribution grid, (ii) local balancing for a group of end users in the same neighbourhood or district; this implies the need for a locally managed (distribution) grid and, finally (iii) central balancing at the level of the entire grid, irrespective of geographical location, for which a central management system is needed; smart metering and smart grids will play a crucial role here.

The Issuer is currently working on a so-called 'route planning energy balancing', which must enable it to anticipate all future evolutions and to take the necessary implementation measures when needed.

Implementation of Public Service Obligations

As to its public service obligations, Eandis aims at maximizing efficiency while keeping the solidarity principle intact. The interests of the socially disadvantaged will remain a point of focus for Eandis. Over the years Eandis has gained positive experiences with the budget meter for electricity and gas.

Gas Network Expansion

The Flemish Energy Decree of 8 May 2009 stipulates that the cover rate of gas distribution networks is to increase significantly:

- by the year 2015 the cover rate in residential areas should amount to 95 per cent (with an exception for residential areas with a rural character); and

- by the year 2020 the cover rate should amount to 99 per cent (with an exception for residential areas with a rural character where a cover rate of 95 per cent will then apply).

Eandis estimates the costs of expanding the gas distribution network to meet the above legal obligations at EUR 700 million. The Flemish government has, however, hinted at somewhat adapting these objectives, taking into account the assessment of the relevant costs and benefits. This intention is also expressed in the Flemish Government Agreement of 23 July 2014.

Another evolution in the gas market might be the compulsory switch from low to high calorific gas, following a decision by the Dutch gas supplier(s) to stop deliveries of low calorific gas to the Belgian market. If such a step is taken, this will involve major investments to adapt part of the Flemish gas distribution networks.

Strengthening the Core Business

Based on the results of an extensive analysis the Eandis Board of Directors has chosen for the strategic option not to engage in other activities such as the water distribution or sewage systems. In the opinion of Eandis, synergies between its own activities and the aforementioned and other utilities can best be realised in the form of cooperation. The SYNDUCTIS initiative is an illustration of this approach.

Eandis prefers the continued reinforcement of an excellent service delivery to shareholders and network users alike through strengthening its own core business, i.e. the distribution of gas and electricity. Synergy in operations on the public domain is perfectly in line with Eandis's policy of minimising hindrances and maximizing cost efficiency.

Social Public Service Obligations

Eandis, being the operating company of the Guarantors, wishes to fully execute its social public service obligations in the most efficient way.

Green Power Certificates

Overview

In the Flemish Region a system of so-called green power certificates has been introduced in accordance with the Executive Order of the Flemish government dated 5 March 2004, which itself is based on the Flemish Electricity Decree of 17 July 2000. The three main pillars of the Flemish green power certificate system are (i) the possibility of producers of green energy to be granted green certificates[68], (ii) the obligation for suppliers of electricity to acquire each year a number of green power certificates and (iii) the guarantee system whereby a minimum price for the certificates is guaranteed to the producers of electricity for a predetermined period.

In this framework, the producers of green electricity have the responsibility to transmit the necessary production information to the VREG, which will rely on this information to issue green power certificates. The DSOs also have an important role in the guarantee system since this guarantee system has been implemented through the obligation for the DSOs to purchase green power certificates from certain producers of green electricity at a fixed price.

The system is such that the DSOs have an obligation to buy the green power certificates at a predetermined price from a party requesting so, and then offload these green power certificates in the market while booking the difference between the guaranteed price and the market price for the certificates as a public service obligation cost, to be charged through in the distribution grid fee. Given the fact that substantial investments in solar energy have been made, and that even greater investments are in preparation, this guaranteed price system materially contributes to the rising level of the electricity distribution tariffs and Eandis expects that this contribution will remain material towards the future (albeit the Decree of 13 July 2012 may bring a halt to this permanent rise as further described in the next section Changes after the Decree of 13 July 2012).

By Flemish Decree of 8 May 2009, the fixed prices for green power certificates have been adjusted somewhat, with as consequence that the fixed price per certificate for the production from solar energy and the period for which such price was guaranteed were reduced. Given the huge success of solar panels on residential and non-residential buildings, the Flemish government decided in December 2010 to further reduce the financial support for renewable energy, so as to prevent excessive subsidies from being granted. The measures taken include lower guaranteed prices for green power certificates and again a shortened period over which these fixed prices are guaranteed.

However, up until now there was a structural oversupply of green power certificates in the market due to the success of solar energy in Flanders, resulting in substantially lower prices at which the DSO can sell these certificates, while the price at which the DSOs are obliged to purchase them was fixed. The difference between this guaranteed price and the market price for the certificates booked as a public service obligation cost is charged through in the distribution grid fee.

Changes after the Decree of 13 July 2012

Banding

A more fundamental change was brought by the Flemish Decree of 13 July 2012. This Decree has significantly altered the current framework by making the allocation of green certificates dependent on the type of renewable technology. The purpose of this drastic reform is to tackle the current over-subsidisation of certain technologies and the resulting significant decrease in the prices of green certificates raising concerns for developers and lenders of renewable energy projects. In addition, it was clear that the costs, especially through the charges included in the

[68] One green power certificate is attributed for each 1,000 kWh of green electricity produced.

distribution tariffs, are higher than necessary, and not fairly distributed throughout society. The reform brought by this new Decree has several positive implications for the Guarantors as the intended changes should normally reduce the costs for the DSOs and reduce the impact of the inclusion of these costs in the distribution tariffs.

First, the price of the green energy certificates will be controlled by means of a banding system, i.e. the level of support will be fixed per type of technology that is used for the production of green energy. This fine-tuned banding mechanism should reduce the current oversupply of certificates and alleviate the pressure on the DSOs. Hence, by introducing an adequate banding mechanism the producers of green electricity will in principle no longer seek the minimum support of the DSOs and this will limit the rising level of the distribution tariffs. The banding system entered into force on 1 January 2013. However, for photovoltaic projects (i.e. installations generating electricity with solar panels, or PV projects), it will apply retroactively as from 1 January 2012. Green certificates in respect of PV projects with a start date between 1 January 2012 and 1 January 2013 and for which the benefit of the minimum purchase has been granted by the DSO, will be submitted by the latter to the VREG who in exchange will issue a number of new certificates reduced by application of the banding factor. The old certificates will be annulled by the VREG and the new certificates will have a limited quota value for the calculation of the total banding factor (only 75 per cent. compared to ordinary certificates).

Furthermore, the amount of the guaranteed minimum purchase price by the DSOs is maintained at its previous levels, except that for PV installations below 250 kW which are put into first use over the respective quarters of 2012, the minimum amount reduces more rapidly than before (as from 1 August 2012, the support is already reduced to EUR 90). It should be mentioned as well that to reduce the burden of the green energy certificate scheme on large industrial clients, supplies to such consumers will benefit from increased exemptions from the quota obligation. These exemptions, which should normally reduce the impact of the green certificate mechanism on the distribution tariffs as well **provided that** a majority of the relevant companies sign an energy efficiency covenant that is approved by the Flemish Government. In addition, green certificates, once issued, will have a validity period of 10 years (instead of the current 5 years). This gives the generation projects more flexibility in time to monetize their certificates and gives the DSOs who have purchased such certificates also more time to sell the certificates again in the market.

Banking

Besides the effect of the new banding mechanism, the DSOs will now have the obligation to temporarily immobilize (bank) green energy certificates in order to moderate the market price of these certificates. In 2014 the Flemish Government introduced such a banking regime obliging the DSOs to bank a number of certificates they purchased during a period of oversupply of certificates to allow the inefficient certificates market to balance itself again. Pursuant to this scheme the DSOs have to bank 1,5 million green certificates and 1 million combined heating and power certificates until 1 July 2016. This banking regime might be extended (but the banking period may never exceed 10 years). If at a certain stage a shortage of certificates would occur, the DSOs will have to release a number of certificates. The DSO's may sell the banked certificates, either at the end of the banking period, or earlier in case of release for resp. EUR 93 for green certificates and EUR 27 for combined heating and power certificates. In case the sale price is lower than the fixed minimum price, the DSOs may book the difference between the sale price and the minimum price as a financial public service obligation. The compensation for this financial public service obligation is capped at EUR 2.8 million p.a. in total for all DSOs. In addition, the total financial remuneration (i.e. price of the sold certificates + the financial service obligation) payable to an individual DSO p.a. may never exceed EUR 15 million.

Finally, the Flemish Region and the DSOs might conclude an energy policy agreement ("*energiebeleidsovereenkomst*") which could further develop the banking regime and would exist in parallel with the existing regime.

Compatibility of the Flemish Green Certificates Scheme with EU law

A prejudicial question was raised by the Brussels Court of First Instance regarding the compatibility of the Flemish Green Certificates Scheme with EU law. This prejudicial question

was raised during proceedings that were initiated by Essent which had been fined for not providing sufficient green energy certificates to the VREG. Although Essent in its own opinion submitted sufficient certificates, the VREG would only accept the certificates from producers in Flanders, as the current scheme provides that only green energy that was produced within the Flemish Region's territory is illegible for green energy certificates. In turn Essent argued that the Flemish Green Energy Scheme is discriminatory and *inter alia* breaches the principle of free movement of goods as enshrined in the European Treaty.

However, in a similar case the European Court of Justice (ECJ) rendered a judgment on 1 July 2014 which can be interpreted as supporting the Flemish Government's arguments in the proceedings before the Court of First Instance of Brussels. According to the Court of Justice individual EU Member States are allowed to establish renewable energy support schemes that provide for the awarding of tradable green certificates to producers of green electricity solely with respect to the green electricity produced on the territory of that State. Moreover, the fact that such schemes could possibly impede electricity imports from other Member States is justifiable on the basis of climate change prevention and environmental protection. In this judgement the Court of Justice has essentially confirmed that as long as the national support schemes for green electricity have not been harmonized by European law, Member States are allowed to limit access to such schemes to producers within their territories. Nevertheless, in assessing such schemes' compliance with European law, the principle of proportionality and the concrete market circumstances must still be duly considered.

Subsequently, in its ruling dated 11 September 2014, the ECJ considered the Flemish scheme compatible with the free movements of goods principle as well. In summary, the ECJ based its position on the following grounds:

- Member States are not obliged to extend their support scheme to cover green energy that is produced on the territory of another Member State. EU law therefore does not preclude the Flemish Green Certificates Scheme.

- The Flemish Green Certificates Scheme may hinder the import of electricity and give rise to a restriction of the free movement of goods. Such restriction is acceptable since it serves to promote the use of renewable energy sources. However, it should be made possible for the suppliers to obtain green certificates under fair terms. In addition, the fine to be paid by suppliers who have not provided sufficient certificates may not exceed what is necessary to encourage the production of green electricity.

- It was appropriate for the Flemish Region to reserve the support scheme exclusively for green energy that was produced within the Region's territory.

The ECJ's judgment might be construed as a new element and it is therefore likely that the debates in the Essent proceedings before the Belgian Court of First Instance will be reopened. Hence, the risk that the Flemish Green Certificates Scheme will be ruled to be incompatible with EU law is quite remote. In any event, it should be stressed that the current grid fee regime allows the Flemish DSOs to book the difference between the guaranteed green certificate price and the market price as a public service obligation and thus enables them to charge this difference through in the distribution grid fee.

Projects on Data Quality and Efficiency

In 2010 the Issuer launched a company-wide project aimed at enhancing overall quality and reliability of qualitative data that are the input for the RAB (Regulated Asset Base) and ABV (Asset Base Value) calculations. The project is now delivering major improvements on general data quality and operational procedures.

Mid 2013 the Issuer launched a company-wide action plan on efficiency and productivity. This action plan was baptized FIT. FIT aims at three elements: (i) some clear-cut objectives on efficiency and productivity for the period 2013-2015 regarding grid investments, staff and other costs – a level of 'auto financing + (10 per cent) is put forward as the objective for the investment budget, (ii) implementation of cost efficiency measures and (iii) implementation of a change action plan raising cost awareness at all levels of the company. More precisely, the total budget

for 2016 (i.e. the aggregate of grid investments, grid operations, staff and other costs) is capped at EUR 1,156.6 million, which corresponds to an 8.6 per cent decrease compared to the actual budget 2013.

10. **Membership of professional organisations**

The Guarantors and Eandis are member of SYNERGRID vzw, which is the federation of electricity and gas grid operators in Belgium.

Eandis is member of the European Distribution System Operators for Smart Grids (EDSO for Smart Grids).

11. **Statutory Auditors Charged with the Legal Control**

The Issuer's statutory auditor is Ernst & Young Bedrijfsrevisoren BCVBA, represented by Mr Paul Eelen, Moutstraat 54, 9000 Ghent (Belgium)

The public accountants of the Guarantors are:

Guarantor	**Public accountant and address**
GASELWEST	**Ernst & Young Bedrijfsrevisoren BCVBA,** represented by Mr Paul Eelen Moutstraat 54, 9000 Ghent (Belgium)
IMEA	**Ernst & Young Bedrijfsrevisoren BCVBA,** represented by Mr Paul Eelen Moutstraat 54, 9000 Ghent (Belgium)
IMEWO	**Ernst & Young Bedrijfsrevisoren BCVBA,** represented by Mr Paul Eelen Moutstraat 54, 9000 Ghent (Belgium)
INTERGEM	**Ernst & Young Bedrijfsrevisoren BCVBA,** represented by Mr Paul Eelen Moutstraat 54, 9000 Ghent (Belgium)
IVEKA	**Ernst & Young Bedrijfsrevisoren BCVBA,** represented by Mr Paul Eelen Moutstraat 54, 9000 Ghent (Belgium)
IVERLEK	**Ernst & Young Bedrijfsrevisoren BCVBA,** represented by Mr Paul Eelen Moutstraat 54, 9000 Ghent (Belgium)
SIBELGAS	**Klynveld Peat Marwick Goerdeler KPMG Bedrijfsrevisoren B.C.V.B.A.,** represented by Mr E. Clinck Prins Boudewijnlaan 24d, 2550 Kontich (Belgium)

The statutory auditor for De Stroomlijn, consolidated Subsidiary of Eandis, is:

Figurad Bedrijfsrevisoren *burgerlijke vennootschap onder de vorm van een besloten vennootschap met beperkte aansprakelijkheid* Kortrijksesteenweg 1126, 9051 Sint-Denijs-Westrem (Ghent, Belgium)

The statutory auditor for Indexis, consolidated Subsidiary of Eandis, is:

Alain SERCKX sprl,
Rue Ernest Salu 91
1020 Laken - Brussels (Belgium)

The statutory auditor for Atrias, consolidated Subsidiary of Eandis, is:

Alain SERCKX sprl,
Rue Ernest Salu 91
1020 Laken - Brussels (Belgium)

The statutory auditor for SYNDUCTIS, subsidiary of Eandis, is:

Figurad Bedrijfsrevisoren
burgerlijke vennootschap onder de vorm van een besloten vennootschap met beperkte aansprakelijkheid
Kortrijksesteenweg 1126, 9051 Sint-Denijs-Westrem (Ghent, Belgium)

Each of the statutory auditors of the Issuer, the Guarantors and the Eandis subsidiaries is a member of the Belgian "*Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*".

TAXATION

The statements herein regarding taxation are based on the laws in force in the European Union and in Belgium as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis.

The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of Investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

EU Savings Directive

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.

Belgian Taxation

Belgian Withholding Tax

All payments by or on behalf of the Issuer of interest on the Notes are in principle subject to the 25 per cent. Tax treaties may provide for lower rates subject to certain conditions and formalities. Belgian withholding tax on the gross amount of the interest.

In this regard, ''**interest**'' means (i) the periodic interest income, (ii) any amount paid by the Issuer in excess of the issue price (whether or not on the maturity date) and, (iii) in case of a realisation of the Notes between two interest payment dates, the *pro rata* of accrued interest corresponding to the detention period.

However, payments of interest and principal under the Notes by or on behalf of the Issuer may be made without deduction of withholding tax in respect of the Notes if and as long as at the moment of payment or attribution of interest they are held by the "**Eligible Investors**" 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 Securities Settlement System operated by the National Bank of Belgium (the " **Securities Settlement System**" and the "**NBB**"). Euroclear and Clearstream, Luxembourg are directly or indirectly Participants for this purpose.

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

Participants to the Securities Settlement System must enter the Notes 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 ("*arrêté royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier"/"koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing*") which include, *inter alia*:

(a) Belgian corporations subject to Belgian corporate income tax;

(b) 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 of 1992 ("*code des impôts sur les revenus 1992"/"wetboek van inkomstenbelastingen 1992*");

(c) state regulated institutions ("*institutions parastatales" / "parastatalen*") for social security, or institutions which are assimilated therewith, provided for in article 105, 2° of the Royal Decree implementing the Belgian Income Tax Code 1992 ("*arrêté royal d'exécution du code des impôts sur les revenus 1992"/"koninklijk besluit tot uitvoering van het wetboek inkomsten belastingen 1992*");

(d) non-resident Investors provided for in article 105, 5° of the same decree;

(e) investment funds, recognised in the framework of pension savings, provided for in article 115 of the same decree;

(f) tax payers 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;

(g) 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;

(h) 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

(i) Belgian resident corporations, not provided for under (a), 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 (b) and (c) above.

Participants to the Securities Settlement System must keep the Notes 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 and paid to the Belgian Treasury.

Transfers of Notes 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 gives rise to the payment by the transferor non-Eligible Investor to the NBB 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 to an N Account gives rise to the refund by the NBB 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 Notes between two X Accounts do not give rise to any adjustment on account of withholding tax.

Transfers of Notes between two N-accounts give rise to the payment by the transferor non-Eligible Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date, and to the refund by the NBB to the transferee non-Eligible Investor of withholding tax on the same interest amount.

Upon opening of an X Account for the holding of Notes, 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 X Account may be opened with a Participant by an intermediary (an "**Intermediary**") in respect of Notes 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 Notes 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 Notes 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 holders for whom they hold Notes in such account.

In accordance with the Securities Settlement System, a Noteholder who is withdrawing Notes from an X Account will, following the payment of interest on those Notes, be entitled to claim an indemnity from the Belgian tax authorities of an amount equal to the withholding on the interest payable on the Notes from the last preceding Interest Payment Date until the date of withdrawal of the Notes from the Securities Settlement System. As a condition of acceptance of the Notes into the Securities Settlement System, the Noteholders waive the right to claim such indemnity.

Belgian tax on income and capital gains

Belgian resident individuals

For natural persons who are Belgian residents for tax purposes, i.e., which are subject to the Belgian personal income tax ("*impôt des personnes physiques"/"personenbelasting*") and who hold the Notes as a private investment, payments of interest on the Notes will in principle be subject to a 25 per cent. withholding tax. The Belgian withholding tax constitutes the final income tax for Belgian resident individuals. This means that they do not have to declare the interest obtained on the Notes in their personal income tax return.

Belgian residents may nevertheless opt to declare interest in respect of the Notes in their personal income tax return. Where the beneficiary opts to declare the interest, these payments will in principle be taxed at a flat rate of 25 per cent. (or at the relevant progressive personal income tax rate(s) taking into account the taxpayer's other declared income, whichever is more beneficial). If the interest payments are declared, the withholding tax may be credited.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gains are realised outside the scope of the management of one's private estate or unless the capital gains qualify as interest (as defined in the section "*Belgian Withholding Tax*"). Capital losses realised upon the disposal of the Notes held as non-profesionnal investment are in principle not tax deductible.

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

Belgian resident companies

Interest attributed or paid to corporations Noteholders who are Belgian residents for tax purposes, i.e. who are subject to the Belgian Corporate Income Tax ("*impôt des sociétés" / "vennootschapsbelasting*"), as well as capital gains realised upon the sale of the Notes are taxable at the ordinary corporate income tax rate of in principle 33.99 per cent. Capital losses realised upon the sale of the Notes are in principle tax deductible.

Other tax rules apply to investment companies within the meaning of Article 185bis of the Belgian Income Tax Code.

Belgian legal entities

Belgian legal entities subject to the Belgian legal entities tax ("*rechtspersonenbelasting" / "impôt des personnes morales*") which do not qualify as Eligible Investors (as defined in the section "*Belgian Withholding Tax*") are subject to a withholding tax of 25 per cent. on interest payments. The withholding tax constitutes the final taxation.

Belgian legal entities which qualify as Eligible Investors (as defined in the section "*Belgian Withholding Tax*") 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.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gains qualify as interest (as defined in the section "*Belgian Withholding Tax*"). Capital losses are in principle not tax deductible.

Organisations for Financing Pensions

Interest and capital gains derived by Organizations for Financing Pensions in the meaning of the law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision ("*Loi du 27 octobre 2006 relative au contrôle des institutions de retraite professionnelle"/"Wet van 27 oktober 2006 betreffende het toezicht op de instellingen voor bedrijfspensioenvoorzieningen*"), are in principle exempt from Belgian corporate income tax. Capital losses are in principle not tax deductible. Subject to certain conditions, the Belgian withholding tax that has been levied can be credited against any corporate income tax due and any excess amount is in principle refundable.

Belgian non-residents

Noteholders who are not residents of Belgium for Belgian tax purposes and who are not holding the Notes through their permanent establishment in Belgium, will not become liable for any Belgian tax on income or capital gains by reason only of the acquisition or disposal of the Notes **provided that** they qualify as Eligible Investors and that they hold their Notes in an X Account.

Tax on stock exchange transactions and tax on repurchase transactions

A tax on stock exchange transactions ("taks op de beursverrichtingen") will be levied on the acquisition and disposal of Notes 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 Notes (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.

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

Individuals not resident in Belgium

Interest paid or collected through Belgium on the Notes 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 Euro 2.5.

The proposed financial transactions tax ("FTT")

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 transfer taxes should thus be abolished once the FTT enters into force.

Notwithstanding the European Commission proposals, a statement made by the participating Member States (other than Slovenia) indicates dat 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 Notes are strongly advised to seek their own professional advice in relation to the FTT.

FATCA Withholding

Pursuant to the foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010, commonly referred to as "**FATCA**", non-U.S. financial institutions that enter into agreements with the IRS ("**IRS Agreements**") or become subject to provisions of local law intended to implement an intergovernmental agreement ("**IGA legislation**") entered into pursuant to FATCA, may be required to identify "financial accounts" held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. In order (a) to obtain an exemption from FATCA withholding on payments it receives and/or (b) to comply with any applicable laws in its jurisdiction, a financial institution that enters into an IRS Agreement or is subject to IGA legislation may be required to (i) report certain information on its U.S. account holders to the government of the United States or another relevant jurisdiction and (ii) withhold 30 per cent. from all, or a portion of, certain payments made to persons that fail to provide the financial institution information, consents and forms or other documentation that may be necessary for such financial institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA withholding.

Under FATCA, withholding may be required with respect to payments to persons that are not compliant with FATCA or that do not provide the necessary information, consents or documentation made on or after 1 January 2017 (at the earliest) in respect of "foreign passthru payments" and then, for "obligations" that are not treated as equity for U.S. federal income tax purposes, only on such obligations that are issued or materially modified on or after the date that is six months after the date on which the final regulations applicable to "foreign passthru payments" are filed with the Federal Register.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes and the information reporting obligations of the Issuer and other entities in the payment chain is still developing. In particular, a number of jurisdictions (including Belgium) have entered into, or have announced their intention to enter into, intergovernmental agreements (or similar mutual understandings) with the United States, which modify the way in which FATCA applies in their jurisdictions. The full impact of such agreements (and the laws implementing such agreements in such jurisdictions) on reporting and

withholding responsibilities under FATCA is unclear. The Issuer and other entities in the payment chain may be required to report certain information on their U.S. account holders to government authorities in their respective jurisdictions or the United States in order (i) to obtain an exemption from FATCA withholding on payments they receive and/or (ii) to comply with applicable law in their jurisdiction. It is not yet certain how the United States and the jurisdictions which enter into intergovernmental agreements will address withholding on "foreign passthru payments" (which may include payments on the Notes) or if such withholding will be required at all.

Whilst the Notes are held within the Securities Settlement System, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer or any paying agent, given that each of the entities in the payment chain between the Issuer and the Participants in the clearing system is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the Notes.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE HOLDERS IS SUBJECT TO CHANGE. THE SUMMARY SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

SUBSCRIPTION AND SALE

Summary of the Programme Agreement

Subject to the terms and on the conditions contained in the amended and restated programme agreement dated on or about 25 November 2014 (the "**Programme Agreement**") between the Issuer, the Guarantors and the Dealers, Notes may be offered by the Issuer to the Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the Relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are underwritten by two or more Dealers.

As set out in the Programme Agreement, the Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional Dealers either in respect of one or more Tranches or in respect of the whole Programme.

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

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

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act. Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Notes within the United States, except as permitted by the Dealer Agreement. Terms used in this paragraph have the meanings given to them by Regulation S.

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

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

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States. Distribution of this Prospectus by any non-U.S. person outside the United States to any U.S person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S person or other person within the United States, is prohibited.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Relevant Member State, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(1) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, **provided that** any such prospectus has subsequently been completed by the final terms contemplating such Public Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Public Offer;

(2) at any time to any legal entity which is a qualified investor as defined in Article 2(e) of the Prospectus Directive;

(3) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified Investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(4) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (1) to (4) above shall require the Issuer or any Dealer 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 this provision, the expression an "**offer of Notes to the public**" in relation to any Notes 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 Notes to be offered so as to enable an Investor to decide to purchase or subscribe the Notes, 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 the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the UK Financial Services and Markets Act 2000 by the Issuer;

(ii) 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 UK Financial Services and Markets Act 2000) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the UK Financial Services and Markets Act 2000 does not apply to the Issuer or the Guarantors; and

(iii) it has complied and will comply with all applicable provisions of the UK Financial Services and Markets Act 2000 with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in a supplement to this Base Prospectus.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

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

FORM OF FINAL TERMS

FORM OF FINAL TERMS 1 - FOR USE IN CONNECTION WITH ISSUES OF SECURITIES WITH A DENOMINATION OF LESS THAN €100,000 TO BE ADMITTED TO TRADING ON AN EEA REGULATED MARKET AND/OR OFFERED TO THE PUBLIC ON A NON-EXEMPT BASIS IN THE EEA

Final Terms dated [•]

EANDIS CVBA
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed on a several but not joint basis by Gaselwest CVBA, IMEA, Imewo, Intergem, Iveka, Iverlek and Sibelgas CVBA
under the **EUR 5,000,000,000**
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 25 November 2014 [and the supplements to it dated [•]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the Prospectus Directive), which includes the amendments made by the Directive 2010/73/EU (the "**2010 Amending Directive**"), to the extent such amendments have been implemented in a relevant Member State (the "Base Prospectus"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer, the Guarantor(s) and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. A summary of the Notes (which comprises the summary in the Base Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Base Prospectus [and the supplement(s)] [is] [are] available for viewing [at www.euronext.com][website]] [and] during normal business hours at [*address*] [and copies may be obtained from [*address*]].

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") contained in the Agency Agreement dated [*original date*] and set forth in the Prospectus dated [*original date*]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"), which includes the amendments made by the Directive 2010/73/EU (the "**2010 Amending Directive**"), to the extent such amendments have been implemented in a relevant Member State and must be read in conjunction with the Prospectus dated 25 November 2014 [and the supplement(s) dated [•], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated [*original date*] and are attached hereto. Full information on the Issuer, the Guarantor(s) and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [*original date*] and [•] and the supplement(s) dated [•] and [•]]. The Prospectuses [and the supplements] are available for viewing [at www.euronext.com][website] [and] during normal business hours at [address] [and copies may be obtained from [*address*]].]

1.	(i)	Series Number:	[•]
	(ii)	Tranche Number:	[•]
	(iii)	Date on which the Notes will be consolidated and form a single Series:	[The Notes will be consolidated and form a single Series with [ ] on [[ ]/the Issue Date] [Not Applicable]
2.		Specified Currency or Currencies:	[•]

3.	Aggregate Nominal Amount:		[•]
	(i)	Series:	[•]
	(ii)	Tranche:	[•]
4.	Issue Price:		[•]% of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
5.	(i)	Specified Denominations:	[•]
	(ii)	Calculation Amount:	[•]
6.	(i)	Issue Date:	[•]
	(ii)	Interest Commencement Date:	[*Specify*/Issue Date/Not Applicable: the Notes will not bear interest]
7.	Maturity Date:		[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]
8.	Interest Basis:		[[•]% Fixed Rate] [[*LIBOR/EURIBOR*] +/– [•]% Floating Rate] [Zero Coupon] (See paragraph [14] [15] [16] below)
9.	Redemption/Payment Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[•]/100] per cent of their nominal amount.
10.	Change of Interest Basis:		Specify the date when any fixed to floating rate change occurs or refer to paragrpahs 14 and 15 below and identify there]/[Not applicable]
11.	Put/Call Options:		[Call Option] [Put Option] [Not Applicable] [(*see [17] [18] specified below*)]
12.	Date of Board approval for issuance of Notes and Guarantees:		[Date/Not applicable.] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantees*)
13.	Pro rata share in the Guarantee for each Guarantor at the Issue Date:		Each of the Guarantors has agreed to guarantee the Notes on a several but not joint basis, pro rata to the share that each Guarantor holds in the share capital of the Issuer as of the date of the issue of the Notes, being: Gaselwest CVBA [•] % IMEA [•] % Imewo [•] % Intergem [•] % Iveka [•] % Iverlek [•] % Sibelgas CVBA [•] %

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Rate[(s)] of Interest:	[•]% per annum payable in arrear on each Interest Payment Date
	(ii)	Interest Payment Date(s):	[•] in each year
	(iii)	Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv)	Broken Amount(s):	[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
	(v)	Day Count Fraction:	[Actual/Actual] [Actual/Actual-ISDA][Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual-ICMA][Actual/365 (Sterling)]
	(vi)	Interest Determination Dates:	[[•] in each year][Not Applicable]
15.	Floating Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Interest Period(s):	[[•][, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
	(ii)	Specified Interest Payment Dates:	[•]in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
	(iii)	First Interest Payment Date	[•]
	(iv)	Interest Period Date:	[•]in each year [, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]][Not Applicable]
	(v)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention][Not applicable]
	(vi)	Business Centre(s):	[•]
	(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(viii)	Party responsible for calculating the	[•]

		Rate(s) of Interest and/or Interest Amount(s) (if not the Paying Agent):	
	(ix)	Screen Rate Determination:	
		– Reference Rate:	[•] month [LIBOR/EURIBOR]
		– Interest Determination Date(s):	[•]
		– Relevant Screen Page:	[•]
	(x)	ISDA Determination:	
		– Floating Rate Option:	[•]
		– Designated Maturity:	[•]
		– Reset Date:	[•]
		– [ISDA Definitions:	[2000/2006]]
	(xi)	Linear Interpolation:	Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period).
	(xii)	Margin(s):	[+/-][•]% per annum
	(xiii)	Minimum Rate of Interest:	[[•]% per annum] /[Not applicable]
	(xiv)	Maximum Rate of Interest:	[[•]% per annum] /[Not applicable]
	(xv)	Day Count Fraction:	[Actual/Actual] [Actual/Actual-ISDA][Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual-ICMA] [Actual/365 (Sterling)]
16.	Zero Coupon Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Amortisation Yield:	[•]% per annum
	(ii)	Day count fraction	[Actual/Actual] [Actual/Actual-ISDA][Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual-ICMA] [Actual/365 (Sterling)]

PROVISIONS RELATING TO REDEMPTION

17.	Call Option		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount(s) of each Note:	[•] per Calculation Amount

	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[•] per Calculation Amount
		(b) Maximum Redemption Amount:	[•] per Calculation Amount
	(iv)	Notice period:	[•]
18.	Put Option		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount(s) of each Note:	[•] per Calculation Amount
	(iii)	Notice period:	[•]
19.	Final Redemption Amount of each Note		[•] per Calculation Amount
	(i)	Party responsible for calculating the Final Redemption Amount (if not the Paying Agent):	[•]
	(ii)	Determination Date(s):	[•]
	(iii)	Payment Date:	[•]
	(iv)	Minimum Final Redemption Amount:	[•] per Calculation Amount
	(v)	Maximum Final Redemption Amount:	[•] per Calculation Amount
20.	Early Redemption Amount payable on redemption for taxation reasons or on event of default:		[•] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21.	Form of the Notes	Dematerialised form.

RESPONSIBILITY

[(*Relevant third party information*) has been extracted from (*specify source*). Each of the Issuer and the Guarantors confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

SIGNED on behalf of **EANDIS CVBA**:

By: .....
Duly authorised

SIGNED on behalf of **GASELWEST CVBA**

By: .....
Duly authorised

SIGNED on behalf of **IMEA**

By: .....
Duly authorised

SIGNED on behalf of **IMEWO**

By: .....
Duly authorised

SIGNED on behalf of **INTERGEM**

By: .....
Duly authorised

SIGNED on behalf of **IVEKA**

By: .....
Duly authorised

SIGNED on behalf of **IVERLEK**

By: .....
Duly authorised

SIGNED on behalf of **SIBELGAS CVBA**

By: .....
Duly authorised

PART B – OTHER INFORMATION

1. **ADMISSION TO TRADING**

(i)	Admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be to admitted to trading on [•] with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [•] with effect from [•].] [Not Applicable.]

2. **RATINGS**

The Notes to be issued [are not/have been/are expected to be] specifically rated [by [•]] [The following ratings reflect ratings assigned to Notes of this type under the Programme generally [•].

Name of rating agency: [•]

[•] is established in the EU and registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**"). As defined by [•] a [•] rating means that the obligations of the Issuer under the [Programme][Notes] are [•]. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

[Save as discussed in ["*Subscription and Sale*"]["*Risk Factors*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."][So far as the Issuer is aware, the following persons have an interest material to the issue/offer [•]]

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i)	Reasons for the offer:	[Not Applicable][•]
[(ii)]	Estimated net proceeds:	[Not Applicable][•]
[(iii)]	Estimated total expenses:	[Not Applicable][•]

5. **[*Fixed Rate Notes only* – GROSS ACTUARIAL YIELD**

Indication of yield:

The gross actuarial yield of this issue of Fixed Rate Notes is [•].

The gross actuarial yield is calculated at the Issue Date on the basis of the Issue Price, using the formula below. It is not an indication of future yield.

$$P = \frac{C}{r}\left(1-\left(1+r\right)^{-n}\right)+\mathrm{A}\left(1+r\right)^{-n}$$

Where:

"**P**" is the Issue Price of the Notes;
"**C**" is the annualised interest amount;
"**A**" is the principal amount of the Notes, due on redemption;

"**n**" is the time to maturity in years; and
"**r**" is the annualised yield.

6. [***Floating Rate Notes only*** **- HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR] rates can be obtained from Reuters.]

7. **OPERATIONAL INFORMATION**

ISIN:	[•]
Common Code:	[•]
Any clearing system(s) other than the Securities Settlement System of the National Bank of Belgium and Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s):	[Not Applicable]/[specify name(s) and number(s)]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any):	[•]

8. **DISTRIBUTION**

(i) Method of distribution:	[Syndicated/Non-Syndicated]
(ii)	[Not Applicable] [•]
(A) If syndicated, names and addresses of Managers and underwriting commitments:	
(B) Date of [Subscription] Agreement:	[Not Applicable] [•]
(C) Stabilising Manager(s) (if any):	[Not Applicable] [•]
(iii) If non-syndicated, name and address of Dealer:	[Not Applicable] [•]
(iv) Total commission and concession:	[•]% of the Aggregate Nominal Amount
(v) Non-exempt Offer:	[Not Applicable] [An offer of the Notes may be made by the Managers [and the Authorised Offerors] other than pursuant to Article 3(2) of the Prospectus Directive in [[•] (**Public Offer Jurisdictions**) during the period from [•] until [•] (**Offer Period**).
General consent	[Applicable][Not Applicable]
Other Authorised Offeror Terms:	[Not Applicable][•]
(vi) U.S. Selling Restrictions:	Regulation S compliance Category 1

9. **TERMS AND CONDITIONS OF THE OFFER**

Offer Price:	[Issue Price] [•]
Conditions to which the offer is subject:	[Not Applicable] [•]
Description of the application process:	[Not Applicable] [•]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable] [•]
Details of the minimum and/or maximum amount of application:	[Not Applicable] [•]
Details of the method and time limits for paying up and delivering the Notes:	[Not Applicable] [•]
Manner in and date on which results of the offer are to be made public:	[Not Applicable] [•]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable] [•]
Whether tranche(s) have been reserved for certain countries:	[Not Applicable] [•]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable] [•]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable] [•]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.	The Initial Authorised Offerors identified in paragraph [ ] above [and any additional financial intermediaries who have or obtain the Issuer's consent to use the Base Prospectus in connection with the Public Offer and who are identified on the website of [ ] as an Authorised Offeror] (together, the "**Authorised Offerors**").

ANNEX- ISSUE SPECIFIC SUMMARY

(*Issuer to annex issue specific summary to the final terms*)

FORM OF A FINAL TERMS 2 – FOR USE IN CONNECTION WITH ISSUES OF SECURITIES WITH A DENOMINATION OF AT LEAST €100,000 TO BE ADMITTED TO TRADING ON AN EEA REGULATED MARKET

Final Terms dated [•]

EANDIS CVBA

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Guaranteed on a several but not joint basis by Gaselwest CVBA, IMEA, Imewo, Intergem, Iveka, Iverlek and Sibelgas CVBA

under the **EUR 5,000,000,000**

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [•] 2014 [and the supplement(s) dated [•]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the Prospectus Directive), which includes the amendments made by the Directive 2010/73/EU (the "**2010 Amending Directive**"), to the extent such amendments have been implemented in a relevant Member State (the **"Base Prospectus"**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer, the Guarantor(s) and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the Prospectus Supplement] [is] [are] available for viewing [at www.euronext.com][*website*]] [and] during normal business hours at [*address*] [and copies may be obtained from [*address*]].

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") contained in the Agency Agreement dated [*original date*] and set forth in the Prospectus dated [*original date*]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"), which includes the amendments made by the Directive 2010/73/EU (the "**2010 Amending Directive**"), to the extent such amendments have been implemented in a relevant Member State and must be read in conjunction with the Prospectus dated [•] 2014 [and the supplement(s) dated [•], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated [*original date*] and are attached hereto. Full information on the Issuer, the Guarantor(s) and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [*original date*] and [•] and the supplement(s) dated [•] and [•]]. The Prospectuses [and the supplement(s)] are available for viewing [at www.euronext.com][*website*] [and] during normal business hours at [address] [and copies may be obtained from [*address*]].]

1.	(i)	Series Number:	[•]
	(ii)	Tranche Number:	[•]
	(iii)	Date on which the Notes will be consolidated and form a single Series:	[The Notes will be consolidated and form a single Series with [ ] on [[ ]/the Issue Date] [Not Applicable]
2.	Specified Currency or Currencies:		[•]

3.	Aggregate Nominal Amount:		[•]
	(i)	Series:	[•]
	(ii)	Tranche:	[•]
4.	Issue Price:		[•]% of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
5.	(i)	Specified Denominations:	[•]
	(ii)	Calculation Amount:	[•]
6.	(i)	Issue Date:	[•]
	(ii)	Interest Commencement Date:	[*Specify*/Issue Date/Not Applicable: the Notes will not bear interest]
7.	Maturity Date:		[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]
8.	Interest Basis:		[[•]% Fixed Rate] [•] month [LIBOR/EURIBOR]] +/– [X] per cent. Floating Rate] [Zero Coupon] (see paragraphs [14/15/16] below)
9.	Redemption/Payment Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100/[•]] per cent of their nominal amount.
10.	Change of Interest Basis:		Specify the date when any fixed to floating rate change occurs or refer to paragraphs 14 and 15 below and identify there]/[Not applicable]
11.	Put/Call Options:		[Call Option] [Put Option] [Not Applicable] [(*see [17/18] below)]*
12.	Date of Board approval for issuance of Notes and Guarantees:		[*Date/Not applicable*] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantees*)
13.	Pro rata share in the Guarantee for each Guarantor at the Issue Date:		Each of the Guarantors has agreed to guarantee the Notes on a several but not joint basis, pro rata to the share that each Guarantor holds in the share capital of the Issuer as of the date of the issue of the Notes, being: Gaselwest CVBA [•] % IMEA [•] % Imewo [•] % Intergem [•] % Iveka [•] % Iverlek [•] % Sibelgas CVBA [•] %

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Rate[(s)] of Interest:	[•]% per annum payable on each Interest Payment Date
	(ii)	Interest Payment Date(s):	[•] in each year
	(iii)	Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv)	Broken Amount(s):	[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
	(v)	Day Count Fraction:	[Actual/Actual] [Actual/Actual-ISDA][Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual-ICMA] [Actual/365 (Sterling)]
	(vi)	Determination Dates:	[[•] in each year][Not Applicable]
15.	Floating Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Interest Period(s):	[•][, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
	(ii)	Specified Interest Payment Dates:	[•]in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
	(iii)	First Interest Payment Date	[•]
	(iv)	Interest Period Date:	[Not Applicable]/[[•]in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention in (v) below is specified to be Not Applicable]]]
	(v)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention][Not Applicable]
	(vi)	Business Centre(s):	[•]
	(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(viii)	Party responsible for calculating the Rate(s) of Interest and/or Interest	[•]

		Amount(s) (if not the [Agent]):	
	(ix)	Screen Rate Determination:	
		– Reference Rate:	[•] month [LIBOR/EURIBOR]
		– Interest Determination Date(s):	[•]
		– Relevant Screen Page:	[•]
	(x)	ISDA Determination:	
		– Floating Rate Option:	[•]
		– Designated Maturity:	[•]
		– Reset Date:	[•]
		– [ISDA Definitions:	[2000/2006]]
	(xi)	[Linear Interpolation:	Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
	(xii)	Margin(s):	[+/-][•]% per annum
	(xiii)	Minimum Rate of Interest:	[[•]% per annum] / [Not applicable]
	(xiv)	Maximum Rate of Interest:	[[•]% per annum] / [Not applicable]
	(xv)	Day Count Fraction:	[Actual/Actual] [Actual/Actual-ISDA][Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual-ICMA] [Actual/365 (Sterling)]
16.	Zero Coupon Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Amortisation Yield:	[•]% per annum
	(iii)	Day count fraction	[Actual/Actual] [Actual/Actual-ISDA][Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Note Basis] [30E/360] [Euro Note Basis] [30E/360 (ISDA)] [Actual/Actual-ICMA] [Actual/365 (Sterling)]

PROVISIONS RELATING TO REDEMPTION

17.	Call Option		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount(s) of each Note:	[•] per Calculation Amount

	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[•] per Calculation Amount
		(b) Maximum Redemption Amount:	[•] per Calculation Amount
	(iv)	Notice period:	[•] days
18.	Put Option		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[•]
	(ii)	Optional Redemption Amount(s) of each Note:	[•] per Calculation Amount
	(iii)	Notice period:	[•]
19.	Final Redemption Amount of each Note		[•] per Calculation Amount
	(i)	Party responsible for calculating the Final Redemption Amount (if not the Paying Agent):	[•]
	(ii)	Determination Date(s):	[•]
	(iii)	Payment Date:	[•]
	(iv)	Minimum Final Redemption Amount:	[•] per Calculation Amount
	(viii)	Maximum Final Redemption Amount:	[•] per Calculation Amount
20.	Early Redemption Amount payable on redemption for taxation reasons or on event of default		[•] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21.	Form of the Notes	Dematerialised form.

RESPONSIBILITY

[(*Relevant third party information*) has been extracted from (*specify source*). Each of the Issuer and the Guarantors confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

SIGNED on behalf of **EANDIS CVBA**:

By: .....
Duly authorised

SIGNED on behalf of **GASELWEST CVBA**

By: .....
Duly authorised

SIGNED on behalf of **IMEA**

By: .....
Duly authorised

SIGNED on behalf of **IMEWO**

By: .....
Duly authorised

SIGNED on behalf of **INTERGEM**

By: .....
Duly authorised

SIGNED on behalf of **IVEKA**

By: .....
Duly authorised

SIGNED on behalf of **IVERLEK**

By: .....
Duly authorised

SIGNED on behalf of **SIBELGAS CVBA**

By: .....
Duly authorised

PART B – OTHER INFORMATION

1. **ADMISSION TO TRADING**

(i)	Admission to trading	[Application has been made by the Issuer (or on its behalf) for the Notes to be to admitted to trading on [•] with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [•] with effect from [•].] [Not Applicable.]
(ii)	Estimate of total expenses related to admission to trading	[•]

2. **RATINGS**

The Notes to be issued [are not/have been/are expected to be] specifically rated [by [•]] [The following ratings reflect ratings assigned to Notes of this type under the Programme generally [•].

Name of rating agency: [•]

[•] is established in the EU and registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**"). As defined by [•] a [•] rating means that the obligations of the Issuer under the [Programme][Notes] are [•]. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

[Save as discussed in ["*Subscription and Sale*"]["*Risk Factors*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."][So far as the Issuer is aware, the following persons have an interest material to the issue/offer [•]]

(Amend as appropriate if there are other interests)

4. **[Fixed Rate Notes only – YIELD**

Indication of yield:

The gross actuarial yield of this issue of Fixed Rate Notes is [•].

The gross actuarial yield is calculated at the Issue Date on the basis of the Issue Price, using the formula below. It is not an indication of future yield.

$$P = \frac{C}{r}\left(1-(1+r)^{-n}\right)+\mathrm{A}(1+r)^{-n}$$

Where:

"**P**" is the Issue Price of the Notes;
"**C**" is the annualised interest amount;
"**A**" is the principal amount of the Notes, due on redemption;
"**n**" is the time to maturity in years; and
"**r**" is the annualised yield.

5. **[*Floating Rate Notes only* - HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR] rates can be obtained from Reuters.]

6. **OPERATIONAL INFORMATION**

ISIN:	[•]
Common Code:	[•]
Any clearing system(s) other than the Securities Settlement System of the National Bank of Belgium and Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s):	[Not Applicable] [•]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s):	[•]

7. **DISTRIBUTION**

(i) Method of distribution:	[syndicated/non-syndicated]
(ii) If syndicated,	[Not Applicable] [•]
(A) names and addresses of Managers and underwriting commitments:	
(B) Date of [Subscription] Agreement:	[Not Applicable] [•]
(C) Stabilising Manager(s) (if any):	[Not Applicable] [•]
(ii) If non-syndicated, name and address of Dealer:	[Not Applicable] [•]
(iii) US Selling Restrictions	Regulation S compliance Category 1

GENERAL INFORMATION

(1) Application has been made to Euronext Brussels for the Notes issued under the Programme to be listed and admitted to trading on Euronext Brussels' regulated market. However, unlisted Notes or Notes listed on another market may be issued pursuant to the Programme.

(2) The approval by the FSMA does not imply any appraisal of the appropriateness or the merits of any issue under the Programme, nor of the situation of the Issuer or any of the Guarantors.

(3) Each of the Issuer and the Guarantors have obtained all necessary consents, approvals and authorisations in Belgium in connection with the establishment and update of the Programme and the Guarantees. The establishment and update of the Programme was authorised by the board of directors of the Issuer on 10 August 2011 and the 2014 update of the Programme was authorised by the board of directors of the Issuer on 9 October 2013. The giving of the Guarantee by the Guarantors was authorised by the board of directors of Gaselwest on 24 April 2009, 30 October 2009, 30 September 2011 and 27 September 2013, by the board of directors of IMEA on 21 April 2009, 27 October 2009, 27 September 2011 and 24 September 2013, by the board of directors of Imewo on 24 April 2009, 6 November 2009, 30 September 2011 and 27 September 2013, by the board of directors of Intergem on 23 April 2009, 29 October 2009, 29 September 2011 and 26 september 2013, by the board of directors of Iveka on 21 April 2009, 27 October 2009, 27 September 2011 and 24 September 2013, by the board of directors of Iverlek on 20 April 2009, 26 October 2009, 26 September 2011 and 23 September 2013 and by the board of directors of Sibelgas on 27 October 2009, 2 February 2010, 27 September 2011 and 27 September 2013.

(4) There has been no significant change in the financial or trading position of the Issuer since 30 June 2014 and no material adverse change in the Issuer's prospects since 31 December 2013. There has been no significant change in the financial or trading position of the Guarantors since 30 June 2014 and no material adverse change in the Guarantors' prospects since 31 December 2013.

(5) Other than as disclosed in section 7 (*Legal and arbitration proceedings*) of " *Description of the Issuer and the Guarantors*" on pages 117 to 120, neither the Issuer, nor the Guarantors have been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Guarantors are aware) during the 12 months preceding the date of this Base Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer or the Guarantors.

(6) Notes have been accepted for clearance through the Securities Settlement System, Euroclear and Clearstream, Luxembourg. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the applicable Final Terms.

The address of the Securities Settlement System is Boulevard de Berlaimont 14, B-1000 Brussels, Belgium. The address of any Alternative Clearing System will be specified in the applicable Final Terms.

(7) There are no material contracts entered into other than in the ordinary course of the Issuer's or Guarantors' business, which could result in any member of the Eandis Economic Group being under an obligation or entitlement that is material to the Issuer's or Guarantors' ability to meet their obligations to noteholders in respect of the Notes being issued.

(8) Where information in this Base 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 from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

(9) The issue price and the amount of the relevant Notes will be determined, before filing of the applicable Final Terms of each Tranche, based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

(10) For so long as Notes may be issued pursuant to this Base Prospectus, copies of the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the registered office of the Issuer (Brusselsesteenweg 199, 9090 Melle, Belgium):

(i) the Agency Agreement;

(ii) the Programme Agreement;

(iii) the Articles of Association (*statuten*) of the Issuer and of the Guarantors, in Dutch;

(iv) the Guarantees;

(v) the published annual report and audited consolidated accounts of the Issuer for the year ended on 31 December 2013 and for the year ended on 31 December 2012 and the published audited consolidated accounts of the Eandis Economic Group for the year ended on 31 December 2013 and for the year ended on 31 December 2012;

(vi) the condensed consolidated financial statements of the Issuer and the Eandis Economic Group, auditor's review report and explanatory notes of the Issuer and the Eandis Economic Group for the six-month period ended 30 June 2014;

(vii) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Agent as to its holding of Notes and identity);

(viii) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus; and

(ix) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Base Prospectus.

This Base Prospectus and the Final Terms for Notes that are listed on the Market and admitted to trading on the Market will be published on the website of Euronext Brussels (www.euronext.com).

(11) Copies of the documents incorporated by reference in the Base Prospectus may be obtained (without charge) from the registered offices of the Issuer, the website of the Issuer (*http://www.eandis.be/eandis/ir_rating_and_bonds.htmbe*) and the website of Euronext Brussels (www.euronext.com).).

ANNEX

This annex includes:

- the consolidated financial statements (prepared under IFRS) and the audit report of the Eandis Economic Group (including the Issuer, its Subsidiaries and the Guarantors) for the financial year 2012;

- the consolidated financial statements (prepared under IFRS) and the audit report of the Eandis Economic Group (including the Issuer, its Subsidiaries and the Guarantors) for the financial year 2013;

- the condensed financial statements of the Eandis Economic Group (including the Issuer, its Subsidiaries and the Guarantors), the auditor's review report and explanatory notes for the six month period ended 30 June 2014.

The Issuer confirms that it has obtained the approval from its auditors to include as annex in this Base Prospectus the auditor's reports for the financial years ended 31 December 2013 and 31 December 2012 and the review report for the period ended 30 June 2014 of the Eandis Economic Group.

INDEX OF DEFINED TERMS

Registered Office of the Issuer

Eandis CVBA
Brusselsesteenweg 199
B-9090 Melle
Belgium

Co-Arrangers

Belfius Bank SA/NV
Pachecolaan 44
B-1000 Brussels
Belgium

HSBC France
103 avenue des Champs-Elysées
75008 Paris
France

Dealers

Belfius Bank SA/NV
Pachecolaan 44
B-1000 Brussels
Belgium

HSBC France
103 avenue des Champs-Elysées
75008 Paris
France

Domiciliary (Issuing & Paying) Agent, Calculation Agent and Listing Agent

Belfius Bank SA/NV
Pachecolaan 44
B-1000 Brussels
Belgium

Legal Advisers

to the Issuer and the Guarantors as to Belgian law

Clifford Chance LLP
Avenue Louise 65, box 2
B-1050 Brussels
Belgium

to the Dealers as to Belgian law

Linklaters LLP
Rue Brederode 13
B-1000 Brussels
Belgium

Auditors of the Issuer

Ernst & Young Bedrijfsrevisoren BCVBA
represented by Mr Paul Eelen
Moutstraat 54
B-9000 Ghent
Belgium

Auditors of the Guarantors

Ernst & Young Bedrijfsrevisoren BCVBA
Represented by Mr Paul Eelen
Moutstraat 54
B-9000 Ghent
Belgium
and

KPMG Bedrijfsrevisoren BV o.v.v.e. CVBA
Represented by Mr Erik Clinck
Prins Boudewijnlaan 24d
B-2550 Kontich
Belgium